

QUASER MACHINE TOOLS, INC.**Parent Company Only Financial Statements****With Independent Auditors' Report****For the Years Ended December 31, 2025 and 2024**

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The independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Quaser Machine Tools, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Revenue recognition

Refer to Note 4(o) for accounting policies and Note 6(t) for explanation of revenue.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. In addition, the Company operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts including sales terms is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

2. Impairment assessment of trade receivable

Refer to Note 4(f) for accounting policies; Note 5(a) for significant accounting assumptions and judgments, and major sources of estimation uncertainty; and Note 6(c) and 7 for explanation of trade receivable.

Description of key audit matter:

Trade receivable are concentrated in certain customers, and the allowance for trade receivable and other receivables involves significant subjective judgment by management. Therefore, the impairment assessment of trade receivable and other receivables is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures regarding the aforementioned key audit matters included the following: performing control tests related to collections and reviewing subsequent collection records; performing sampling procedures on accounts receivable aging tables to check the accuracy of accounts receivable aging; understanding the accounts receivable impairment loss provision policy, including whether management was aware of the debtor's significant financial difficulties and the assessment of potential defaults; and obtaining information such as the expected credit loss calculation table during the accounts receivable period to assess the reasonableness of the accounts receivable impairment loss provision of the Company.

3. Valuation of inventory

Refer to Note 4(g) for accounting policies; Note 5(b) for significant accounting assumptions and judgments, and major sources of estimation uncertainty; and Note 6(d) for explanation of inventory valuation.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the influence of factors such as changes in the international economic climate, the original product outdated may no longer meet the market demand, resulting in the risk that the cost of inventory may exceed its net realizable value. Therefore, inventory valuation is considered as one of the key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures regarding the aforementioned key audit matters included the following: evaluate the inventory and test the appropriateness of management's inventory valuation policy; analyze the aging change of inventory for each period; perform sampling procedures to check the accuracy of inventory aging list; and verify the reasonableness of provision for losses on obsolete and slow-moving inventories.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the

basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2026

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC.**Balance Sheets****December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollar)**

Assets	December 31, 2025		December 31, 2024		Liabilities and Equity	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (Note 6(a))	\$ 321,704	9	339,069	9	Short-term borrowings (Note 6(k))	\$ 979,000	28	729,000	20
Notes receivable, net (Note 6(c))	2,199	-	12,053	-	Current financial liabilities at fair value through profit or loss (Note 6(b))	1,536	-	-	-
Trade receivable, net (Note 6(c))	180,320	5	308,645	9	Current contract liabilities (Note 6(t))	70,536	2	17,791	-
Trade receivable due from related parties (Note 7)	221,421	6	307,633	9	Notes payable	70	-	-	-
Other receivables	3,260	-	5,343	-	Accounts payable	108,582	3	142,015	4
Other receivables due from related parties (Note 7)	55,689	2	121,876	3	Accounts payable due from related parties (Note 7)	6,228	-	27,370	1
Current tax assets	-	-	12	-	Other payables (Note 6(m))	39,096	1	62,992	2
Inventories (Note 6(d))	481,800	14	562,385	15	Other payables due from related parties (Note 7)	2,306	-	8,964	-
Other current assets (Note 6(j))	43,279	1	18,078	-	Current tax liabilities	6,941	-	30,842	1
	<u>1,309,672</u>	<u>37</u>	<u>1,675,094</u>	<u>45</u>	Current provisions (Note 6(o))	6,287	-	9,151	-
					Current lease liabilities (Note 6(l))	7,525	-	8,022	-
					Long-term borrowing, current portion (Note 6(n) and 8)	438,715	13	423,524	11
					Other current liabilities	1,014	-	1,134	-
						<u>1,667,836</u>	<u>47</u>	<u>1,460,805</u>	<u>39</u>
Non-current assets:					Non-current liabilities:				
Investments accounted for using equity method (Note 6(e))	1,915,803	54	1,790,580	48	Long-term borrowings (Note 6(n) and 8)	459,962	13	566,677	15
Property, plant and equipment (Note 6(g) and 8)	172,724	5	157,501	4	Non-current provisions (Note 6(o))	4,520	-	4,679	-
Right-of-use assets (Note 6(h))	14,425	-	19,122	-	Deferred tax liabilities (Note 6(q))	28,169	1	26,484	1
Intangible assets (Note 6(i))	6,514	-	5,884	-	Non-current lease liabilities (Note 6(l))	4,172	-	8,981	-
Deferred tax assets (Note 6(q))	114,102	3	70,841	2	Credit balance of investments accounted for using equity method (Note 6(e))	4,285	-	2,814	-
Refundable deposits	5,448	-	5,319	-	Other non-current liabilities	320	-	-	-
Net defined benefit assets (Note 6(p))	32,423	1	27,575	1		<u>501,428</u>	<u>14</u>	<u>609,635</u>	<u>16</u>
	<u>2,261,439</u>	<u>63</u>	<u>2,076,822</u>	<u>55</u>	Total liabilities	<u>2,169,264</u>	<u>61</u>	<u>2,070,440</u>	<u>55</u>
					Equity: (Note 6(r))				
					Common stock	549,500	15	549,500	15
					Capital surplus	842,246	23	820,363	22
					Unappropriated retained earnings (Accumulated deficit)	(86,400)	(2)	222,491	6
					Other equity	96,501	3	89,122	2
						<u>1,401,847</u>	<u>39</u>	<u>1,681,476</u>	<u>45</u>
Total assets	<u>\$ 3,571,111</u>	<u>100</u>	<u>3,751,916</u>	<u>100</u>	Total equity	<u>1,401,847</u>	<u>39</u>	<u>1,681,476</u>	<u>45</u>
					Total liabilities and equity	<u>\$ 3,571,111</u>	<u>100</u>	<u>3,751,916</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC.**Statements of Comprehensive Income****For the Years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollar, except earnings per share)**

