

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2024 and 2023

Address: No.3, Gong 6th Rd., Youshih Industrial Park, Dajia District, Taichung City, Taiwan (R.O.C.)
Telephone: (04)2682-1277

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 September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, 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 Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". 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 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) to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the consolidated financial statements were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT\$304,974 thousand and NT\$250,593 thousand, constituting 7.26% and 6.33% of the consolidated total assets as of September 30, 2024 and 2023, respectively, and total liabilities amounting to NT\$79,625 thousand and NT\$43,247 thousand, constituting 3.09% and 1.72% of the consolidated total liabilities as of September 30, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to NT\$5,471 thousand, NT\$7,338 thousand, NT\$22,233 thousand, and NT\$3,739 thousand, constituting 9.53%, 15.94%, 9.59% and 2.46% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of Quaser Machine Tools, Inc. and its subsidiaries in its investee company of NT\$34,275 thousand and NT\$35,319 thousand as of September 30, 2024 and 2023, and its equity in net loss on this investee company of NT\$760 thousand, NT\$1 thousand, NT\$1,613 thousand, and NT\$1 thousand for the three months and nine months ended September 30, 2024 and 2023, were recognized solely on the financial statements prepared by this investee company, 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 September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023, 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)
November 6, 2024

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

September 30, 2024, December 31 and September 30, 2023

(Expressed in thousands of New Taiwan Dollar)

Assets	September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents (Note 6(a))	\$ 740,323	18	838,416	22	732,592	18	Short-term borrowings (Note 6(j) and 8)	\$ 582,000	14	552,000	14	697,000	18
Current financial assets at fair value through profit or loss (Note 6(b))	294	-	-	-	-	-	Current contract liabilities (Note 6(s))	219,625	5	178,607	5	252,867	6
Notes receivable, net (Note 6(c))	29,907	1	30,571	1	10,896	-	Notes payable	96	-	171	-	77	-
Trade receivable, net (Note 6(c))	739,525	18	660,222	17	659,912	17	Accounts payable	341,975	8	185,900	5	228,430	6
Trade receivable due from related parties (Note 7)	82,650	2	-	-	-	-	Accounts payable due from related parties (Note 7)	40	-	-	-	-	-
Other receivables	27,052	-	16,930	-	27,980	1	Other payables (Note 6(l))	204,736	5	282,873	7	269,798	7
Other receivables due from related parties (Note 7)	89,856	2	-	-	-	-	Current tax liabilities	31,444	1	60,747	2	42,143	1
Current tax assets	14,538	-	13,509	-	4,189	-	Current provisions (Note 6(n))	18,003	-	21,101	1	18,084	-
Inventories (Note 6(d))	1,303,323	31	1,058,751	28	1,217,928	31	Current lease liabilities (Note 6(k))	38,259	1	35,948	1	36,643	1
Other current assets (Note 6(i))	76,721	2	56,310	2	71,415	2	Long-term borrowing, current portion (Note 6(m) and 8)	263,477	6	2,806	-	700	-
	3,104,189	74	2,674,709	70	2,724,912	69	Other current liabilities	936	-	831	-	928	-
Non-current assets:								1,700,591	40	1,320,984	35	1,546,670	39
Investments accounted for using equity method (Note 6(e))	34,275	1	34,542	1	35,319	1	Non-Current liabilities:						
Property, plant and equipment (Note 6(f) and 8)	386,280	9	427,899	11	461,999	12	Long-term borrowings (Note 6(m) and 8)	728,825	18	950,488	25	807,594	21
Right-of-use assets (Note 6(g))	118,950	3	126,048	3	138,525	3	Non-current provisions (Note 6(n))	4,905	-	4,668	-	4,437	-
Intangible assets (Note 6(h))	151,775	4	164,671	4	178,237	5	Deferred tax liabilities	55,941	1	34,829	1	50,597	1
Goodwill (Note 6(h))	307,763	7	298,732	8	313,688	8	Non-current lease liabilities (Note 6(k))	88,154	2	99,992	2	112,284	3
Deferred tax assets	72,598	2	79,192	2	79,840	2	Credit balance of investments accounted for using equity method (Note 6(e))	2,423	-	-	-	-	-
								880,248	21	1,089,977	28	974,912	25
Net defined benefit assets	22,394	-	21,461	1	19,504	-	Total liabilities	2,580,839	61	2,410,961	63	2,521,582	64
Other non-current assets (Note 6(i))	5,338	-	4,007	-	4,656	-							
	1,099,373	26	1,156,552	30	1,231,768	31	Equity attributable to owners of parent: (Note 6(q))						
							Common stock	549,500	13	549,500	14	549,500	14
							Capital surplus	820,363	20	820,363	22	820,363	21
							Unappropriated retained earnings	165,300	4	35,351	1	13,053	-
							Other equity	87,560	2	15,086	-	52,182	1
							Total equity	1,622,723	39	1,420,300	37	1,435,098	36
Total assets	\$ 4,203,562	100	3,831,261	100	3,956,680	100	Total liabilities and equity	\$ 4,203,562	100	3,831,261	100	3,956,680	100

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 nine months ended September 30, 2024 and 2023

(Expressed in thousands of New Taiwan Dollar, except for earnings per share)

	For the three months ended September 30				For the nine months ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(s) and 7)	\$ 848,639	100	713,125	100	2,356,366	100	1,934,142	100
Operating costs (Note 6(d), (o) and 12)	548,111	65	551,915	77	1,599,410	68	1,410,491	73
Gross profit	300,528	35	161,210	23	756,956	32	523,651	27
Unrealized profit from sales	(1,553)	-	-	-	(2,423)	-	-	-
Gross profit, net	298,975	35	161,210	23	754,533	32	523,651	27
Operating expenses (Note 6(o), (t) and 12)								
Selling expenses	45,735	5	45,406	6	115,124	5	105,596	5
Administrative expenses	98,024	12	84,364	12	269,174	12	223,012	12
Research and development expenses	37,151	4	18,671	3	103,323	4	47,419	2
Expected credit loss (reversal) (Note 6(c))	(3,411)	-	(10,343)	(1)	(13,101)	(1)	(479)	-
	177,499	21	138,098	20	474,520	20	375,548	19
	121,476	14	23,112	3	280,013	12	148,103	8
Operating income								
Non-operating income and expenses (Note 6(u))								
Interest income	2,166	-	2,829	-	6,322	-	7,520	-
Other income	(20)	-	1,333	-	766	-	2,180	-
Other gains and losses	(28,543)	(3)	20,467	3	(5,097)	-	27,713	1
Finance costs (Note 6(k))	(9,225)	(1)	(9,065)	(1)	(26,655)	(1)	(28,255)	(1)
Share of loss of associates accounted for using equity method (Note 6(e))	(11,002)	(1)	(1)	-	(16,597)	(1)	(1)	-
	(46,624)	(5)	15,563	2	(41,261)	(2)	9,157	-
	74,852	9	38,675	5	238,752	10	157,260	8
	22,972	3	16,305	2	79,460	3	67,355	3
	51,880	6	22,370	3	159,292	7	89,905	5
Profit before income tax								
Less: Income tax expenses (Note 6(p))								
Profit for the period								
Other comprehensive income:								
Components of other comprehensive income that will be reclassified to profit or loss:								
Exchange differences on translation of foreign financial statements	6,884	1	29,596	4	90,592	4	77,926	4
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(p))	(1,376)	-	(5,919)	(1)	(18,118)	(1)	(15,585)	(1)
	5,508	1	23,677	3	72,474	3	62,341	3
Other comprehensive income for the period, net of tax								
Total comprehensive income	\$ 57,388	7	46,047	6	231,766	10	152,246	8
Earnings per share (NT Dollars) (Note 6(r))								
Basic earnings per share	\$ 0.95		0.41		2.90		1.64	
Diluted earnings per share	\$ 0.94		0.41		2.89		1.64	

