

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Review Report****For the Six Months Ended June 30, 2025 and 2024**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Quaser Machine Tools, Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Quaser Machine Tools, Inc. and its subsidiaries as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT\$243,574 thousand and NT\$274,697 thousand, constituting 5.84% and 6.67% of consolidated total assets as of June 30, 2025 and 2024, respectively, and total liabilities amounting to NT\$14,246 thousand and NT\$34,269 thousand, constituting 0.52% and 1.34% of consolidated total liabilities as of June 30, 2025 and 2024, respectively, and total comprehensive income (loss) amounting to NT\$(11,558) thousand, NT\$10,981 thousand, NT\$(11,433) thousand, and NT\$16,762 thousand, constituting 6.53%, 13.74%, 15.04% and 9.61% of consolidated total comprehensive income (loss) for the three months and the six months ended June 30, 2025 and 2024, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of Quaser Machine Tools, Inc. and its subsidiaries in its investee companies of NT\$22,839 thousand and NT\$34,424 thousand as of June 30, 2025 and 2024, respectively, and its equity in net loss on these investee companies of NT\$1,203 thousand, NT\$519 thousand, NT\$4,635 thousand, and NT\$853 thousand for the three months and the six months ended June 30, 2025 and 2024, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Quaser Machine Tools, Inc. and its subsidiaries as of June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chun-Yuan Wu and Tzu-Hsin Chang.

KPMG

Taipei, Taiwan (Republic of China)
August 7, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
June 30, 2025, December 31 and June 30, 2024
(Expressed in thousands of New Taiwan Dollar)

Assets	June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents (Note 6(a))	\$ 693,537	17	810,330	19	731,659	18	Short-term borrowings (Note 6(k))	\$ 819,000	20	729,000	17	502,000	12
Current financial assets at fair value through profit or loss (Note 6(b))	644	-	-	-	-	-	Current financial liabilities at fair value through profit or loss (Note 6(b))	898	-	-	-	114	-
Notes receivable, net (Note 6(c))	23,214	-	12,053	-	31,875	1	Current contract liabilities (Note 6(t))	91,634	2	159,728	4	212,604	5
Trade receivable, net (Note 6(c))	871,529	21	822,022	20	765,095	18	Notes payable	71	-	-	-	77	-
Trade receivable due from related parties (Note 7)	61,148	1	111,306	3	46,063	1	Accounts payable	266,512	6	230,548	5	346,306	8
Other receivables	32,409	1	18,989	-	23,507	1	Accounts payable due from related parties (Note 7)	97	-	38	-	11	-
Other receivables due from related parties (Note 7)	149,120	4	103,028	3	87,683	2	Other payables (Note 6(m))	396,136	10	190,974	5	208,570	5
Current tax assets	13,810	-	14,142	-	14,090	-	Other payables due from related parties (Note 7)	33	-	-	-	-	-
Inventories (Note 6(d))	1,136,499	27	1,139,694	27	1,190,403	29	Current tax liabilities	17,863	-	48,850	1	23,854	1
Other current assets (Note 6(j))	69,903	2	45,561	1	70,009	2	Current provisions (Note 6(o))	18,547	-	19,401	-	20,644	1
	<u>3,051,813</u>	<u>73</u>	<u>3,077,125</u>	<u>73</u>	<u>2,960,384</u>	<u>72</u>	Current lease liabilities (Note 6(l))	28,537	1	39,271	1	38,866	1
							Long-term borrowing, current portion (Note 6(n) and 8)	38,619	1	423,524	10	7,038	-
Non-current assets:							Other current liabilities	843	-	1,134	-	883	-
Investments accounted for using equity method (Note 6(e))	22,839	1	30,868	1	43,709	1		<u>1,678,790</u>	<u>40</u>	<u>1,842,468</u>	<u>43</u>	<u>1,360,967</u>	<u>33</u>
Property, plant and equipment (Note 6(f), 7 and 8)	411,004	10	442,547	10	419,139	10	Non-current liabilities:						
Right-of-use assets (Note 6(g))	88,668	2	114,695	3	125,192	3	Long-term borrowings (Note 6(n) and 8)	947,343	22	566,677	14	1,036,256	25
Investment property (Note 6(h), and 7)	84,563	2	-	-	-	-	Non-current provisions (Note 6(o))	4,846	-	4,679	-	4,826	-
Intangible assets (Note 6(i))	122,427	3	150,219	3	160,701	4	Deferred tax liabilities	30,829	1	58,475	1	56,117	2
Goodwill (Note 6(i))	285,305	6	318,609	7	315,408	7	Non-current lease liabilities (Note 6(l))	65,076	2	82,662	2	95,704	2
							Credit balance of investments accounted for using equity method (Note 6(e))	4,728	-	2,814	-	-	-
Deferred tax assets	70,890	2	70,841	2	67,658	2	Other non-current liabilities	80	-	-	-	-	-
Net defined benefit assets	28,271	1	27,575	1	22,075	1		<u>1,052,902</u>	<u>25</u>	<u>715,307</u>	<u>17</u>	<u>1,192,903</u>	<u>29</u>
Other non-current assets (Note 6(j))	6,802	-	6,772	-	4,939	-	Total liabilities	<u>2,731,692</u>	<u>65</u>	<u>2,557,775</u>	<u>60</u>	<u>2,553,870</u>	<u>62</u>
	<u>1,120,769</u>	<u>27</u>	<u>1,162,126</u>	<u>27</u>	<u>1,158,821</u>	<u>28</u>	Equity attributable to owners of parent: (Note 6(r))						
							Common stock	549,500	13	549,500	13	549,500	13
							Capital surplus	820,663	20	820,363	20	820,363	20
							Unappropriated retained earnings	70,359	2	222,491	5	113,420	3
							Other Equity	368	-	89,122	2	82,052	2
							Total equity	<u>1,440,890</u>	<u>35</u>	<u>1,681,476</u>	<u>40</u>	<u>1,565,335</u>	<u>38</u>
Total assets	<u>\$ 4,172,582</u>	<u>100</u>	<u>4,239,251</u>	<u>100</u>	<u>4,119,205</u>	<u>100</u>	Total liabilities and equity	<u>\$ 4,172,582</u>	<u>100</u>	<u>4,239,251</u>	<u>100</u>	<u>4,119,205</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and six months ended June 30, 2025 and 2024
(Expressed in thousands of New Taiwan Dollar, except for earnings per share)

	For the three months ended June 30				For the six months ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(t) and 7)	\$ 741,446	100	816,059	100	1,551,198	100	1,507,727	100
Operating costs (Note 6(d), (p) and 12)	504,456	68	575,337	71	1,037,464	67	1,051,299	70
Gross profit	236,990	32	240,722	29	513,734	33	456,428	30
Realized (unrealized) profit from sales	668	-	(870)	-	(2,949)	-	(870)	-
Gross profit, net	237,658	32	239,852	29	510,785	33	455,558	30
Operating expenses (Note 6(p), (u) and 12)								
Selling expenses	40,635	5	37,295	5	87,334	6	69,389	5
Administrative expenses	83,905	11	82,249	10	184,233	12	171,150	11
Research and development expenses	29,947	4	35,606	4	60,311	4	66,172	4
Expected credit loss (reversal) (Note 6(c) and 7)	24,361	3	(14,549)	(2)	32,907	2	(9,690)	(1)
	178,848	23	140,601	17	364,785	24	297,021	19
Operating income	58,810	9	99,251	12	146,000	9	158,537	11
Non-operating income and expenses (Note 6(v))								
Interest income	5,454	1	2,548	-	7,170	-	4,156	-
Other income	4,252	1	554	-	4,432	-	786	-
Other gains and losses	(94,597)	(13)	2,342	-	(89,004)	(6)	23,446	1
Finance costs (Note 6(l))	(9,731)	(1)	(8,932)	(1)	(19,411)	(1)	(17,430)	(1)
Share of loss of associates accounted for using equity method (Note 6(e))	(1,207)	-	(5,261)	-	(5,210)	-	(5,595)	-
	(95,829)	(12)	(8,749)	(1)	(102,023)	(7)	5,363	-
Profit (loss) before income tax	(37,019)	(3)	90,502	11	43,977	2	163,900	11
Less: Income tax expenses (Note 6(q))	4,703	1	30,970	4	31,259	2	56,488	4
Profit (loss) for the period	(41,722)	(4)	59,532	7	12,718	-	107,412	7
Other comprehensive income:								
Components of other comprehensive income that will be reclassified to profit or loss								
Exchange differences on translation of foreign financial statements	(169,068)	(23)	25,474	3	(110,942)	(7)	83,708	5
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(q))	33,813	5	(5,095)	-	22,188	1	(16,742)	(1)
Other comprehensive income for the period, net of tax	(135,255)	(18)	20,379	3	(88,754)	(6)	66,966	4
Total comprehensive income	\$ (176,977)	(22)	79,911	10	(76,036)	(6)	174,378	11
Earnings per share (NT Dollars) (Note 6(s))								
Basic earnings per share	\$ (0.76)		1.08		0.23		1.95	
Diluted earnings per share	\$ (0.76)		1.08		0.23		1.95	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2025 and 2024
(Expressed in thousands of New Taiwan Dollar)