	2025		2024	
	Amount	%	Amount	%
Operating revenues (Note 6(t) and 7)	\$ 1,246,802	100	1,653,360	100
Operating costs (Note 6(d), (i), (p), 7 and 12)	1,016,469	82	1,215,452	74
Gross profit	230,333	18	437,908	26
Realized (unrealized) profit from sales	6,023	-	(24,838)	(1)
Gross profit, net	236,356	18	413,070	25
Operating expenses (Note 6(i), (p), (u) and 12):				
Selling expenses	65,525	5	64,910	4
Administrative expenses	83,275	7	111,332	7
Research and development expenses	23,862	2	27,119	1
Expected credit loss (Note 6(c) and 7)	219,991	17	19,174	1
	392,653	31	222,535	13
Operating income (loss)	(156,297)	(13)	190,535	12
Non-operating income and expenses (Note 6(v) and 7):				
Interest income	9,058	1	5,752	-
Other income	21,489	2	23,528	1
Other gains and losses, net (Note 6(e) and (f))	(11,750)	(1)	31,130	2
Finance costs (Note 6(l))	(35,690)	(3)	(31,761)	(2)
Share of profit or loss of subsidiaries and associates accounted for using equity method	(9,922)	(1)	46,555	3
	(26,815)	(2)	75,204	4
Profit (loss) before income tax	(183,112)	(15)	265,739	16
Less: Income tax (benefit) expenses (Note 6(q))	(36,303)	(3)	53,147	3
Profit (loss) for the period	(146,809)	(12)	212,592	13
Other comprehensive income (loss):				
Items that may not be reclassified subsequently to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans (Note 6(p))	3,460	-	4,864	-
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(q))	(692)	-	(973)	-
	2,768	-	3,891	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	9,223	1	92,545	5
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(q))	(1,844)	-	(18,509)	(1)
	7,379	1	74,036	4
Other comprehensive income (after tax)	10,147	1	77,927	4
Total comprehensive income (loss)	\$ (136,662)	(11)	290,519	17
Earnings per share (NT Dollars) (Note 6(s))				
Basic earnings per share	\$ (2.67)		3.87	
Diluted earnings per share	\$ (2.67)		3.86	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC.**Statements of Changes in Equity****For the Years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollar)**