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 nine months ended September 30, 2024 and 2023
(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 (Accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	
Balance at January 1, 2023	\$ 549,500	880,109	-	2,724	(139,322)	(136,598)	(10,159)	1,282,852
Profit for the period	-	-	-	-	89,905	89,905	-	89,905
Other comprehensive income for the period	-	-	-	-	-	-	62,341	62,341
Total comprehensive income for the period	-	-	-	-	89,905	89,905	62,341	152,246
Appropriation and distribution of retained earnings:								
Capital surplus used to offset accumulated deficits	-	(59,746)	-	-	59,746	59,746	-	-
Balance at September 30, 2023	\$ 549,500	820,363	-	2,724	10,329	13,053	52,182	1,435,098
Balance at January 1, 2024	\$ 549,500	820,363	-	2,724	32,627	35,351	15,086	1,420,300
Profit for the period	-	-	-	-	159,292	159,292	-	159,292
Other comprehensive income for the period	-	-	-	-	-	-	72,474	72,474
Total comprehensive income for the period	-	-	-	-	159,292	159,292	72,474	231,766
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 September 30, 2024	\$ 549,500	820,363	3,263	2,724	159,313	165,300	87,560	1,622,723

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 nine months ended September 30, 2024 and 2023****(Expressed in thousands of New Taiwan Dollar)**

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) operating activities		
Profit before tax	\$ 238,752	157,260
Adjustments		
Adjustments to reconcile profit		
Depreciation expense	100,618	99,704
Amortization expense	21,680	21,505
Expected credit loss (reversal)	(13,101)	(479)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(294)	-
Interest expense	26,655	28,255
Interest income	(6,322)	(7,520)
Share of loss of associates accounted for using equity method	16,597	1
Loss (gain) on disposal of property, plant and equipment	238	494
Unrealized profit from sales	2,423	-
Unrealized foreign exchange loss (gain)	2,278	4,576
Total adjustments to reconcile profit (loss)	150,772	146,536
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	725	12,373
Decrease (increase) in trade receivable (including from related parties)	(145,257)	(156,761)
Decrease (increase) in other receivables (including from related parties)	(96,467)	34
Decrease (increase) in inventories	(205,761)	(68,519)
Decrease (increase) in other current assets	(19,659)	4,049
Decrease (increase) in net defined benefit assets	(933)	(847)
Total changes in operating assets	(467,352)	(209,671)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	38,544	(92,873)
Increase (decrease) in notes payable	(86)	(85)
Increase (decrease) in accounts payable (including from related parties)	145,462	24,684
Increase (decrease) in other payables	(83,935)	4,322

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2024 and 2023****(Expressed in thousands of New Taiwan Dollar)**

	For the nine months ended September 30	
	2024	2023
Increase (decrease) in provisions	(3,318)	4,455
Increase (decrease) in other current liabilities	105	(36)
Total changes in operating liabilities	96,772	(59,533)
Total changes in operating assets and liabilities	(370,580)	(269,204)
Total adjustments	(219,808)	(122,668)
Cash inflow (outflow) generated from operations	18,944	34,592
Interest received	4,926	7,520
Interest paid	(28,496)	(26,195)
Income taxes refund (paid)	(102,379)	(39,374)
Net cash flows from (used in) operating activities	(107,005)	(23,457)
Cash flows from (used in) investing activities		
Acquisition of investments accounted for using equity method	(14,985)	(12,132)
Acquisition of property, plant and equipment	(40,881)	(32,347)
Proceeds from disposal of property, plant and equipment	813	34
Increase in refundable deposits	(1,313)	(2,072)
Acquisition of intangible assets	(3,858)	(3,342)
Decrease (increase) in other non-current assets	25	24
Net cash flows from (used in) investing activities	(60,199)	(49,835)
Cash flows from (used in) financing activities		
Increase in short-term loans	130,000	264,766
Decrease in short-term loans	(100,000)	(730,166)
Proceeds from long-term debt	90,000	784,294
Repayments of long-term debt	(50,992)	(414,113)
Payments of lease liabilities	(31,345)	(25,106)
Cash dividends paid	(29,343)	-
Net cash flows from (used in) financing activities	8,320	(120,325)
Effect of exchange rate changes on cash and cash equivalents	60,791	26,060
Net decrease in cash and cash equivalents	(98,093)	(167,557)
Cash and cash equivalents at beginning of period	838,416	900,149
Cash and cash equivalents at end of period	\$ 740,323	732,592

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 nine months ended September 30, 2024 and 2023

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

1. Company history

Quaser Machine Tools, Inc. (the “Company”) was incorporated on 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 November 6, 2024.

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, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

- (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 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

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

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

year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(b) Basis of consolidation

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

Name of investor	Name of subsidiary	Main businesses	Percentage of ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	Quaser Europe Technical Center AG ("Quaser Europe")	Buys and sells machines	100%	100%	100%	1
The Company	Quaser America Machine Tools, Inc. ("Quaser America")	Buys and sells machines	100%	100%	100%	1, 2
The Company	Kunshan Quaser Machine Tools, Inc. ("Kunshan Quaser")	Buys and sells machines	100%	100%	100%	1
The Company	Quaser Europe Technical Center GmbH ("Quaser Europe GmbH")	Buys and sells machines	100%	100%	100%	1, 3
The Company	Winbro Group UK Limited ("Winbro UK")	Overseas reinvested holding company	100%	100%	100%	
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: This is a non-significant subsidiary for which the financial statements are not reviewed by independent auditors.

Note 2: 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 3: On May 4, 2023, the Company's Board of Directors resolved to increase its investment in the Group's subsidiary, Quaser Europe GmbH, by \$120,607 thousand. The relevant registration has been completed.

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

(c) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

- 1) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is expected to be realized within twelve months after the reporting period; or
- 4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current. An entity shall classify a liability as current when:

- 1) It is expected to be settled in the normal operating cycle;
- 2) It is held primarily for the purpose of trading;
- 3) It is due to be settled within twelve months after the reporting period; or
- 4) The Group does not have an unconditional right to defer settlement of the liability for at least twelve

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months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(d) 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.