Equity attributable to owners of parent

	Retained earnings					Other equity		Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2024	\$ 549,500	820,363	-	2,724	32,627	35,351	15,086	1,420,300
Profit for the period	-	-	-	-	107,412	107,412	-	107,412
Other comprehensive income for the period	-	-	-	-	-	-	66,966	66,966
Total comprehensive income for the period	-	-	-	-	107,412	107,412	66,966	174,378
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	3,263	-	(3,263)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(29,343)	(29,343)	-	(29,343)
Balance at June 30, 2024	\$ 549,500	820,363	3,263	2,724	107,433	113,420	82,052	1,565,335
Balance at January 1, 2025	\$ 549,500	820,363	3,263	2,724	216,504	222,491	89,122	1,681,476
Profit for the period	-	-	-	-	12,718	12,718	-	12,718
Other comprehensive income for the period	-	-	-	-	-	-	(88,754)	(88,754)
Total comprehensive income for the period	-	-	-	-	12,718	12,718	(88,754)	(76,036)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	21,648	-	(21,648)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(164,850)	(164,850)	-	(164,850)
Changes in other capital surplus	-	300	-	-	-	-	-	300
Balance at June 30, 2025	\$ 549,500	820,663	24,911	2,724	42,724	70,359	368	1,440,890

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2025 and 2024****(Expressed in thousands of New Taiwan Dollar)**

	For the six months ended June 30	
	2025	2024
Cash flows from (used in) operating activities		
Profit before tax	\$ 43,977	163,900
Adjustments		
Adjustments to reconcile profit		
Depreciation expense	60,726	66,721
Amortization expense	14,510	14,419
Expected credit loss (reversal)	32,907	(9,690)
Net loss on financial assets or liabilities at fair value through profit or loss	254	114
Interest expense	19,411	17,430
Interest income	(7,170)	(4,156)
Share of loss of associates accounted for using equity method	5,210	5,595
Gain on disposal of property, plant and equipment	(20)	(263)
Unrealized profit from sales	2,949	870
Unrealized foreign exchange loss (gain)	62,385	(16,240)
Total adjustments to reconcile profit	<u>191,162</u>	<u>74,800</u>
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(12,027)	(1,279)
Decrease (increase) in trade receivable (including from related parties)	(244,698)	(91,059)
Decrease (increase) in other receivables (including from related parties)	(23,140)	(90,542)
Decrease (increase) in inventories	(48,332)	(95,663)
Decrease (increase) in other current assets	(27,340)	(12,214)
Decrease (increase) in net defined benefit assets	(696)	(614)
Total changes in operating assets	<u>(356,233)</u>	<u>(291,371)</u>
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(56,984)	29,097
Increase (decrease) in notes payable	71	(105)
Increase (decrease) in accounts payable (including from related parties)	83,067	136,638
Increase (decrease) in other payables	61,327	(112,601)
Increase (decrease) in provisions	576	(1,007)
Increase (decrease) in other current liabilities	(291)	52
Increase (decrease) in other non-current liabilities	80	-
Total changes in operating liabilities	<u>87,846</u>	<u>52,074</u>
Total changes in operating assets and liabilities	<u>(268,387)</u>	<u>(239,297)</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2025 and 2024****(Expressed in thousands of New Taiwan Dollar)**

	For the six months ended June 30	
	2025	2024
Total adjustments	(77,225)	(164,497)
Cash inflow (outflow) generated from operations	(33,248)	(597)
Interest received	2,192	4,156
Interest paid	(18,948)	(19,237)
Income taxes paid	(59,913)	(80,621)
Net cash flows from (used in) operating activities	(109,917)	(96,299)
Cash flows from (used in) investing activities		
Acquisition of investments accounted for using equity method	-	(14,838)
Acquisition of property, plant and equipment	(43,771)	(33,457)
Proceeds from disposal of property, plant and equipment	-	756
Increase in refundable deposits	(184)	(870)
Increase in other receivables due from related parties	(88,000)	-
Decrease in other receivables due from related parties	86,482	-
Acquisition of intangible assets	(860)	(2,000)
Acquisition of investment property	(86,631)	-
Decrease in other non-current assets	-	16
Interest received	6,306	-
Net cash flows from (used in) investing activities	(126,658)	(50,393)
Cash flows from (used in) financing activities		
Increase in short-term loans	139,000	-
Decrease in short-term loans	(49,000)	(50,000)
Proceeds from long-term debt	400,000	90,000
Repayments of long-term debt	(404,239)	-
Payments of lease liabilities	(19,500)	(19,785)
Other financing activities	300	-
Net cash flows from (used in) financing activities	66,561	20,215
Effect of exchange rate changes on cash and cash equivalents	53,221	19,720
Net decrease in cash and cash equivalents	(116,793)	(106,757)
Cash and cash equivalents at beginning of period	810,330	838,416
Cash and cash equivalents at end of period	\$ 693,537	731,659

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the six months ended June 30, 2025 and 2024

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Company history

Quaser Machine Tools, Inc. (the “Company”) was incorporated in May 23, 1991 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The registered address is No.3, Gong 6th Rd., Youshih Industrial Park, Dajia District, Taichung City, Taiwan (R.O.C.). The Company and its subsidiaries (collectively referred to as the “Group”) mainly engage in manufacturing and sales of computer numerical control (CNC) machine centers, metal-working machines, and related machines. The Company’s common shares were listed on the Taipei Exchange (TPEX) Mainboard since July 12, 2018.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on August 7, 2025.

3. New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”

- (b) The impact of IFRSs endorsed by the FSC but not yet effective

The Group’s anticipated adoption of the new amendments beginning on January 1, 2026, are expected to have the following impacts:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7.
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (c) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation. The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

4. Summary of material accounting policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (Regulations) and IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC. These consolidated financial statements do not include all of the information required by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to “IFRSs endorsed by the FSC”) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(i) List of subsidiaries in the consolidated financial statements:

Name of investor	Name of subsidiary	Main businesses	Percentage of ownership			Note
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	Quaser Europe Technical Center AG (“Quaser Europe”)	Buys and sells machines	100%	100%	100%	4
The Company	Quaser America Machine Tools, Inc. (“Quaser America”)	Buys and sells machines	100%	100%	100%	1 and 4
The Company	Kunshan Quaser Machine Tools, Inc. (“Kunshan Quaser”)	Buys and sells machines	100%	100%	100%	
The Company	Quaser Europe Technical Center Gmbh (“Quaser Europe Gmbh”)	Buys and sells machines	100%	100%	100%	2 and 4
The Company	Winbro Group UK Limited (“Winbro UK”)	Overseas reinvested holding company	100%	100%	100%	3
Winbro UK	Winbro Group Technologies Limited (“Winbro Ltd”)	Aerospace machinery manufacturing and machining	100%	100%	100%	
Winbro UK	Winbro Group Technologies LLC (“Winbro LLC”)	Aerospace machinery manufacturing and machining	100%	100%	100%	

Note 1: The liquidation of the Group's subsidiary, Quaser America, was resolved by the Board of Directors in 2022. Based on the Group's operation plan, the Company's Board of Directors resolved to cancel the resolution on August 7, 2024.

Note 2: On December 19, 2024 and May 4, 2023, the Company's Board of Directors resolved to increase its investment in the Group's subsidiary, Quaser Europe Gmbh, by \$85,258 thousand and \$120,607 thousand. The relevant registration has been completed.

Note 3: On December 19, 2024, the Group's subsidiary, Winbro UK's Board of Directors resolved to reduce the share capital and return \$41,063 thousand to the shareholders. The relevant registration has been completed.

Note 4: This is a non-significant subsidiary for which the financial statements are not reviewed by independent auditors.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of IAS 34 “Interim Financial Reporting”.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
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be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2024 consolidated financial statements. Please refer to note 6 to the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Petty cash and cash on hand	\$ 910	1,104	1,126
Checking and demand deposits	663,327	809,226	730,533
Time deposits	29,300	-	-
Cash and cash equivalents in the consolidated statement of cash flows	\$ 693,537	810,330	731,659

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(b) Financial assets and liabilities at fair value through profit or loss (FVTPL)

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets mandatorily classified as at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 644	-	-
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 898	-	114

As of June 30, 2025 and 2024, outstanding forward exchange contracts were as follows:

June 30, 2025			
Item	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	USD 685 / NTD 20,509	USD to NTD	25.08.07
Forward exchange sold	USD 912 / NTD 26,241	USD to NTD	25.09.08
Forward exchange sold	USD 458 / NTD 13,147	USD to NTD	25.10.07
Forward exchange sold	USD 419 / NTD 11,989	USD to NTD	25.11.17
Forward exchange sold	USD 703 / NTD 20,086	USD to NTD	25.12.05
Forward exchange sold	USD 155 / NTD 4,640	USD to NTD	25.07.23~25.07.31
Forward exchange sold	EUR 185 / NTD 6,306	EUR to NTD	25.07.23~25.07.31
Forward exchange sold	EUR 173 / NTD 5,897	EUR to NTD	25.07.23~25.07.31
Forward exchange sold	EUR 111 / NTD 3,783	EUR to NTD	25.07.23~25.07.31
June 30, 2024			
Item	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	USD 143 / NTD 4,615	USD to NTD	24.07.08~24.07.17
Forward exchange sold	USD 588 / NTD 18,934	USD to NTD	24.07.31

The Group entered into derivative financial instruments to reduce its exposure to certain foreign exchange rate risk arising from its operating activities.