	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, 2024	\$ 549,500	820,363	-	2,724	32,627	35,351	15,086	1,420,300
Profit for the period	-	-	-	-	212,592	212,592	-	212,592
Other comprehensive income for the period	-	-	-	-	3,891	3,891	74,036	77,927
Total comprehensive income for the period	-	-	-	-	216,483	216,483	74,036	290,519
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 December 31, 2024	\$ 549,500	820,363	3,263	2,724	216,504	222,491	89,122	1,681,476
Balance at January 1, 2025	\$ 549,500	820,363	3,263	2,724	216,504	222,491	89,122	1,681,476
Loss for the period	-	-	-	-	(146,809)	(146,809)	-	(146,809)
Other comprehensive income for the period	-	-	-	-	2,768	2,768	7,379	10,147
Total comprehensive income for the period	-	-	-	-	(144,041)	(144,041)	7,379	(136,662)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	21,648	-	(21,648)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(164,850)	(164,850)	-	(164,850)
Changes in equity of associates accounted for using equity method	-	21,583	-	-	-	-	-	21,583
Changes in other capital surplus	-	300	-	-	-	-	-	300
Balance at December 31, 2025	\$ 549,500	842,246	24,911	2,724	(114,035)	(86,400)	96,501	1,401,847

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC.**Statements of Cash Flows****For the Years ended December 31, 2025 and 2024****(Expressed in thousands of New Taiwan Dollar)**

	<u>2025</u>	<u>2024</u>
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (183,112)	265,739
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	19,218	17,759
Amortization expense	3,040	2,770
Expected credit loss	219,991	19,174
Net loss on financial assets or liabilities at fair value through profit or loss	1,536	-
Interest expense	35,690	31,761
Interest income	(9,058)	(5,752)
Share of profit or loss of subsidiaries and associates accounted for using equity method	9,922	(46,555)
Gain on disposal of property, plant and equipment	(209)	(326)
Gain on disposal of investments accounted for using equity method	(10,491)	-
Impairment loss on non-financial assets	8,494	-
Unrealized (realized) profit from sales	(6,023)	24,838
Unrealized foreign exchange gain	(12,673)	(14,991)
Loss on lease modification	197	-
Total adjustments to reconcile profit (loss)	<u>259,634</u>	<u>28,678</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	9,854	18,518
Decrease (increase) in trade receivable (including from related parties)	212,389	(252,994)
Decrease (increase) in other receivables (including from related parties)	(101,839)	29,974
Decrease (increase) in inventories	75,060	(10,181)
Decrease (increase) in other current assets	(25,201)	2,600
Decrease (increase) in net defined benefit assets	(1,388)	(1,250)
Total changes in operating assets	<u>168,875</u>	<u>(213,333)</u>
Changes in operating liabilities:		
Increase (decrease) in contract liabilities	52,745	(88,767)
Increase (decrease) in notes payable	70	(182)
Increase (decrease) in accounts payable (including from related parties)	(53,413)	(15,914)
Increase (decrease) in other payables (including from related parties)	(30,524)	23,919

(Continued)

	2025	2024
Increase (decrease) in provisions	(3,023)	1,019
Increase (decrease) in other current liabilities	(120)	303
Increase (decrease) in other non-current liabilities	320	-
Total changes in operating liabilities	(33,945)	(79,622)
Total changes in operating assets and liabilities	134,930	(292,955)
Total adjustments	394,564	(264,277)
Cash inflow generated from operations	211,452	1,462
Interest received	2,238	3,437
Interest paid	(35,438)	(33,502)
Income taxes paid	(31,698)	(35,881)
Net cash flows from (used in) operating activities	146,554	(64,484)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(94,668)	(85,258)
Proceeds from capital reduction of investments accounted for using equity method	-	41,063
Acquisition of property, plant and equipment	(20,910)	(11,385)
Proceeds from disposal of property, plant and equipment	29	519
Increase in refundable deposits	(129)	(2,699)
Increase in other receivable from related parties	(123,000)	(86,482)
Decrease in other receivable from related parties	86,482	-
Acquisition of intangible assets	(3,670)	(3,073)
Interest received	6,306	-
Net cash flows from (used in) investing activities	(149,560)	(147,315)
Cash flows from (used in) financing activities:		
Increase in short-term loans	748,000	430,000
Decrease in short-term loans	(498,000)	(253,000)
Proceeds from long-term borrowings	400,000	90,000
Repayments of long-term borrowings	(491,524)	(53,093)
Payments of lease liabilities	(8,812)	(7,645)
Cash dividends paid	(164,850)	(29,343)
Other financing activities	300	-
Net cash flows from (used in) financing activities	(14,886)	176,919
Effect of exchange rate changes on cash and cash equivalents	527	4,094
Net decrease in cash and cash equivalents	(17,365)	(30,786)
Cash and cash equivalents at beginning of period	339,069	369,855
Cash and cash equivalents at end of period	\$ 321,704	339,069

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

QUASER MACHINE TOOLS, INC.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2025 and 2024

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

1. Company history

Quaser Machine Tools, Inc. (the “Company”) was incorporated in May 23, 1991 as a company limited by shares under the Company Act of the Republic of China (R.O.C). The registered address is No.3, Gong 6th Rd., Youshih Industrial Park, Dajia District, Taichung City, Taiwan (R.O.C.). The Company 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 financial statements

These parent company only financial statements were authorized for issue by the Board of Directors on March 10, 2026.