(e) 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 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.

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, estimates and assumptions 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 financial statements, estimates and underlying assumptions are consistent with the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

6. Explanation of significant accounts

Except for the following disclosures, there are no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the consolidated financial statements for the year ended December 31, 2023. The related information is provided in note 6 to the consolidated financial statements for the year ended December 31, 2023.

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Petty cash and cash on hand	\$ 1,002	1,078	933
Checking and demand deposits	684,186	764,874	731,659
Time deposits	55,135	72,464	-
Cash and cash equivalents in the consolidated statement of cash flows	\$ 740,323	838,416	732,592

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

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets mandatorily classified as at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 294	-	-

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As of September 30, 2024, outstanding forward exchange contracts were as follows:

Item	September 30, 2024		
	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	EUR 159 / NTD 5,642	EUR to NTD	24.09.27~24.10.07
Forward exchange sold	EUR 146 / NTD 5,181	EUR to NTD	24.09.27~24.10.07
Forward exchange sold	USD 223 / NTD 7,108	USD to NTD	24.10.11~24.10.18
Forward exchange sold	EUR 208 / NTD 7,384	EUR to NTD	24.12.12~24.12.23
Forward exchange sold	EUR 222 / NTD 7,882	EUR to NTD	24.12.12~24.12.23

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

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable from operating activities	\$ 29,907	30,571	10,896
Trade receivables—measured as amortized cost	748,287	681,327	670,801
Less: Loss allowance	(8,762)	(21,105)	(10,889)
	\$ 769,432	690,793	670,808

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:

September 30, 2024			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	\$ 682,087	- %	-
1 to 30 days past due	56,404	- %	-
31 to 60 days past due	4,956	5.00 %	248
61 to 90 days past due	15,026	10.00 %	1,503
91 to 180 days past due	10,508	19.94 %	2,095
181 to 360 days past due	7,883	45.49 %	3,586
More than 361 days past due	1,330	100.00 %	1,330
	\$ 778,194		8,762

December 31, 2023			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	\$ 618,117	- %	-
1 to 30 days past due	26,542	- %	-
31 to 60 days past due	17,548	3.46 %	607
61 to 90 days past due	8,981	5.59 %	502
91 to 180 days past due	24,952	18.88 %	4,712
181 to 360 days past due	947	49.95 %	473
More than 361 days past due	14,811	100.00 %	14,811
	\$ 711,898		21,105

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September 30, 2023			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	\$ 609,923	- %	-
1 to 30 days past due	37,972	- %	-
31 to 60 days past due	10,908	5.05 %	551
61 to 90 days past due	2,713	5.38 %	146
91 to 180 days past due	5,542	17.59 %	975
181 to 360 days past due	12,677	57.23 %	7,255
More than 361 days past due	1,962	100.00 %	1,962
	\$ 681,697		10,889

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

For the nine months ended September 30		
	2024	2023
Balance at beginning of period	\$ 21,105	11,776
Impairment losses recognized (reversal)	(13,101)	(479)
Amounts written off as uncollectible during the period	(74)	-
Effect of exchange rate changes	832	(408)
Balance at end of period	\$ 8,762	10,889

The Group's notes and trade receivable were not pledged as collateral as of September 30, 2024, December 31, 2023, and September 30, 2023. For further credit risk information, please refer to note 6(v).

(d) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 646,757	566,667	627,928
Work in progress	481,023	323,324	415,314
Finished goods	142,646	156,594	174,686
Goods	32,897	12,166	-
	\$ 1,303,323	1,058,751	1,217,928

During the three months and nine months ended September 30, 2024 and 2023, the write-down of inventories amounted to \$11,318 thousand, \$1,990 thousand, \$12,911 thousand and \$7,668 thousand, respectively. The write-downs of inventories are included in cost of sales. As of September 30, 2024, December 31, 2023 and September 30, 2023, 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:

	September 30, 2024	December 31, 2023	September 30, 2023
Associates	\$ 31,852	34,542	35,319

- (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.

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- (ii) The Group's subsidiary, Quaser Europe Technical Center GmbH, acquired 43% equity in MWA Magdeburger Werkzeugmaschinen & Automation GmbH on May 6, 2024, for EUR 430 thousand. The Group now has significant influence over MWA Magdeburger Werkzeugmaschinen & Automation GmbH.

- (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 this investee company, 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.

		September 30, 2024	December 31, 2023	September 30, 2023
Carrying amount of individually insignificant associates' equity	\$	31,852	34,542	35,319
		For the three months ended September 30	For the nine months ended September 30	
		2024	2023	2024
		2023		2023
Attributable to the Group:				
Loss from continuing operations	\$	(11,002)	(1)	(16,597)
Other comprehensive income (loss)		541	1,002	1,536
Comprehensive income (loss)	\$	(10,461)	1,001	(15,061)
				769

- (iv) The Group's unrealized profit from sales to associate LWA was \$2,423 thousand, which was recorded under the credit balance of investments accounted for using equity method as of September 30, 2024.

- (v) The Group's investment accounted for using equity method was not pledged as collateral as of September 30, 2024, December 31, 2023, and September 30, 2023.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the nine months ended September 30, 2024 and 2023 were as follows:

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Molding equipment	Other equipment	Construction in progress	Total
Cost:								
Balance at January 1, 2024	\$ 123,978	251,588	1,035,726	3,232	52,421	252,496	2,891	1,722,332
Additions	-	6,906	3,505	-	1,603	4,178	24,689	40,881
Disposals	-	(9,939)	(18,876)	-	-	(35,629)	-	(64,444)
Reclassification	-	1,551	(26,302)	-	-	1,046	(3,007)	(26,712)
Effects of exchange rate changes	-	3,326	50,980	108	-	7,502	(188)	61,728
Balance at September 30, 2024	\$ 123,978	253,432	1,045,033	3,340	54,024	229,593	24,385	1,733,785
Cost:								
Balance at January 1, 2023	\$ 123,978	244,495	992,782	5,627	49,119	245,721	-	1,661,722
Additions	-	6,044	15,396	-	2,452	6,562	1,893	32,347
Disposals	-	-	(1,307)	(1,366)	-	(3,843)	-	(6,516)
Reclassification	-	217	8,330	(1,005)	-	358	-	7,900
Effects of exchange rate changes	-	2,547	55,839	69	-	5,753	80	64,288
Balance at September 30, 2023	\$ 123,978	253,303	1,071,040	3,325	51,571	254,551	1,973	1,759,741
Accumulated depreciation and impairments loss:								
Balance at January 1, 2024	\$ -	232,341	773,915	2,587	47,906	237,684	-	1,294,433
Depreciation	-	6,645	58,526	127	1,591	5,137	-	72,026