(c) Notes receivable and trade receivable

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable from operating activities	\$ 23,214	12,053	31,875
Trade receivable—measured as amortized cost	912,416	846,530	777,091
Less: Loss allowance	(40,887)	(24,508)	(11,996)
	\$ 894,743	834,075	796,970

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and trade receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance was determined as follows:

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June 30, 2025			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	\$ 768,432	- %	-
1 to 30 days past due	66,406	-	-
31 to 60 days past due	1,035	5.02 %	52
61 to 90 days past due	2,828	10.01 %	283
91 to 180 days past due	31,140	19.89 %	6,194
181 to 360 days past due	62,861	50.00 %	31,430
More than 361 days past due	2,928	100.00 %	2,928
	\$ 935,630		40,887

December 31, 2024			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	\$ 687,076	-	-
1 to 30 days past due	49,334	1.52 %	750
31 to 60 days past due	41,582	6.80 %	2,829
61 to 90 days past due	29,370	11.69 %	3,433
91 to 180 days past due	44,772	25.00 %	11,194
181 to 360 days past due	246	40.24 %	99
More than 361 days past due	6,203	100.00 %	6,203
	\$ 858,583		24,508

June 30, 2024			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	\$ 694,599	-	-
1 to 30 days past due	67,007	-	-
31 to 60 days past due	4,797	4.11 %	197
61 to 90 days past due	10,715	10.00 %	1,071
91 to 180 days past due	13,190	20.00 %	2,638
181 to 360 days past due	17,345	39.07 %	6,777
More than 361 days past due	1,313	100.00 %	1,313
	\$ 808,966		11,996

The movements of the loss allowance for notes and trade receivable were as follows:

	For the six months ended June 30	
	2025	2024
Balance at beginning of period	\$ 24,508	21,105
Impairment losses recognized (reversal)	17,788	(9,690)
Amounts written off as uncollectible during the period	-	(74)
Effect of exchange rate changes	(1,409)	655
Balance at end of period	\$ 40,887	11,996

The Group's notes and trade receivable were not pledged as collateral as of June 30, 2025, December 31 and June 30, 2024. For further credit risk information, please refer to note 6(w).

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(d) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 586,348	474,285	629,219
Work in progress	408,259	510,366	383,816
Finished goods	116,720	144,077	126,278
Goods	25,172	10,966	51,090
	\$ 1,136,499	1,139,694	1,190,403

During the three months and six months ended June 30, 2025 and 2024, the loss for inventory obsolescence from the decrease in inventories' net realizable value amounted to \$14,621 thousand, \$4,405 thousand, \$6,869 thousand and \$1,593 thousand, respectively. The write-downs of inventories are included in cost of sales. As of June 30, 2025, December 31 and June 30, 2024, none of the Group's inventories were pledged as collateral.

(e) Investments accounted for using equity method

A summary of the Group's financial information for investments accounted for using equity method at the reporting date was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Associates	\$ 18,111	28,054	43,709

- (i) The Group invested in Zhongshan Xuguang Machinery Technology Co., Ltd. in June 2023 with an investment amount of CNY\$8,000 thousand and obtained 40% shareholding of Zhongshan Xuguang Machinery Technology Co., Ltd. The Group has significant influence on Zhongshan Xuguang Machinery Technology Co., Ltd.
- (ii) The Group's subsidiary, Quaser Europe GmbH, acquired 43% equity in MWA Magdeburger Werkzeugmaschinen & Automation GmbH (MWA) in May 2024, for EUR 430 thousand. MWA issued new shares in June 2025, and Quaser Europe GmbH did not subscribe to the new shares proportionately, which resulted in a decrease in Quaser Europe GmbH's ownership in MWA from 43% to 34.396%. The Group has significant influence over MWA.
- (iii) The unreviewed financial statements of investments accounted for using equity method

Investments accounted for using equity method and the share of profit or loss and other comprehensive income of those investments were recognized solely on the financial statements prepared by these investee companies but not reviewed by independent auditors.

The Group's financial information for investments accounted for using the equity method that are individually insignificant were as follows. This financial information was included in the consolidated financial statements.

	June 30, 2025	December 31, 2024	June 30, 2024	
Carrying amount of individually insignificant associates' equity	\$ 18,111	28,054	43,709	
	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Attributable to the Group:				
Loss from continuing operations	\$ (1,207)	(5,261)	(5,210)	(5,595)
Other comprehensive income (loss)	(3,564)	352	(2,379)	995
Comprehensive income (loss)	\$ (4,771)	(4,909)	(7,589)	(4,600)

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(iv) The Group's unrealized profit from sales to associate Lerinc Werkzeugmaschinen & Automation GmbH (LWA) was \$4,728 thousand and \$2,814 thousand, which were recorded under the credit balance of investments accounted for using equity method as of June 30, 2025 and December 31, 2024.

(v) The Group's investment accounted for using equity method was not pledged as collateral as of June 30, 2025, December 31 and June 30, 2024.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2025 and 2024 were as follows:

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Molding equipment	Other equipment	Leasehold improvements	Construction in progress	Total
Cost:									
Balance at January 1, 2025	\$ 123,978	253,981	1,097,904	3,367	57,011	230,942	-	62,914	1,830,097
Additions	-	1,133	3,778	2,132	-	1,864	1,062	33,802	43,771
Disposals	-	-	-	-	-	(2,756)	-	-	(2,756)
Reclassification	-	-	(50,543)	-	-	-	-	(6,609)	(57,152)
Effects of exchange rate changes	-	(3,395)	(124,320)	(443)	-	(6,408)	-	(8,726)	(143,292)
Balance at June 30, 2025	\$ 123,978	251,719	926,819	5,056	57,011	223,642	1,062	81,381	1,670,668
Balance at January 1, 2024	\$ 123,978	251,588	1,035,726	3,232	52,421	252,496	-	2,891	1,722,332
Additions	-	6,668	2,846	-	1,604	1,894	-	20,445	33,457
Disposals	-	-	(827)	-	-	(2,576)	-	-	(3,403)
Reclassification	-	1,544	(9,236)	-	-	775	-	(1,631)	(8,548)
Effects of exchange rate changes	-	2,695	51,974	110	-	5,741	-	474	60,994
Balance at June 30, 2024	\$ 123,978	262,495	1,080,483	3,342	54,025	258,330	-	22,179	1,804,832
Accumulated depreciation and impairments loss:									
Balance at January 1, 2025	\$ -	234,320	884,246	2,870	50,174	215,940	-	-	1,387,550
Depreciation	-	2,704	34,185	172	1,758	2,675	160	-	41,654
Disposals	-	-	-	-	-	(2,756)	-	-	(2,756)
Reclassification	-	-	(46,977)	-	-	-	-	-	(46,977)
Effects of exchange rate changes	-	(2,806)	(110,476)	(244)	-	(6,281)	-	-	(119,807)
Balance at June 30, 2025	\$ -	234,218	760,978	2,798	51,932	209,578	160	-	1,259,664
Balance at January 1, 2024	\$ -	232,341	773,915	2,587	47,906	237,684	-	-	1,294,433
Depreciation	-	4,304	39,118	84	977	3,530	-	-	48,013
Disposals	-	-	(334)	-	-	(2,576)	-	-	(2,910)
Reclassification	-	-	(841)	-	-	-	-	-	(841)
Effects of exchange rate changes	-	2,155	39,321	93	-	5,429	-	-	46,998
Balance at June 30, 2024	\$ -	238,800	851,179	2,764	48,883	244,067	-	-	1,385,693
Carrying amount:									
Balance at January 1, 2025	\$ 123,978	19,661	213,658	497	6,837	15,002	-	62,914	442,547
Balance at June 30, 2025	\$ 123,978	17,501	165,841	2,258	5,079	14,064	902	81,381	411,004
Balance at January 1, 2024	\$ 123,978	19,247	261,811	645	4,515	14,812	-	2,891	427,899
Balance at June 30, 2024	\$ 123,978	23,695	229,304	578	5,142	14,263	-	22,179	419,139

As of June 30, 2025, December 31 and June 30, 2024, the property and plant of the Group had been pledged as collateral for bank borrowings are set out in note 8.