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	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Molding equipment	Other equipment	Construction in progress	Total
Disposals	-	(9,761)	(18,070)	-	-	(35,562)	-	(63,393)
Reclassification	-	-	(5,230)	-	-	-	-	(5,230)
Effects of exchange rate changes	-	2,722	39,800	81	-	7,066	-	49,669
Balance at September 30, 2024	<u>\$ -</u>	<u>231,947</u>	<u>848,941</u>	<u>2,795</u>	<u>49,497</u>	<u>214,325</u>	<u>-</u>	<u>1,347,505</u>
Balance at January 1, 2023	\$ -	223,196	681,044	4,802	46,262	230,111	-	1,185,415
Depreciation	-	5,970	61,953	125	1,233	5,065	-	74,346
Disposals	-	-	(1,307)	(1,366)	-	(3,315)	-	(5,988)
Reclassification	-	-	-	(1,005)	-	1,005	-	-
Effects of exchange rate changes	-	1,957	36,547	68	-	5,397	-	43,969
Balance at September 30, 2023	<u>\$ -</u>	<u>231,123</u>	<u>778,237</u>	<u>2,624</u>	<u>47,495</u>	<u>238,263</u>	<u>-</u>	<u>1,297,742</u>
Carrying amount:								
Balance at January 1, 2024	<u>\$ 123,978</u>	<u>19,247</u>	<u>261,811</u>	<u>645</u>	<u>4,515</u>	<u>14,812</u>	<u>2,891</u>	<u>427,899</u>
Balance at September 30, 2024	<u>\$ 123,978</u>	<u>21,485</u>	<u>196,092</u>	<u>545</u>	<u>4,527</u>	<u>15,268</u>	<u>24,385</u>	<u>386,280</u>
Balance at January 1, 2023	<u>\$ 123,978</u>	<u>21,299</u>	<u>311,738</u>	<u>825</u>	<u>2,857</u>	<u>15,610</u>	<u>-</u>	<u>476,307</u>
Balance at September 30, 2023	<u>\$ 123,978</u>	<u>22,180</u>	<u>292,803</u>	<u>701</u>	<u>4,076</u>	<u>16,288</u>	<u>1,973</u>	<u>461,999</u>

As of September 30, 2024, December 31, 2023 and September 30, 2023, 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 nine months ended September 30, 2024 and 2023 were as follows:

		Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Balance at January 1, 2024	\$	212,032	3,325	16,667	9,451	241,475
Additions		1,263	-	16,307	-	17,570
Write-off		-	-	(2,784)	(2,128)	(4,912)
Effects of exchange rate changes		6,562	102	108	317	7,089
Balance at September 30, 2024	<u>\$</u>	<u>219,857</u>	<u>3,427</u>	<u>30,298</u>	<u>7,640</u>	<u>261,222</u>
Balance at January 1, 2023	\$	220,022	2,358	13,141	9,452	244,973
Additions		994	2,542	4,201	-	7,737
Write-off		(8,977)	(826)	(2,144)	-	(11,947)
Effects of exchange rate changes		10,770	193	204	480	11,647
Balance at September 30, 2023	<u>\$</u>	<u>222,809</u>	<u>4,267</u>	<u>15,402</u>	<u>9,932</u>	<u>252,410</u>
Accumulated depreciation:						
Balance at January 1, 2024	\$	100,831	990	7,656	5,950	115,427
Depreciation		21,367	555	5,050	1,620	28,592
Write-off		-	-	(2,784)	(2,128)	(4,912)
Effects of exchange rate changes		2,852	23	100	190	3,165
Balance at September 30, 2024	<u>\$</u>	<u>125,050</u>	<u>1,568</u>	<u>10,022</u>	<u>5,632</u>	<u>142,272</u>
Balance at January 1, 2023	\$	82,748	1,688	7,142	3,711	95,289
Depreciation		20,405	647	2,612	1,694	25,358
Write-off		(8,977)	(826)	(2,144)	-	(11,947)
Effects of exchange rate changes		4,653	78	194	260	5,185
Balance at September 30, 2023	<u>\$</u>	<u>98,829</u>	<u>1,587</u>	<u>7,804</u>	<u>5,665</u>	<u>113,885</u>
Carrying amount:						
Balance at January 1, 2024	<u>\$</u>	<u>111,201</u>	<u>2,335</u>	<u>9,011</u>	<u>3,501</u>	<u>126,048</u>
Balance at September 30, 2024	<u>\$</u>	<u>94,807</u>	<u>1,859</u>	<u>20,276</u>	<u>2,008</u>	<u>118,950</u>
Balance at January 1, 2023	<u>\$</u>	<u>137,274</u>	<u>670</u>	<u>5,999</u>	<u>5,741</u>	<u>149,684</u>
Balance at September 30, 2023	<u>\$</u>	<u>123,980</u>	<u>2,680</u>	<u>7,598</u>	<u>4,267</u>	<u>138,525</u>

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(h) Goodwill and intangible assets

The cost, amortization and impairment of the goodwill and intangible assets of the Group for the nine months ended September 30, 2024 and 2023 were as follows:

	Goodwill	Customer relationship	Developed technology	Software	Technology licenses	Trademarks	Others	Total
Cost:								
Balance at January 1, 2024	\$ 498,206	168,878	79,833	46,267	2,946	231	1,132	797,493
Additions	-	-	-	3,668	190	-	-	3,858
Disposals	-	-	-	(29,927)	(181)	-	(632)	(30,740)
Reclassification	-	-	-	(354)	-	-	-	(354)
Effects of exchange rate changes	15,170	5,197	2,457	3,543	-	-	-	26,367
Balance at September 30, 2024	<u>\$ 513,376</u>	<u>174,075</u>	<u>82,290</u>	<u>23,197</u>	<u>2,955</u>	<u>231</u>	<u>500</u>	<u>796,624</u>
Balance at January 1, 2023	\$ 498,287	167,019	77,935	40,625	2,430	127	1,332	787,755
Additions	-	-	-	2,719	585	38	-	3,342
Disposals	-	-	-	(529)	-	(31)	(30)	(590)
Effects of exchange rate changes	25,042	10,466	5,967	2,006	-	-	-	43,481
Balance at September 30, 2023	<u>\$ 523,329</u>	<u>177,485</u>	<u>83,902</u>	<u>44,821</u>	<u>3,015</u>	<u>134</u>	<u>1,302</u>	<u>833,988</u>
Accumulated amortization and impairment losses:								
Balance at January 1, 2024	\$ 199,474	46,911	47,520	37,940	1,251	52	942	334,090
Amortization	-	8,813	8,927	3,364	473	18	85	21,680
Disposals	-	-	-	(29,927)	(181)	-	(632)	(30,740)
Effects of exchange rate changes	6,139	1,334	1,352	3,231	-	-	-	12,056
Balance at September 30, 2024	<u>\$ 205,613</u>	<u>57,058</u>	<u>57,799</u>	<u>14,608</u>	<u>1,543</u>	<u>70</u>	<u>395</u>	<u>337,086</u>
Balance at January 1, 2023	\$ 199,507	33,772	34,210	32,055	750	34	774	301,102
Amortization	-	8,513	8,623	3,594	460	25	290	21,505
Disposals	-	-	-	(529)	-	(31)	(30)	(590)
Effects of exchange rate changes	10,134	4,059	4,112	1,741	-	-	-	20,046
Balance at September 30, 2023	<u>\$ 209,641</u>	<u>46,344</u>	<u>46,945</u>	<u>36,861</u>	<u>1,210</u>	<u>28</u>	<u>1,034</u>	<u>342,063</u>
Carrying amount:								
Balance at January 1, 2024	\$ 298,732	121,967	32,313	8,327	1,695	179	190	463,403
Balance at September 30, 2024	<u>\$ 307,763</u>	<u>117,017</u>	<u>24,491</u>	<u>8,589</u>	<u>1,412</u>	<u>161</u>	<u>105</u>	<u>459,538</u>
Balance at January 1, 2023	\$ 298,780	133,247	43,725	8,570	1,680	93	558	486,653
Balance at September 30, 2023	<u>\$ 313,688</u>	<u>131,141</u>	<u>36,957</u>	<u>7,960</u>	<u>1,805</u>	<u>106</u>	<u>268</u>	<u>491,925</u>

None of the intangible assets held by the Group were pledged collateral as of September 30, 2024, December 31, 2023 and September 30, 2023.

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Other current assets:			
Prepayments	\$ 71,426	34,450	50,515
Others	5,295	21,860	20,900
	<u>\$ 76,721</u>	<u>56,310</u>	<u>71,415</u>
Other non-current assets:			
Refundable deposits	\$ 5,336	3,981	4,622
Others	2	26	34
	<u>\$ 5,338</u>	<u>4,007</u>	<u>4,656</u>

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(j) Short-term borrowings

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

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 582,000	552,000	697,000
Unused short-term credit lines	\$ 627,000	507,000	507,000
Range of interest rates	1.0735%~2.278%	1.82%~2.125%	1.82%~2.125%

(i) Issuing and repayment the borrowings

For the nine months ended September 30, 2024 and 2023, the increase in short-term borrowings amounted to \$130,000 thousand and \$264,766 thousand, with an interest rate of 1.0735%~2.278% and 1.82%~2.125%, as well as maturities ranging from October 2024 to July 2025 and October 2023 to February 2024, respectively. For the nine months ended September 30, 2024 and 2023, the repayments amounted to \$100,000 thousand and \$730,166 thousand, respectively.

(ii) Collateral for short-term borrowings

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

(k) Lease liabilities

The lease liabilities of the Group were summarized as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	\$ 38,259	35,948	36,643
Non-current	\$ 88,154	99,992	112,284

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest on lease liabilities	\$ 1,108	1,244	3,244	3,639
Expenses relating to short-term leases	\$ 1,149	1,090	4,003	4,005

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

	For the nine months ended September 30	
	2024	2023
Total cash outflow for leases	\$ 38,592	32,750

(i) Building leases

The Group leases buildings for the use of offices and plants with lease terms of 1 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 2 to 6 years.

(l) Other payables

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The other payables of the Group were summarized as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Salary and bonus payable	\$ 54,652	66,844	30,048
Pensions payable	2,042	1,925	1,753
Employee and director compensation payable	16,354	4,763	2,695
Commission payable	30,060	70,030	54,526
Others	101,628	139,311	180,776
	\$ 204,736	282,873	269,798

(m) Long-term borrowings

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

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 524,302	435,000	290,000
Secured bank loans	468,000	518,294	518,294
	992,302	953,294	808,294
Less: current portion	(263,477)	(2,806)	(700)
	\$ 728,825	950,488	807,594
Unused long-term credit lines	\$ 822,000	871,706	871,706
Range of interest rates	2.007%~2.366%	1.896%~2.204%	1.896%~2.204%

(i) Issuance and repayment of the borrowings

For the nine months ended September 30, 2024 and 2023, the Group had the additional long-term borrowings amounting to \$90,000 thousand and \$784,294 thousand, with an interest rate of 2.017% and 1.896%~2.204%, maturing in April 2028 and August 2025 to August 2028, respectively. For the nine months ended September 30, 2024 and 2023, the repayments amounted to \$50,992 thousand and \$414,113 thousand, 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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group was in compliance with the above borrowing covenants.

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(iii) Collateral for long-term borrowings

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

(n) Provisions

	September 30, 2024	December 31, 2023	September 30, 2023
Current - Warranties	\$ 18,003	21,101	18,084
Non-current - Employee benefits	4,905	4,668	4,437
	\$ 22,908	25,769	22,521

There were no significant changes in provisions for the nine months ended September 30, 2024 and 2023. Please refer to note 6(n) to the consolidated financial statements for the year ended December 31, 2023 for other related information.

(o) 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, 2023 and 2022.

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating cost	\$ (40)	(37)	(120)	(111)
Selling expenses	(18)	(22)	(53)	(66)
Administration expenses	(13)	(13)	(41)	(39)
	\$ (71)	(72)	(214)	(216)

(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 September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Operating cost	\$ 4,601	5,421	13,776	15,825
Selling expenses	593	610	1,878	1,584
Administration expenses	2,061	1,842	6,221	5,674
Research and development expenses	1,025	203	2,928	622
	\$ 8,280	8,076	24,803	23,705

(p) Income taxes

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

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	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Current tax expense				
Current period	\$ 29,225	18,163	66,837	48,135
Adjustment for prior periods	30	229	4,454	17,832
	<u>29,255</u>	<u>18,392</u>	<u>71,291</u>	<u>65,967</u>
Deferred tax expense				
Origination and reversal of temporary differences	(6,283)	(2,087)	8,169	1,388
Income tax expense	<u>\$ 22,972</u>	<u>16,305</u>	<u>79,460</u>	<u>67,355</u>

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

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	\$ (1,376)	(5,919)	(18,118)	(15,585)

The Company's income tax returns for the year 2022 has been examined and approved by the tax authorities. However, the Company's income tax returns of the year 2020 is still on assessment.

(q) Capital and other equity

Except for the following disclosure, there was no significant change in capital and capital surplus for the periods from January 1 to September 30, 2024 and 2023. For the related information, please refer to note 6(q) to the consolidated financial statements for the year ended December 31, 2023.

(i) 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.