(g) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group for the six months ended June 30, 2025 and 2024 were as follows:

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	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 230,175	7,632	26,411	7,914	272,132
Additions	-	-	1,109	-	1,109
Write-off	-	-	(1,445)	-	(1,445)
Effects of exchange rate changes	(24,152)	(377)	(578)	(841)	(25,948)
Balance at June 30, 2025	<u>\$ 206,023</u>	<u>7,255</u>	<u>25,497</u>	<u>7,073</u>	<u>245,848</u>
Balance at January 1, 2024	\$ 212,032	3,325	16,667	9,451	241,475
Additions	-	-	11,420	-	11,420
Write-off	-	-	(2,007)	-	(2,007)
Effects of exchange rate changes	12,021	189	251	537	12,998
Balance at June 30, 2024	<u>\$ 224,053</u>	<u>3,514</u>	<u>26,331</u>	<u>9,988</u>	<u>263,886</u>
Accumulated depreciation:					
Balance at January 1, 2025	\$ 137,022	2,017	12,011	6,387	157,437
Depreciation	12,968	571	3,840	741	18,120
Write-off	-	-	(1,445)	-	(1,445)
Effects of exchange rate changes	(15,510)	(221)	(463)	(738)	(16,932)
Balance at June 30, 2025	<u>\$ 134,480</u>	<u>2,367</u>	<u>13,943</u>	<u>6,390</u>	<u>157,180</u>
Balance at January 1, 2024	\$ 100,831	990	7,656	5,950	115,427
Depreciation	14,112	368	3,153	1,075	18,708
Write-off	-	-	(2,007)	-	(2,007)
Effects of exchange rate changes	5,963	62	184	357	6,566
Balance at June 30, 2024	<u>\$ 120,906</u>	<u>1,420</u>	<u>8,986</u>	<u>7,382</u>	<u>138,694</u>
Carrying amount:					
Balance at January 1, 2025	<u>\$ 93,153</u>	<u>5,615</u>	<u>14,400</u>	<u>1,527</u>	<u>114,695</u>
Balance at June 30, 2025	<u>\$ 71,543</u>	<u>4,888</u>	<u>11,554</u>	<u>683</u>	<u>88,668</u>
Balance at January 1, 2024	<u>\$ 111,201</u>	<u>2,335</u>	<u>9,011</u>	<u>3,501</u>	<u>126,048</u>
Balance at June 30, 2024	<u>\$ 103,147</u>	<u>2,094</u>	<u>17,345</u>	<u>2,606</u>	<u>125,192</u>

(h) Investment property

The cost, depreciation, and impairment of the investment property of the Group for the six months ended June 30, 2025 were as follows:

	<u>Owned property</u>		
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ -	-	-
Additions	10,477	76,154	86,631
Effects of exchange rate changes	(137)	(992)	(1,129)
Balance at June 30, 2025	<u>\$ 10,340</u>	<u>75,162</u>	<u>85,502</u>
Accumulated depreciation and impairments loss:			
Balance at January 1, 2025	\$ -	-	-
Depreciation	-	952	952
Effects of exchange rate changes	-	(13)	(13)
Balance at June 30, 2025	<u>\$ -</u>	<u>939</u>	<u>939</u>
Carrying amount:			
Balance at January 1, 2025	\$ -	-	-
Balance at June 30, 2025	<u>\$ 10,340</u>	<u>74,223</u>	<u>84,563</u>

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(i) Goodwill and intangible assets

The cost, amortization and impairment of the goodwill and intangible assets of the Group for the six months ended June 30, 2025 and 2024 were as follows:

	Goodwill	Customer relationship	Developed technology	Software	Technology licenses	Trademarks	Others	Total
Cost:								
Balance at January 1, 2025	\$ 531,596	180,318	85,241	22,749	3,867	231	500	824,502
Additions	-	-	-	270	590	-	-	860
Disposals	-	-	-	(1,328)	(380)	-	-	(1,708)
Effects of exchange rate changes	(55,944)	(19,168)	(9,061)	(478)	-	-	-	(84,651)
Balance at June 30, 2025	<u>\$ 475,652</u>	<u>161,150</u>	<u>76,180</u>	<u>21,213</u>	<u>4,077</u>	<u>231</u>	<u>500</u>	<u>739,003</u>
Balance at January 1, 2024	\$ 498,206	168,878	79,833	46,267	2,946	231	1,132	797,493
Additions	-	-	-	1,810	190	-	-	2,000
Disposals	-	-	-	(530)	(181)	-	-	(711)
Reclassification	-	-	-	(350)	-	-	-	(350)
Effects of exchange rate changes	28,012	9,597	4,537	1,928	-	-	-	44,074
Balance at June 30, 2024	<u>\$ 526,218</u>	<u>178,475</u>	<u>84,370</u>	<u>49,125</u>	<u>2,955</u>	<u>231</u>	<u>1,132</u>	<u>842,506</u>
Accumulated amortization and impairment losses:								
Balance at January 1, 2025	\$ 212,987	62,110	62,916	15,425	1,744	75	417	355,674
Amortization	-	5,834	5,910	2,352	361	12	41	14,510
Disposals	-	-	-	(1,328)	(380)	-	-	(1,708)
Effects of exchange rate changes	(22,640)	(7,065)	(7,156)	(344)	-	-	-	(37,205)
Balance at June 30, 2025	<u>\$ 190,347</u>	<u>60,879</u>	<u>61,670</u>	<u>16,105</u>	<u>1,725</u>	<u>87</u>	<u>458</u>	<u>331,271</u>
Balance at January 1, 2024	\$ 199,474	46,911	47,520	37,940	1,251	52	942	334,090
Amortization	-	5,850	5,925	2,235	243	12	154	14,419
Disposals	-	-	-	(530)	(181)	-	-	(711)
Effects of exchange rate changes	11,336	2,765	2,801	1,697	-	-	-	18,599
Balance at June 30, 2024	<u>\$ 210,810</u>	<u>55,526</u>	<u>56,246</u>	<u>41,342</u>	<u>1,313</u>	<u>64</u>	<u>1,096</u>	<u>366,397</u>
Carrying amount:								
Balance at January 1, 2025	\$ 318,609	118,208	22,325	7,324	2,123	156	83	468,828
Balance at June 30, 2025	<u>\$ 285,305</u>	<u>100,271</u>	<u>14,510</u>	<u>5,108</u>	<u>2,352</u>	<u>144</u>	<u>42</u>	<u>407,732</u>
Balance at January 1, 2024	\$ 298,732	121,967	32,313	8,327	1,695	179	190	463,403
Balance at June 30, 2024	<u>\$ 315,408</u>	<u>122,949</u>	<u>28,124</u>	<u>7,783</u>	<u>1,642</u>	<u>167</u>	<u>36</u>	<u>476,109</u>

None of the intangible assets held by the Group were pledged collateral as of June 30, 2025, December 31 and June 30, 2024.

(j) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Other current assets:			
Prepayments	\$ 66,509	40,412	67,474
Others	3,394	5,149	2,535
	<u>\$ 69,903</u>	<u>45,561</u>	<u>70,009</u>
Other non-current assets:			
Refundable deposits	\$ 6,802	6,772	4,928
Others	-	-	11
	<u>\$ 6,802</u>	<u>6,772</u>	<u>4,939</u>

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(k) Short-term borrowings

The short-term borrowings of the Group were summarized as follows:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Unsecured bank loans	\$ <u>819,000</u>	<u>729,000</u>	<u>502,000</u>
Unused short-term credit lines	\$ <u>410,000</u>	<u>480,000</u>	<u>547,000</u>
Range of interest rates	<u>1.118%~2.099%</u>	<u>1.117%~2.075%</u>	<u>1.95%~2.25%</u>

Issuance and repayment of the borrowings

For the six months ended June 30, 2025, the Group had additional short-term borrowings amounting to \$139,000 thousand, with an interest rate of 1.97%~2.099%, as well as maturity ranging from July to November 2025. There was no such transaction for the six months ended June 30, 2024. For the six months ended June 30, 2025 and 2024, the repayments amounted to \$49,000 thousand and \$50,000 thousand, respectively.

(l) Lease liabilities

The lease liabilities of the Group were summarized as follows:

	<u>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Current	\$ <u>28,537</u>	<u>39,271</u>	<u>38,866</u>
Non-current	\$ <u>65,076</u>	<u>82,662</u>	<u>95,704</u>

For the maturity analysis, please refer to note 6(w) Financial instruments.

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>June 30</u>		<u>For the six months ended</u> <u>June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest expense on lease liabilities	\$ <u>818</u>	<u>1,098</u>	<u>1,694</u>	<u>2,136</u>
Expenses relating to short-term leases	\$ <u>2,150</u>	<u>1,527</u>	<u>4,433</u>	<u>2,854</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>25,627</u>	<u>24,775</u>

(i) Building leases

The Group leases buildings for the use of offices and plants with lease terms of 2 to 15 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

The Group leases machinery, transportation equipment, and other equipment with lease terms of 1 to 5 years.

(m) Other payables

The other payables of the Group were summarized as follows:

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	June 30, 2025	December 31, 2024	June 30, 2024
Salary and bonus payable	\$ 61,644	60,266	40,860
Pensions payable	2,385	2,130	1,982
Employee and director compensation payable	23,133	21,830	15,791
Commission payable	19,103	22,504	39,949
Dividends payable	164,850	-	29,343
Others	125,021	84,244	80,645
	\$ 396,136	190,974	208,570

(n) Long-term borrowings

The long-term borrowings of the Group were summarized as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 517,962	522,201	525,000
Secured bank loans	468,000	468,000	518,294
Subtotal	985,962	990,201	1,043,294
Less: current portion	(38,619)	(423,524)	(7,038)
Total	\$ 947,343	566,677	1,036,256
Unused long-term credit lines	\$ 822,000	822,000	871,706
Range of interest rates	2.017%~2.398%	2.036%~2.396%	1.897%~2.337%

(i) Issuance and repayment of the borrowings

For the six months ended June 30, 2025 and 2024, the Group had additional long-term borrowings amounting to \$400,000 thousand and \$90,000 thousand, with an interest rate of 2.017% and 2.06%, maturing in June 2027 and April 2028. For the six months ended June 30, 2025 and 2024, the repayments amounted to \$404,239 thousand and \$0, respectively.

(ii) Syndicated loan

The Group entered into US\$38,100 thousand and NT\$526,000 thousand syndicated loan agreement with Taishin International Bank in October 2019 with annual interest rate of 2.084%. The agreement period is 5 years, which can be extended for 2 years upon application for once only. The funds were used to acquire 100% ownership of Winbro UK.

The Group has re-signed the syndicated loan agreement with Taishin International Bank in July 2023. The loan amount was NT\$1,290,000 thousand with a 5-year credit period. The funds obtained from the syndicated loan agreement were used to repay outstanding loans and enrich medium-term working capital.

Under the syndicated loan agreement re-signed in 2023, the ratios and limitations shall be maintained as follows and calculated based on independent auditors' annual and semi-annual consolidated financial statements from 2023. For the collateral for long-term borrowings, please refer to note 8.

- 1) Current ratio (current assets / current liabilities) – not less than 100%.
- 2) Gearing ratio (total liabilities deduct cash / total equity) – not higher than 200%.
- 3) Interest coverage ratio (sum of profit before income tax, depreciation expenses, amortizations, and interest expenses / interest expenses) – not less than 300%.
- 4) Equity – not less than \$1,000,000 thousand.

As of June 30, 2025, December 31 and June 30, 2024, the Group was in compliance with the above borrowing covenants.

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(iii) Collateral for long-term borrowings

The Group set out the assets as pledged collateral for long-term borrowings in note 8.

(o) Provisions

	June 30, 2025	December 31, 2024	June 30, 2024
Current–Warranties	\$ 18,547	19,401	20,644
Non-current–Employee benefits	4,846	4,679	4,826
	\$ 23,393	24,080	25,470

There were no significant changes in provisions for the six months ended June 30, 2025 and 2024. Please refer to note 6(m) to the consolidated financial statements for the year ended December 31, 2024 for other related information.

(p) Employee benefits

(i) Defined benefit plans

Since there were no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The pension costs recognized in profit or loss for the Group were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Operating cost	\$ (68)	(40)	(135)	(80)
Selling expenses	(29)	(18)	(58)	(35)
Administration expenses	(22)	(14)	(45)	(28)
	\$ (119)	(72)	(238)	(143)

(ii) Defined contribution plans

The pension costs of the Group under the defined contribution pension plans were as follows and contributed to the Bureau of Labor Insurance.

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Operating cost	\$ 4,840	4,742	9,828	9,174
Selling expenses	1,233	613	2,059	1,285
Administration expenses	2,657	2,112	4,851	4,160
Research and development expenses	1,408	216	2,665	422
	\$ 10,138	7,683	19,403	15,041

(q) Income taxes

(i) The income tax of the Group was as follows:

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	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Current tax expense				
Current period	\$ 14,800	20,092	62,610	37,612
Adjustment for prior periods	622	4,424	(28,394)	4,424
	<u>15,422</u>	<u>24,516</u>	<u>34,216</u>	<u>42,036</u>
Deferred tax expense (gain)				
Origination and reversal of temporary differences	(10,719)	6,454	(2,957)	14,452
Income tax expense	<u>\$ 4,703</u>	<u>30,970</u>	<u>31,259</u>	<u>56,488</u>

(ii) The amounts of income tax recognized in other comprehensive income were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ 33,813	(5,095)	22,188	(16,742)

(iii) The Company's income tax returns for the year 2022 has been examined and approved by the tax authorities.

(r) Capital and other equity

Except for the following disclosure, there was no significant change in capital for the periods from January 1 to June 30, 2025 and 2024. For the related information, please refer to note 6(p) to the consolidated financial statements for the year ended December 31, 2024.

(i) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2025	December 31, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Premium from issuance of common stock (with cash inflow)	\$ 791,886	791,886
Exercise of disgorgement-donated assets (with cash inflow)	300	-
Treasury share transactions	3,139	3,139
<u>May be used to offset a deficit only</u>		
Premium from issuance of common stock (without cash inflow)	18,696	18,696
Expired stock options	6,642	6,642
	<u>\$ 820,663</u>	<u>820,363</u>

The income obtained by the Company exercising the right of disgorgement under Article 157 of Securities and Exchange Act in June 2025 should be recognized as additional paid-in capital. However, for filing of tax returns and payment of tax, these incomes should be reported as other income in the year when the Company exercises the right of disgorgement.

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According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

In accordance with the Company's articles of incorporation, in the event that the annual audit renders earnings, the Company shall pay taxes according to law and cover cumulative losses before setting aside 10% to be the legal reserve; if the legal reserve has reached the Company's paid-in capital size, however, it is allowed not to set aside further earnings. From the remainder the special reserve shall be set aside or reversed as required by law and any further remainder after that shall be brought forth in the shareholder's meeting based on the Earnings Distribution Proposal prepared by the Board of Directors along with accumulated retained earnings for a decision on assignment of stock dividend bonus to shareholders.

The Company shall make distribution of dividend with a total amount no lower than 10% of the earnings distributable for the year based on the overall circumstances and growth characteristics of the industry, in consideration of the Company's profiting status and future operation needs, with the sustainable operations of the Company as objective and shareholders' equity and the Company's long-term financial planning taken into account.

The distribution of dividends by the Company can be in the form of cash or issuing new shares according to the Company's annual surplus in the current year and the overall industry's environment. However, cash dividends shall not be lower than 60% of the total dividends distributed, which may be adjusted in the shareholders' meeting based on the actual profit in the current year or the state of operations.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

As the Company opted for the exemptions allowed under IFRS1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, it is stipulated to set aside the same amount of special surplus reserve of \$2,724 thousand were reclassified to retained earnings. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special

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earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 29, 2025 and May 31, 2024, the shareholders' meeting resolved to appropriate the 2024 and 2023 earnings as follows:

	2024		2023	
	Amount per share (NT dollars)	Total amount	Amount per share (NT dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 3	164,850	0.534	29,343

(iii) Other comprehensive income accumulated in reserves, net of tax

		Exchange differences on translation of foreign financial statements
Balance at January 1, 2025	\$	89,122
Exchange differences on foreign operations		(110,942)
Income tax		22,188
Balance at June 30, 2025	\$	368
Balance at January 1, 2024	\$	15,086
Exchange differences on foreign operations		83,708
Income tax		(16,742)
Balance at June 30, 2024	\$	82,052

(s) Earnings per share

The calculations of the Group's basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Net profit (loss) attributable to ordinary shareholders of the Company (basic)	\$ (41,722)	59,532	12,718	107,412
Weighted average number of ordinary shares outstanding (in thousands of shares)	54,950	54,950	54,950	54,950
Basic earnings per share (expressed in NT dollars)	\$ (0.76)	1.08	0.23	1.95

(ii) Diluted earnings per share

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	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Net profit (loss) attributable to ordinary shareholders of the Company (diluted)	\$ (41,722)	59,532	12,718	107,412
Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)	54,950	54,950	54,950	54,950
Effect of dilutive potential ordinary shares				
Effect on employees' compensation	-	129	82	157
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	54,950	55,079	55,032	55,107
Diluted earnings per share (expressed in NT dollars)	\$ (0.76)	1.08	0.23	1.95

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
<u>Primary geographical markets</u>				
Europe	\$ 355,080	303,632	728,961	555,060
Asia	129,656	276,028	289,211	526,304
Americas	256,454	223,872	532,120	413,666
Others	256	12,527	906	12,697
	<u>\$ 741,446</u>	<u>816,059</u>	<u>1,551,198</u>	<u>1,507,727</u>
<u>Major products/services</u>				
Sales of goods	596,847	679,582	1,245,916	1,221,077
Rendering of services	144,599	136,477	305,282	286,650
	<u>\$ 741,446</u>	<u>816,059</u>	<u>1,551,198</u>	<u>1,507,727</u>

(ii) Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Contract liabilities	\$ 91,634	159,728	212,604

For details on trade and notes receivables and allowance for impairment, please refer to note 6(c).