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2) Special reserve

As the Company opted for the exemptions allowed under IFRS 1 “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 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

There was no earnings distribution for 2022 based on the resolution made during the shareholders’ meeting on June 15, 2023. On May 31, 2024, the shareholders’ meeting resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

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

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

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2024	\$ 15,086
Exchange differences on foreign operations	90,592
Income tax	(18,118)
Balance at September 30, 2024	\$ 87,560
Balance at January 1, 2023	\$ (10,159)
Exchange differences on foreign operations	77,926
Income tax	(15,585)
Balance at September 30, 2023	\$ 52,182

(r) 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

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	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Net profit attributable to ordinary shareholders of the Company (basic)	\$ 51,880	22,370	159,292	89,905
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)	\$ 0.95	0.41	2.90	1.64

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Net profit attributable to ordinary shareholders of the Company (diluted)	\$ 51,880	22,370	159,292	89,905
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	34	37	123	37
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	54,984	54,987	55,073	54,987
Diluted earnings per share (expressed in NT dollars)	\$ 0.94	0.41	2.89	1.64

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
<u>Primary geographical markets</u>				
Europe	\$ 363,436	371,710	918,496	993,937
Asia	330,282	194,336	856,586	361,600
Americas	154,554	146,945	568,220	577,167
Others	367	134	13,064	1,438
	<u>\$ 848,639</u>	<u>713,125</u>	<u>2,356,366</u>	<u>1,934,142</u>
<u>Major products/services</u>				
Sales of goods	692,200	576,394	1,913,277	1,595,820
Rendering of services	156,439	136,731	443,089	338,322
	<u>\$ 848,639</u>	<u>713,125</u>	<u>2,356,366</u>	<u>1,934,142</u>

(ii) Contract balances

	September 30, 2024	December 31, 2023	September 30, 2023
Contract liabilities	\$ 219,625	178,607	252,867

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

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.

(t) Employee compensation and directors' remunerations

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In accordance with the articles of incorporation the Company should contribute more than 5.52% of the profit as employees' compensation and less than 2.07% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the three months and nine months ended September 30, 2024 and 2023, the Company estimated its employee compensation amounting to \$3,874 thousand, \$1,960 thousand, \$11,894 thousand and \$1,960 thousand; and directors' remuneration amounting to \$1,452 thousand, \$735 thousand, \$4,460 thousand and \$735 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 year ended December 31, 2023, the Company estimated its employee compensation and directors' remuneration amounting to \$3,464 thousand and \$1,299 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023. There was profit before tax for the year ended December 31, 2022, but the Company still have accumulated losses, so there should be retained for offsetting deficits, no employees' compensation and directors' remuneration was recognized. Related information would be available at the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 1,155	2,829	4,926	7,520
Other interest income	1,011	-	1,396	-
	\$ 2,166	2,829	6,322	7,520

(ii) Other income

The details of other income were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Rent income	\$ 36	51	106	129
Government grants	-	-	69	428
Others	(56)	1,282	591	1,623
	\$ (20)	1,333	766	2,180

(iii) Other gains and losses

The details of other gains and losses were as follows:

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	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Foreign exchange gains (losses)	\$ (26,858)	20,578	(2,497)	28,230
Gains (losses) on financial assets and liabilities at fair value through profit or loss	408	107	294	-
Losses on disposals of property, plant and equipment	(501)	(213)	(238)	(494)
Others	(1,592)	(5)	(2,656)	(23)
	\$ (28,543)	20,467	(5,097)	27,713

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Interest expenses-bank loans	\$ 8,117	7,821	23,400	24,616
Interest expenses-lease liabilities	1,108	1,244	3,244	3,639
Interest expenses-others	-	-	11	-
	\$ 9,225	9,065	26,655	28,255

(v) 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(v) to the consolidated financial statements for the year ended December 31, 2023.

(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 September 30, 2024, December 31, 2023 and September 30, 2023, the Group's major customers consisted of five customers which accounted for 55%, 51% and 58%, 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 did not have impairment provision for the nine months ended September 30, 2024 and 2023.

(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>
September 30, 2024					
Non derivative financial liabilities					
Short-term borrowings	\$	582,000	584,545	584,545	-
Accounts and other payables		546,847	546,847	546,847	-
Long-term borrowings (current portion included)		992,302	1,048,428	282,581	765,847
Lease liabilities (current and non-current)		126,413	126,913	38,543	88,370
	\$	<u>2,247,562</u>	<u>2,306,733</u>	<u>1,452,516</u>	<u>854,217</u>
December 31, 2023					
Non derivative financial liabilities					
Short-term borrowings	\$	552,000	553,572	553,572	-
Accounts and other payables		468,944	468,944	468,944	-
Long-term borrowings (current portion included)		953,294	1,020,344	3,532	1,016,812
Lease liabilities (current and non-current)		135,940	136,152	36,085	100,067
	\$	<u>2,110,178</u>	<u>2,179,012</u>	<u>1,062,133</u>	<u>1,116,879</u>
September 30, 2023					
Non derivative financial liabilities					
Short-term borrowings	\$	697,000	699,515	699,515	-
Accounts and other payables		498,305	498,305	498,305	-
Long-term borrowings (current portion included)		808,294	876,711	17,752	858,959
Lease liabilities (current and non-current)		148,927	149,127	36,766	112,361
	\$	<u>2,152,526</u>	<u>2,223,658</u>	<u>1,252,338</u>	<u>971,320</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:

	September 30, 2024			December 31, 2023			September 30, 2023			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
Financial assets										
Monetary items										
EUR	\$	4,140	35.38	146,479	2,893	33.98	98,315	6,493	33.91	220,175
USD		11,275	31.65	356,847	12,590	30.705	386,579	12,746	32.27	411,300
CNY		266	4.523	1,201	9,727	4.327	42,091	3,393	4.415	14,982
Financial liabilities										
Monetary items										
EUR		338	35.38	11,956	39	33.98	1,318	112	33.91	3,795
USD		103	31.65	3,269	86	30.705	2,638	176	32.27	5,691

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, financial assets and liabilities at fair value through profit or loss, trade and other receivables; and accounts and other payables that are denominated in foreign currencies.

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A strengthening (weakening) of 1% of the NTD against the EUR, USD, and CNY as of September 30, 2024 and 2023, would have increased (decreased) the net profit after tax by \$3,914 thousand and \$5,096 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 nine months ended September 30, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(26,858) thousand, \$20,578 thousand, \$(2,497) thousand and \$28,230 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 \$3,936 thousand and \$3,763 thousand for the nine months ended September 30, 2024 and 2023, 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:

	September 30, 2024				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Derivative financial assets mandatorily measured at FVTPL	\$ 294	-	294	-	294
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 740,323	-	-	-	-
Notes and trade receivable (including from related parties)	852,082	-	-	-	-
Other receivables (including from related parties)	116,908	-	-	-	-
Refundable deposits	5,336	-	-	-	-
Subtotal	\$ 1,714,649	-	-	-	-

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September 30, 2024

		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 582,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)	546,847	-	-	-	-
Long-term borrowings (current portion included)	992,302	-	-	-	-
Lease liabilities (current and non-current)	126,413	-	-	-	-
Subtotal	\$ 2,247,562	-	-	-	-

December 31, 2023

		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 838,416	-	-	-	-
Notes and trade receivable	690,793	-	-	-	-
Other receivables	16,930	-	-	-	-
Refundable deposits	3,981	-	-	-	-
Subtotal	\$ 1,550,120	-	-	-	-