The amounts of revenue recognized for the six months ended June 30, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$82,739 thousand and \$113,533 thousand, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Employee compensation and directors' remuneration

On May 29, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, no less than 5.52% shall be allocated as employee compensation (including a minimum of 50% to those base-level employees) and a maximum of 2.07% as directors' remuneration. The recipients of the aforementioned employee compensation, whether in the form of shares or cash, may include

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employees of the subsidiaries who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, no less than 5.52% should be allocated as employee compensation and no more than 2.07% as directors' remuneration. The recipients of the aforementioned employee compensation, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

For the three months and the six months ended June 30, 2025 and 2024, the Company estimated its employee compensation amounting to \$(3,117) thousand, \$4,445 thousand, \$948 thousand and \$8,020 thousand; and directors' remuneration amounting to \$(1,169) thousand, \$1,667 thousand, \$355 thousand and \$3,008 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during the period. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

For the years 2024 and 2023, the employee compensations were \$15,880 thousand and \$3,464 thousand; as well as the directors' remunerations were \$5,950 thousand and \$1,299 thousand, respectively. There were no differences between the accrued and actual distributed amounts. Related information would be available on the Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Interest income from bank deposits	\$ 1,825	2,548	2,192	4,156
Other interest income	3,629	-	4,978	-
	\$ 5,454	2,548	7,170	4,156

(ii) Other income

The details of other income were as follows:

	For the three months ended		For the six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Rent income	\$ 2,254	33	2,286	70
Government grants	301	-	344	69
Others	1,697	521	1,802	647
	\$ 4,252	554	4,432	786

(iii) Other gains and losses

The details of other gains and losses were as follows:

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	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Foreign exchange gains (losses)	\$ (94,891)	3,473	(88,640)	24,361
Gains (losses) on financial assets and liabilities at fair value through profit or loss	352	(112)	(254)	(114)
Gains (losses) on disposals of property, plant and equipment	10	(44)	20	263
Others	(68)	(975)	(130)	(1,064)
	\$ (94,597)	2,342	(89,004)	23,446

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest expenses-bank loans	\$ 8,913	7,823	17,717	15,283
Interest expenses-lease liabilities	818	1,098	1,694	2,136
Interest expenses-others	-	11	-	11
	\$ 9,731	8,932	19,411	17,430

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(u) to the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

As of June 30, 2025, December 31 and June 30, 2024, the Group's major customers consisted of five customers which accounted for 49%, 49% and 55%, respectively, of trade receivable. Thus, credit risk is significantly centralized.

3) Receivables and debt securities

For credit risk exposure of notes and trade receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables. The financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Other receivables had no impairment provision for the six months ended June 30, 2025 and 2024.

(ii) Liquidity risk

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The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
<u>June 30, 2025</u>				
Non derivative financial liabilities				
Short-term borrowings	\$ 819,000	821,332	821,332	-
Accounts and other payables	662,849	662,849	662,849	-
Long-term borrowings (current portion included)	985,962	1,042,477	63,183	979,294
Lease liabilities (current and non-current)	93,613	93,924	32,388	61,536
	<u>\$ 2,561,424</u>	<u>2,620,582</u>	<u>1,579,752</u>	<u>1,040,830</u>
<u>December 31, 2024</u>				
Non derivative financial liabilities				
Short-term borrowings	\$ 729,000	731,556	731,556	-
Accounts and other payables	421,560	421,560	421,560	-
Long-term borrowings (current portion included)	990,201	1,043,362	443,119	600,243
Lease liabilities (current and non-current)	121,933	122,354	39,525	82,829
	<u>\$ 2,262,694</u>	<u>2,318,832</u>	<u>1,635,760</u>	<u>683,072</u>
<u>June 30, 2024</u>				
Non derivative financial liabilities				
Short-term borrowings	\$ 502,000	503,515	503,515	-
Accounts and other payables	554,964	554,964	554,964	-
Long-term borrowings (current portion included)	1,043,294	1,110,645	29,310	1,081,335
Lease liabilities (current and non-current)	134,570	134,944	39,105	95,839
	<u>\$ 2,234,828</u>	<u>2,304,068</u>	<u>1,126,894</u>	<u>1,177,174</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk were as follows:

	<u>June 30, 2025</u>			<u>December 31, 2024</u>			<u>June 30, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets									
<u>Monetary items</u>									
EUR	\$ 2,498	34.35	85,804	5,116	34.14	174,657	4,073	34.71	141,372
USD	17,812	29.30	521,904	11,004	32.785	360,779	15,898	32.45	515,885
CNY	4,153	4.091	16,989	921	4.478	4,123	575	4.445	2,555
Financial liabilities									
<u>Monetary items</u>									
EUR	209	34.35	7,175	288	34.14	9,820	242	34.71	8,388
USD	25	29.30	737	1	32.785	26	384	32.45	12,465

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The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables; and accounts and other payables that are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the EUR, USD, and CNY as of June 30, 2025 and 2024, would have increased (decreased) the net profit after tax by \$4,934 thousand and \$5,112 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and the six months ended June 30, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(94,891) thousand, \$3,473 thousand, \$(88,640) thousand and \$24,361 thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Group's net income would have increased or decreased by \$4,512 thousand and \$3,863 thousand for the six months ended June 30, 2025 and 2024, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	June 30, 2025				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at FVTPL					
Derivative financial assets mandatorily measured at FVTPL	\$ 644	-	644	-	644
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 693,537	-	-	-	-
Notes and trade receivable (including from related parties)	955,891	-	-	-	-
Other receivables (including from related parties)	181,529	-	-	-	-
Refundable deposits	6,802	-	-	-	-
Subtotal	\$ 1,837,759	-	-	-	-

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		June 30, 2025				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Financial liabilities at FVTPL						
Held-for-trading financial liabilities	\$	898	-	898	-	898
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	819,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)		662,849	-	-	-	-
Long-term borrowings (current portion included)		985,962	-	-	-	-
Lease liabilities (current and non-current)		93,613	-	-	-	-
Subtotal	\$	<u>2,561,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2024				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	810,330	-	-	-	-
Notes and trade receivable (including from related parties)		945,381	-	-	-	-
Other receivables (including from related parties)		122,017	-	-	-	-
Refundable deposits		6,772	-	-	-	-
Subtotal	\$	<u>1,884,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	729,000	-	-	-	-
Accounts and notes payable and other payables		421,560	-	-	-	-
Long-term borrowings (current portion included)		990,201	-	-	-	-
Lease liabilities (current and non-current)		121,933	-	-	-	-
Subtotal	\$	<u>2,262,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		June 30, 2024				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	Total	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	731,659	-	-	-	-
Notes and trade receivable (including from related parties)		843,033	-	-	-	-
Other receivables (including from related parties)		111,190	-	-	-	-
Refundable deposits		4,928	-	-	-	-
Subtotal	\$	<u>1,690,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at FVTPL						
Held-for-trading financial liabilities	\$	114	-	114	-	114
Financial liabilities measured at amortized cost						
Short-term borrowings	\$	502,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)		554,964	-	-	-	-
Long-term borrowings (current portion included)		1,043,294	-	-	-	-
Lease liabilities (current and non-current)		134,570	-	-	-	-
Subtotal	\$	<u>2,234,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

2.1) Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

2.2) Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

Measurement of the fair value of derivative financial instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

4) Transfers between Level 1 and Level 2

There was no transfer between the fair value hierarchy levels for the six months ended June 30, 2025 and 2024.

(x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) to the consolidated financial statements for the year ended December 31, 2024.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to note 6(w) to the consolidated financial statements for the year ended December 31, 2024 for further details.

(z) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2025 and 2024, were as follows:

(i) Acquisition of right-of-use assets through lease, please refer to note 6(g) and (l).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2025	Cash flows	Non-cash changes		June 30, 2025
			Increase (decrease) for the period	Foreign exchange movement	
Short-term borrowings	\$ 729,000	90,000	-	-	819,000
Lease liabilities (current and non-current)	121,933	(19,500)	1,109	(9,929)	93,613
Long-term borrowings (current portion included)	990,201	(4,239)	-	-	985,962
Total liabilities from financing activities	\$ 1,841,134	66,261	1,109	(9,929)	1,898,575

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	January 1, 2024	Cash flows	Non-cash changes		June 30, 2024
			Increase (decrease) for the period	Foreign exchange movement	
Short-term borrowings	\$ 552,000	(50,000)	-	-	502,000
Lease liabilities (current and non-current)	135,940	(19,785)	11,420	6,995	134,570
Long-term borrowings (current portion included)	953,294	90,000	-	-	1,043,294
Total liabilities from financing activities	\$ <u>1,641,234</u>	<u>20,215</u>	<u>11,420</u>	<u>6,995</u>	<u>1,679,864</u>

7. Related-party transactions

(a) Names and relationship with the Group

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Zhongshan Xuguang Machinery Technology Co., Ltd. (Zhongshan Xuguang)	Associate
Lerinc Werkzeugmaschinen & Automation GmbH (LWA)	Associate (from May 2024)
MWA Magdeburger Werkzeugmaschinen & Automation GmbH (MWA)	Associate (from May 2024)

(b) Significant transactions with related parties

(i) Sales of goods to related parties

The amounts of significant sales by the Group to its related parties were as follows:

Account	Type/Name of related party	For the three months ended June 30		For the six months ended June 30	
		2025	2024	2025	2024
	Associate:				
Sale of goods	LWA	\$ 8,125	18,619	54,159	18,619
Sale of goods	Zhongshan Xuguang	260	-	12,319	224
		<u>\$ 8,385</u>	<u>18,619</u>	<u>66,478</u>	<u>18,843</u>

The sales price of the Group to its related parties is not materially different from those of non-related parties. The collection term for sales to associate Zhongshan Xuguang and LWA are T/T 90 days and T/T 180 days, respectively.

(ii) Receivables from related parties

The details of the Group's receivables from related parties were as follows:

Account	Type/Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
	Associate :			
Trade receivable	LWA	\$ 64,842	119,332	45,834
Trade receivable	Zhongshan Xuguang	11,236	1,490	229
		76,078	120,822	46,063
Less: Loss allowance	LWA	(14,930)	(9,516)	-
		<u>\$ 61,148</u>	<u>111,306</u>	<u>46,063</u>

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
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<u>Account</u>	<u>Type/Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
	Associate :			
Other receivables	Zhongshan Xuguang	\$ 2,148	-	523
Other receivables	LWA	1,965	-	-
		<u>\$ 4,113</u>	<u>-</u>	<u>523</u>

The movements of the loss allowance for trade receivables from related parties were as follows:

	<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Balance at beginning of period	\$ 9,516	-
Impairment losses recognized	7,591	-
Reclassification	(2,123)	-
Effect of exchange rate changes	(54)	-
Balance at end of period	<u>\$ 14,930</u>	<u>-</u>

Trade receivables due from related parties were not pledged as collateral.

(iii) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Type/Name of related party</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
	Associate:			
Accounts payables	LWA	\$ 97	38	11
	Associate:			
Other payables	LWA	\$ 33	-	-

(iv) Property transaction

(1) Purchases of investment property

Prices of investment property purchased from related parties are summarized as follows:

<u>Type/Name of related party</u>	<u>For the three months ended June 30, 2025</u>	<u>For the six months ended June 30, 2025</u>
Associate:		
LWA	\$ -	<u>86,631</u>

In February 2025, the Group purchased both the land and building located in Germany from associate LWA, with an area of approximately 1,051.79 ping. The total price of the land was NT\$10,477 thousand and the total price of the buildings was NT\$76,154 thousand, totaling NT\$86,631 thousand. As of June 30, 2025, the transfer procedures have been completed, and there was no remaining unpaid balance. The acquisition price of the investment real estate was based on the appraisal report of Jones Lang LaSalle SE, a real estate appraisal company. Please refer to note 6(h) for details.

(2) Disposal of property, plant and equipment

The details of disposal of property, plant and equipment by the Group to related parties were summarized as follows:

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Type/Name of related party	For the three months ended June 30, 2024		For the six months ended June 30, 2024	
	Disposal price	Disposal gain (loss)	Disposal price	Disposal gain (loss)
Associate:				
Zhongshan Xuguang	\$ -	-	512	512

The Group sold other equipment to associate Zhongshan Xuguang in March 2024 for \$512 thousand. As of June 30, 2024, the unpaid balance was \$523 thousand. For further property, plant and equipment information, please refer to note 6(f).

(v) Loans to related parties

The loans to related parties were as follows:

Account	Type/Name of related party	June 30, 2025	December 31, 2024	June 30, 2024
Financing:	Associate:			
Other receivables	LWA	\$ 147,150	94,226	86,775
Other receivables	MWA	6,527	6,487	-
		<u>153,677</u>	<u>100,713</u>	<u>86,775</u>
Less: Loss allowance	LWA	(9,651)	-	-
		<u>\$ 144,026</u>	<u>100,713</u>	<u>86,775</u>
Interest income:	Associate:			
Other receivables	LWA	\$ 802	2,315	385
Other receivables	MWA	179	-	-
		<u>\$ 981</u>	<u>2,315</u>	<u>385</u>

The movements of the loss allowance for other receivables from related parties were as follows:

	For the six months ended June 30	
	2025	2024
Balance at beginning of period	\$ -	-
Impairment losses recognized	7,528	-
Reclassification	2,123	-
Balance at end of period	<u>\$ 9,651</u>	<u>-</u>

The interest charged by the Group to related parties is based on the average interest rate charged by financial institutions on the Group's borrowings. The loans to related parties are unsecured.

(c) Key management personnel compensation

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 2,897	4,640	7,255	8,931
Post-employment benefits	306	65	548	130
	<u>\$ 3,203</u>	<u>4,705</u>	<u>7,803</u>	<u>9,061</u>

8. Pledged assets

The carrying values of pledged assets were as follows:

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
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<u>Pledged assets</u>	<u>Subject of pledge guarantee</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Land	Collateral for bank borrowings and credit lines	\$ 123,978	123,978	123,978
Buildings and structures	Collateral for bank borrowings and credit lines	8,602	8,288	10,081
		<u>\$ 132,580</u>	<u>132,266</u>	<u>134,059</u>

9. Significant commitments and contingencies

The Group's unrecognized contractual commitments were as follows:

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Acquisition of property, plant and equipment	<u>\$ 7,422</u>	<u>81,463</u>	<u>372</u>

10. Losses due to major disasters: None.

11. Subsequent events:

On August 7, 2025, the Company's Board of Directors resolved that its subsidiary, Quaser Europe GmbH, plans to invest EUR\$550 thousand in cash in the issuance of 55,000 new shares by EMC Precision d.o.o. (EMC) and acquire 55% equity in EMC.

The Company plans to increase its investment in Zhongshan Xuguang by RMB\$22,000 thousand and its equity interest will increase to 60% after the capital increase.

The Company plans to issue ordinary shares with a maximum of 8,000 thousand shares. The par value is NT\$10 per share and the total issuance will not exceed NT\$400,000 thousand.

12. Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

<u>By function</u> <u>By item</u>	<u>For the three months ended June 30, 2025</u>			<u>For the three months ended June 30, 2024</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits						
Salary	\$ 84,217	71,743	155,960	87,727	55,408	143,135
Labor and health insurance	13,144	11,868	25,012	11,824	6,201	18,025
Pension	4,772	5,247	10,019	4,702	2,909	7,611
Others	1,792	1,988	3,780	613	1,836	2,449
Depreciation	20,242	8,220	28,462	24,998	9,013	34,011
Amortization	21	7,055	7,076	56	7,143	7,199

<u>By function</u> <u>By item</u>	<u>For the six months ended June 30, 2025</u>			<u>For the six months ended June 30, 2024</u>		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Employee benefits						
Salary	\$ 169,605	151,171	320,776	166,636	111,687	278,323
Labor and health insurance	25,670	20,934	46,604	22,467	11,624	34,091
Pension	9,693	9,472	19,165	9,094	5,804	14,898
Others	2,417	3,707	6,124	1,143	3,577	4,720
Depreciation	43,568	17,158	60,726	49,134	17,587	66,721
Amortization	42	14,468	14,510	129	14,290	14,419

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicity factors.

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
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13. Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the six months ended June 30, 2025:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties (Note 4)	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 2)
													Item	Value		
0	The Company	Winbro LLC	Other receivables	Yes	57,329	21,296	21,296		1	129,347	-	-	-	-	144,089	576,356
0	The Company	Winbro Ltd	Other receivables	Yes	28,953	28,953	28,953		1	59,845	-	-	-	-	144,089	576,356
0	The Company	LWA	Other receivables	Yes	66,868	66,868	66,868		1	87,623	-	6,019	-	-	144,089	576,356
0	The Company	LWA	Other receivables	Yes	91,000	-	-	4.5%	2	-	Operational development	-	-	-	144,089	576,356
0	The Company	LWA	Other receivables	Yes	88,000	88,000	88,000	5.26%	2	-	Operational development	-	-	-	144,089	576,356
1	Quaser Europe	Quaser Europe Gmbh	Other receivables	Yes	46,169	46,169	46,169		1	-	-	-	-	-	179,052	179,052
2	Winbro Ltd	Winbro LLC	Other receivables	Yes	88,413	88,413	88,413		1	160,959	-	-	-	-	2,615,076	2,615,076
2	Winbro Ltd	The Company	Other receivables	Yes	44,752	21,562	21,562		1	116,360	-	-	-	-	2,615,076	2,615,076
3	Winbro LLC	The Company	Other receivables	Yes	2,516	239	239		1	-	-	-	-	-	1,458,352	1,458,352
4	Quaser America	Winbro LLC	Other receivables	Yes	67,478	67,478	67,478		1	-	-	-	-	-	389,004	389,004

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No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties (Note 4)	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 2)
													Item	Value		
5	Quaser Europe Gmbh	MWA	Other receivables	Yes	6,916	6,527	6,527	5.26%	2	-	Operational development	-	-	-	15,851	63,402
5	Quaser Europe Gmbh	LWA	Other receivables	Yes	9,464	8,931	8,931	5.26%	2	-	Operational development	-	-	-	15,851	63,402

Note 1: Individual financing amount must be less than 10%, 400%, 400%, 400%, 400% and 10% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's, Quaser America's and Quaser Europe Gmbh's latest net asset value (the Company's net asset value as of June 30, 2025 was \$1,440,890 thousand \times 10% = \$144,089 thousand; Quaser Europe's net asset value as of June 30, 2025 was \$44,763 thousand \times 400% = \$179,052 thousand; Winbro Ltd's net asset value as of June 30, 2025 was \$653,769 thousand \times 400% = \$2,615,076 thousand; Winbro LLC's net asset value as of June 30, 2025 was \$364,588 thousand \times 400% = \$1,458,352 thousand; Quaser America's net asset value as of June 30, 2025 was \$97,251 thousand \times 400% = \$389,004 thousand; Quaser Europe Gmbh's net asset value as of June 30, 2025 was \$158,506 thousand \times 10% = \$15,851 thousand).