Financial liabilities measured at amortized cost

Short-term borrowings	\$ 552,000	-	-	-	-
Accounts and notes payable and other payables	468,944	-	-	-	-
Long-term borrowings (current portion included)	953,294	-	-	-	-
Lease liabilities (current and non-current)	135,940	-	-	-	-
Subtotal	\$ 2,110,178	-	-	-	-

September 30, 2023

		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 732,592	-	-	-	-
Notes and trade receivable	670,808	-	-	-	-
Other receivables	27,980	-	-	-	-
Refundable deposits	4,622	-	-	-	-
Subtotal	\$ 1,436,002	-	-	-	-

Financial liabilities measured at amortized cost

Short-term borrowings	\$ 697,000	-	-	-	-
Accounts and notes payable and other payables	498,305	-	-	-	-
Long-term borrowings (current portion included)	808,294	-	-	-	-
Lease liabilities (current and non-current)	148,927	-	-	-	-
Subtotal	\$ 2,152,526	-	-	-	-

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

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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 nine months ended September 30, 2024 and 2023.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(w) to the consolidated financial statements for the year ended December 31, 2023.

(x) 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, 2023. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2023. Please refer to note 6(x) to the consolidated financial statements for the year ended December 31, 2023 for further details.

(y) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the nine months ended September 30, 2024 and 2023, were as follows:

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

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

			Non-cash changes		
	January 1, 2024	Cash flows	Increase (decrease) for the period	Foreign exchange movement	September 30, 2024
Short-term borrowings	\$ 552,000	30,000	-	-	582,000
Lease liabilities (current and non-current)	135,940	(31,345)	17,570	4,248	126,413
Long-term borrowings (current portion included)	953,294	39,008	-	-	992,302
Total liabilities from financing activities	\$ 1,641,234	37,663	17,570	4,248	1,700,715
			Non-cash changes		
	January 1, 2023	Cash flows	Increase (decrease) for the period	Foreign exchange movement	September 30, 2023
Short-term borrowings	\$ 1,162,400	(465,400)	-	-	697,000
Lease liabilities (current and non-current)	159,324	(25,106)	7,737	6,972	148,927
Long-term borrowings (current portion included)	438,113	370,181	-	-	808,294
Total liabilities from financing activities	\$ 1,759,837	(120,325)	7,737	6,972	1,654,221

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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)

(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:

<u>Account</u>	<u>Type/Name of related party</u>	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	Associate:				
Sale of goods	LWA	\$ 35,758	-	54,377	-
Sale of goods	Zhongshan Xuguang	1,004	-	1,228	-
		<u>\$ 36,762</u>	<u>-</u>	<u>55,605</u>	<u>-</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. Trade receivable due from related parties was not pledged as collateral and there was no impairment provision recognized.

(ii) Receivables from related parties

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

<u>Account</u>	<u>Type/Name of related party</u>	<u>September 30, 2024</u>
	Associate:	
Trade receivable	LWA	\$ 81,625
Trade receivable	Zhongshan Xuguang	1,025
		<u>\$ 82,650</u>
<u>Account</u>	<u>Type/Name of related party</u>	<u>September 30, 2024</u>
	Associate:	
Other receivables	LWA	\$ 1,396
Other receivables	Zhongshan Xuguang	10
		<u>\$ 1,406</u>

(iii) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Type/Name of related party</u>	<u>September 30, 2024</u>
	Associate:	
Accounts payables	LWA	\$ 40

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(iv) Property transaction

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:

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

The Group sold other equipment to associate in March 2024 for \$512 thousand which was paid as of September 30, 2024. 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	September 30, 2024
	Associate:	
Other receivables	LWA	\$ 88,450

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. There is no expected credit loss required after the management's assessment.

(c) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 5,277	2,573	13,449	7,970
Post-employment benefits	64	126	194	405
	<u>\$ 5,341</u>	<u>2,699</u>	<u>13,643</u>	<u>8,375</u>

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Subject of pledge guarantee	September 30, 2024	December 31, 2023	September 30, 2023
Land	Collateral for bank borrowings and credit lines	\$ 123,978	123,978	123,978
Buildings and structures	Collateral for bank borrowings and credit lines	1,221	3,971	4,888
		<u>\$ 125,199</u>	<u>127,949</u>	<u>128,866</u>

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9. Significant commitments and contingencies

The Group's unrecognized contractual commitments were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	\$ 372	-	-

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

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

By function By item	For the three months ended September 30, 2024			For the three months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$ 89,908	85,793	175,701	90,375	52,439	142,814
Labor and health insurance	11,722	7,448	19,170	12,026	5,945	17,971
Pension	4,562	3,647	8,209	5,384	2,620	8,004
Others	682	2,397	3,079	610	1,795	2,405
Depreciation	24,915	8,982	33,897	25,973	7,571	33,544
Amortization	21	7,240	7,261	20	7,287	7,307

By function By item	For the nine months ended September 30, 2024			For the nine months ended September 30, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$ 256,544	231,419	487,963	257,257	138,823	396,080
Labor and health insurance	34,189	21,045	55,234	36,205	17,027	53,232
Pension	13,656	10,933	24,589	15,714	7,775	23,489
Others	1,825	5,974	7,799	1,804	6,585	8,389
Depreciation	74,049	26,569	100,618	76,094	23,610	99,704
Amortization	150	21,530	21,680	62	21,443	21,505

(b) Seasonality of operations

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

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13. Other disclosures

(a) Information on significant transaction

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 nine months ended September 30, 2024:

(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	Quaser Europe Gmbh	Other receivables	Yes	34,772	-	-		1	86,319	-	-	-	-	162,272	649,089
0	The Company	Quaser America	Other receivables	Yes	5,895	-	-		1	-	-	-	-	-	162,272	649,089
0	The Company	Winbro LLC	Other receivables	Yes	70,548	70,548	70,548		1	116,909	-	-	-	-	162,272	649,089
0	The Company	Winbro Ltd	Other receivables	Yes	35,767	35,767	35,767		1	56,823	-	-	-	-	162,272	649,089
0	The Company	LWA	Other receivables	Yes	88,800	88,450	88,450	4.5%	2	-	Operational development	-	-	-	162,272	649,089
1	Quaser Europe	Quaser Europe Gmbh	Other receivables	Yes	44,827	44,386	44,386		1	-	-	-	-	-	184,080	184,080
2	Winbro Ltd	Winbro LLC	Other receivables	Yes	114,999	114,999	114,999		1	112,572	-	-	-	-	2,350,128	2,350,128
2	Winbro Ltd	The Company	Other receivables	Yes	59,250	57,915	57,915		1	25,298	-	-	-	-	2,350,128	2,350,128
3	Winbro LLC	Winbro Ltd	Other receivables	Yes	12,512	-	-		1	4,271	-	-	-	-	1,432,328	1,432,328
3	Winbro LLC	The Company	Other receivables	Yes	901	176	176		1	-	-	-	-	-	1,432,328	1,432,328
4	Quaser America	Winbro LLC	Other receivables	Yes	99,741	65,944	65,944		1	-	-	-	-	-	421,788	421,788

Note 1: Individual financing amount must be less than 10%, 400%, 400%, 400% and 400% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's and Quaser America's latest net asset value (the Company's net asset value as of September 30, 2024 was \$1,622,723 thousand \times 10% = \$162,272 thousand; Quaser Europe's net asset value as of September 30, 2024 was \$46,020 thousand \times 400% = \$184,080 thousand; Winbro Ltd's net asset value as of September 30, 2024 was \$587,532 thousand \times 400% = \$2,350,128 thousand; Winbro LLC's net asset value as of September 30, 2024 was \$358,082 thousand \times 400% = \$1,432,328 thousand; Quaser America's net asset value as of September 30, 2024 was \$105,447 thousand \times 400% = \$421,788 thousand).