Note 2: The maximum amount must be less than 40%, 400%, 400%, 400%, 400% and 40% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's, Quaser America's and Quaser Europe Gmbh's latest net asset value (the Company's net asset value as of June 30, 2025 was \$1,440,890 thousand \times 40% = \$576,356 thousand; Quaser Europe's net asset value as of June 30, 2025 was \$44,763 thousand \times 400% = \$179,052 thousand; Winbro Ltd's net asset value as of June 30, 2025 was \$653,769 thousand \times 400% = \$2,615,076 thousand; Winbro LLC's net asset value as of June 30, 2025 was \$364,588 thousand \times 400% = \$1,458,352 thousand; Quaser America's net asset value as of June 30, 2025 was \$97,251 thousand \times 400% = \$389,004 thousand; Quaser Europe Gmbh's net asset value as of June 30, 2025 was \$158,506 thousand \times 40% = \$63,402 thousand).

Note 3: The nature of financing provided could be:

- 1) business relationship.
- 2) short-term financial assistance.

Note 4: When the nature of financing provided was for business relationship, the business transaction amount should be listed. The amounts were from the business transactions of the most recent year between the lender and the borrower.

Note 5: Significant intercompany accounts and transactions have been eliminated.

Note 6: As of June 30, 2025, the Company's loan to LWA amounted to NT\$154,868 thousand, exceeding the individual funding loan limit NT\$144,089 thousand. This was due to a decrease in the equity of the Company's audited financial statements as of June 30, 2025. LWA repaid the Company NT\$16,649 thousand in June 2025. After the repayment, the remaining balance of loans to LWA amounted to NT\$138,219 thousand, which did not exceed the individual funding loan limit.

- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD 100 million or 20% of the capital stock:

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(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes receivable/ Trade receivables (Notes payable/ Accounts payables)		Note
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes receivable/trade receivables (Notes payable/ Accounts payables)	
The Company	Kunshan Quaser	Subsidiary company	Sales	133,969	9%	T/T 180 days	-	-	61,575	6%	

(v) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Balance of receivable from related party	Turnover rate (Note)	Overdue		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	LWA	Associate	175,527	1.47	66,868	Accounting for other receivables.	178	6,019
Winbro Ltd	Winbro LLC	Sub-subsidiary company	234,622	1.67	88,413	Accounting for other receivables.	-	-

Note: The calculation of turnover rate does not include other receivables.

(vi) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Kunshan Quaser	1	Sales	133,969	T/T 180 days	9 %
0	The Company	Kunshan Quaser	1	Trade receivable	61,575	T/T 180 days	1 %
0	The Company	Quaser Europe Gmbh	1	Sales	25,813	T/T 180 days	2 %
0	The Company	Quaser Europe Gmbh	1	Trade receivable	25,308	T/T 180 days	1 %
0	The Company	Quaser America	1	Other payable	29,300	T/T 180 days	1 %
0	The Company	Winbro Ltd	2	Accounts payable	19,314	T/T 30 days	- %
0	The Company	Winbro Ltd	2	Other receivable	32,052	T/T 180 days	1 %
0	The Company	Winbro LLC	2	Sales	95,387	T/T 180 days	6 %
0	The Company	Winbro LLC	2	Trade receivable	78,112	T/T 180 days	2 %
0	The Company	Winbro LLC	2	Accounts payable	13,816	T/T 30 days	- %

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No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Winbro LLC	2	Purchases	15,469	T/T 180 days	1 %
1	Quaser America	Winbro LLC	4	Trade receivable	59,543	T/T 120 days	1 %
2	Quaser Europe Gmbh	Quaser Europe	3	Accounts payable	44,145	T/T 180 days	1 %
3	Winbro Ltd	Winbro LLC	5	Sales	99,275	T/T 120 days	6 %
3	Winbro Ltd	Winbro LLC	5	Trade receivable	234,622	T/T 120 days	6 %

Note 1: Companies are numbered as follows:

- 1) "0" represents the parent company.
- 2) Subsidiaries are sorted in a numerical order starting from "1".

Note 2: The relationships between transaction parties are numbered as follows:

- 1) "1" represents the transactions from parent company to subsidiary.
- 2) "2" represents the transactions from parent company to sub-subsidiary.
- 3) "3" represents the transactions between subsidiaries.
- 4) "4" represents the transactions from subsidiary to sub-subsidiary.
- 5) "5" represents the transactions between sub-subsidiaries.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2025 (excluding information on investees in mainland China):

(In Thousands of NTD, GBP, USD and EUR) (Unit: Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Amount held at the end of the period			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 1)	Note
				End of the period	End of the previous year	Shares	Percentage of ownership	Carrying value			
The Company	Quaser Europe	Switzerland	Buys and sells machines	3,076	3,076	1,000	100%	44,763	50	50	Subsidiary
The Company	Quaser America	America	Buys and sells machines	189,455	189,455	6,000,000	100%	97,251	(398)	(398)	Subsidiary (Note 3)
The Company	Winbro UK	United Kingdom	Overseas reinvested holding company	1,804,141	1,804,141	27,054,625	100%	1,385,043	69,165	46,432	Subsidiary
The Company	Quaser Europe Gmbh	Germany	Buys and sells machines	206,706	206,706	25,000	100%	151,871	(11,085)	(11,085)	Subsidiary
Winbro UK	Winbro Ltd	United Kingdom	Aerospace machinery manufacturing and machining	GBP 90	GBP 90	9,029,804	100%	GBP 16,279	GBP (1,857)	(Note 2)	Sub-subsidiary
Winbro UK	Winbro LLC	America	Aerospace machinery manufacturing and machining	USD 33,576	USD 33,576	-	100%	USD 12,443	USD 4,469	(Note 2)	Sub-subsidiary
Quaser Europe Gmbh	MWA	Germany	Buys and sells machines	EUR 430	EUR 430	42,995	34.396%	EUR -	EUR (1,660)	(Note 2)	Associate

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

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Note 1: Except for MWA, the remaining significant intercompany accounts and transactions have been eliminated.

Note 2: According to regulations, it does not need to fill out.

Note 3: The liquidation of the Company's subsidiary, Quaser America, was resolved by the Board of Directors in 2022. Based on the Group's operation plan, the Company's Board of Directors resolved to cancel the resolution on August 7, 2024.

(c) Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

(In Thousands of NTD, CNY, and USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of beginning of this period	Investment		Accumulated outflow of investment from Taiwan as of end of this period	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized	Book value as of June 30, 2025	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Quaser (Note)	Buys and sells machines	49,238 (USD 1,500)	The investment was made direct investments in companies in mainland China	38,500 (USD 1,280)	-	-	38,500 (USD 1,280)	7,618	100%	7,618	29,540	-
Zhongshan Xuguang	Manufacturing and selling machines	86,220 (CNY 20,000)	The investment was made direct investments in companies in mainland China	34,889 (CNY 8,000)	-	-	34,889 (CNY 8,000)	(11,591)	40%	(4,635)	22,839	-

Note: Significant intercompany accounts and transactions have been eliminated.

(ii) Limitation on investment in mainland China:

(In Thousands of NTD, CNY and USD)

Accumulated investment in mainland China as of June 30, 2025	Investment amount authorized by Investment Commission, MOEA	Upper limit on investment
NTD\$ 73,389 (USD\$ 1,280) (CNY\$ 8,000)	NTD\$ 73,389 (USD\$ 1,280) (CNY\$ 8,000)	864,534

(iii) Significant transactions

The significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

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14. Segment information

The Group's operating segment information and reconciliation were as follows:

	For the three months ended June 30, 2025		
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 280,242	461,204	741,446
Reportable segment profit (loss)	\$ (4,507)	63,317	58,810
	For the three months ended June 30, 2024		
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 327,768	488,291	816,059
Reportable segment profit	\$ 25,695	73,556	99,251
	For the six months ended June 30, 2025		
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 628,680	922,518	1,551,198
Reportable segment profit (loss)	\$ 15,027	130,973	146,000
	For the six months ended June 30, 2024		
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 670,133	837,594	1,507,727
Reportable segment profit	\$ 31,429	127,108	158,537

Segment revenue reported above represents revenue generated from external customers. The intersegment sales had been eliminated for the three months and six months ended June 30, 2025 and 2024.

Segment profit represented the profit before tax earned by each segment without other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.