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Note 2: The maximum amount must be less than 40%, 400%, 400%, 400% and 400% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's and Quaser America's latest net asset value (the Company's net asset value as of September 30, 2024 was \$1,622,723 thousand \times 40% = \$649,089 thousand; Quaser Europe's net asset value as of September 30, 2024 was \$46,020 thousand \times 400% = \$184,080 thousand; Winbro Ltd's net asset value as of September 30, 2024 was \$587,532 thousand \times 400% = \$2,350,128 thousand; Winbro LLC's net asset value as of September 30, 2024 was \$358,082 thousand \times 400% = \$1,432,328 thousand; Quaser America's net asset value as of September 30, 2024 was \$105,447 thousand \times 400% = \$421,788 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.

(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) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD 300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of TWD 300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of TWD 300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amount exceeding the lower of TWD 100 million or 20% of the capital stock:

(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	(361,540)	(15)%	T/T 180 days	-		38,533	5%	
The Company	Winbro Ltd	Sub-subsidiary company	Purchases	113,761	6%	T/T 30 days	-		(119,163)	(35)%	
Winbro Ltd	Winbro LLC	Sub-subsidiary company	Sales	(127,967)	(5)%	T/T 120 days	-		132,651	17%	

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

(In Thousands of New Taiwan Dollars)

Name of related party	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	Winbro LLC	Sub-subsidiary company	127,277	2.26	70,548	Accounting for other receivables.	19,395	-
The Company	LWA	Associate	153,989	2.03	-	-	-	-
Winbro Ltd	Winbro LLC	Sub-subsidiary company	132,651	2.31	114,999	Accounting for other receivables.	-	-

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

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) 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	361,540	T/T 180 days	15 %
0	The Company	Kunshan Quaser	1	Trade receivable	38,533	T/T 180 days	1 %
0	The Company	Quaser Europe Gmbh	1	Sales	15,670	T/T 180 days	1 %
0	The Company	Quaser America	1	Other payable	31,650	T/T 180 days	1 %
0	The Company	Winbro Ltd	2	Sales	59,418	T/T 180 days	3 %
0	The Company	Winbro Ltd	2	Purchase	113,761	T/T 30 days	5 %
0	The Company	Winbro Ltd	2	Trade receivable	25,139	T/T 180 days	1 %
0	The Company	Winbro Ltd	2	Accounts payable	119,163	T/T 30 days	3 %
0	The Company	Winbro Ltd	2	Other receivable	33,101	T/T 180 days	1 %
0	The Company	Winbro Ltd	2	Other income	17,263	T/T 180 days	1 %
0	The Company	Winbro LLC	2	Sales	59,745	T/T 180 days	3 %
0	The Company	Winbro LLC	2	Trade receivable	57,906	T/T 180 days	1 %
0	The Company	Winbro LLC	2	Other receivable	69,371	T/T 180 days	2 %
1	Quaser America	Winbro LLC	4	Trade receivable	64,318	T/T 120 days	2 %
2	Quaser Europe Gmbh	Quaser Europe	3	Accounts payable	45,299	T/T 180 days	1 %
3	Winbro Ltd	Winbro LLC	5	Sales	127,967	T/T 120 days	5 %
3	Winbro Ltd	Winbro LLC	5	Trade receivable	17,652	T/T 120 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
3	Winbro Ltd	Winbro LLC	5	Other receivable	114,999	T/T 120 days	3 %
3	Winbro LLC	Winbro Ltd	5	Trade receivable	13,894	T/T 120 days	- %

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 nine months ended September 30, 2024 (excluding information on investees in mainland China):

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%	46,020	(344)	(344)	Subsidiary
The Company	Quaser America	America	Buys and sells machines	189,455	189,455	6,000,000	100%	105,447	3,762	3,762	Subsidiary (Note 3)
The Company	Winbro UK	United Kingdom	Overseas reinvested holding company	1,845,204	1,845,204	27,054,625	100%	1,424,352	28,193	(4,883)	Subsidiary
The Company	Quaser Europe Gmbh	Germany	Buys and sells machines	121,448	121,448	25,000	100%	88,447	(5,096)	(5,096)	Subsidiary
Winbro UK	Winbro Ltd	United Kingdom	Aerospace machinery manufacturing and machining	GBP 90	GBP 90	9,029,804	100%	GBP 13,847	GBP (2,375)	(Note 2)	Sub-subsidiary
Winbro UK	Winbro LLC	America	Aerospace machinery manufacturing and machining	USD 33,576	USD 33,576	-	100%	USD 11,314	USD 3,141	(Note 2)	Sub-subsidiary
Quaser Europe Gmbh	MWA	Germany	Buys and sells machines	EUR 430	-	43,000	43%	EUR	EUR (1,718)	(Note 2)	Associate

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

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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 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.

(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 September 30, 2024	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)	23,911	100%	23,911	35,786	-
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)	(4,033)	40%	(1,613)	34,275	-

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 September 30, 2024	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)	973,634

(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".

(d) Major shareholders

Unit: Shares

Shareholding Shareholder's Name	Shares	Percentage
Yeh Chiang Technology Co., Ltd.	12,433,500	22.62 %
Shieh, Raui-Mu	5,450,810	9.91 %
Xude Investment Co., Ltd.	5,107,118	9.29 %

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14. Segment information

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

For the three months ended September 30, 2024			
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 301,310	547,329	848,639
Reportable segment profit	\$ 50,399	71,077	121,476
For the three months ended September 30, 2023			
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 329,701	383,424	713,125
Reportable segment profit	\$ 17,750	5,363	23,113
For the nine months ended September 30, 2024			
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 971,443	1,384,923	2,356,366
Reportable segment profit	\$ 144,778	135,235	280,013
For the nine months ended September 30, 2023			
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	\$ 850,854	1,083,288	1,934,142
Reportable segment profit	\$ 44,810	103,293	148,103

Segment revenue reported above represents revenue generated from external customers. The intersegment sales had been eliminated for the three months and nine months ended September 30, 2024 and 2023.

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.