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

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7.

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its financial statements:

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

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

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

QUASER MACHINE TOOLS, INC.
Notes to the Parent Company Only Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>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.</p> <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. 	<p>January 1, 2027</p> <p>note : On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

The Company is evaluating the impact on its financial position and financial performance upon the initial adoption of the above-mentioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of material accounting policies

The material accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

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The parent company only financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the “Regulations”).

(b) Basis of preparation

1) Basis of measurement

Except for the following significant accounts, the parent company only financial statements have been prepared on a historical cost basis:

- (i) Financial instruments at fair value through profit or loss are measured at fair value;
- (ii) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

2) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The Company’s financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency, New Taiwan Dollar, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency, New Taiwan Dollar, at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company’s disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes

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a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

The Company classifies the asset 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.

The Company classifies the liability 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 Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

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A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or fair value through other comprehensive income (FVOCI) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(iii) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, trade receivables and notes receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 360 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within

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the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(iv) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2) Financial liabilities and equity instruments

i) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii) Equity instrument

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An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

iii) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

iv) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3) Derivative financial instruments and hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in

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associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(i) Investment in subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the parent company only financial statements. Under equity method, the net income, other comprehensive income and equity in the parent company only financial statements are the same as those attributable to the owners of the parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(j) Property, plant and equipment

1) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

2) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

3) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings and structures	3-17 years
2)	Machinery and equipment	1-19 years
3)	Transportation equipment	1 year
4)	Molding equipment	2-8 years
5)	Other equipment	2-14 years
6)	The main components and useful lives of buildings and structures are as follows:	
	<u>Components</u>	<u>Useful lives</u>
	Main buildings	17 years
	Others	3-16 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate

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cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (iii) amounts expected to be payable under a residual value guarantee; and
- (iv) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- i) there is a change in future lease payments arising from the change in an index or rate; or
- ii) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- iii) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- iv) there is a change of its assessment on whether it will exercise a extension or termination option; or
- v) there is any lease modification.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of the offices and other sporadic leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(I) Intangible assets

1) Recognition and measurement

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Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including software and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

2) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

3) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

(1)	Software	1-10 years
(2)	Trademarks	10 years
(3)	Technology licenses	1-20 years
(4)	Other intangible assets	6 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue

1) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

i) Sale of goods

The Company manufactures and sells machines and parts. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

ii) Revenue from the rendering of services

Revenue from the rendering of services comes from the machine repairing services and technical services.

iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(p) Employee benefits

1) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

2) Defined benefit plans

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The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

3) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

4) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

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- 1) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- 2) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- 3) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- 1) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - 2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - i) the same taxable entity; or
 - ii) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (r) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non controlling interests in the acquiree either at fair value or at the non controlling interest's proportionate share of the acquiree's identifiable net assets, if the non controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

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If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(t) Operating segments

The Company has disclosed the information on operating segments in its consolidated financial statements. Hence, no further information is disclosed in the parent company only financial statements.

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

In preparing these financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognized prospectively in the period of the change and future periods.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) The loss allowance for trade receivables

The Company has estimated the loss allowance for trade receivables and other receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c) and 7.

(b) Valuation of inventory

Inventories are stated at the lower of cost or net realizable value. The Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on the assumptions of future demand within a specific time horizon. For the estimation of the valuation of inventory, please refer to note 6(d).

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to

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assure the rationality of fair value. The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- (a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data.

6. Explanation of significant accounts

- (a) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash and cash on hand	\$ 1,343	969
Checking and demand deposits	310,253	338,100
Time deposits	10,108	-
Cash and cash equivalents in the statement of cash flows	\$ 321,704	339,069

Please refer to note 6(w) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2025	December 31, 2024
Held-for-trading financial liabilities:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 1,536	-

As of December 31, 2025, outstanding forward exchange contracts were as follows:

December 31, 2025			
Item	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	USD 630 / NTD 19,250	USD to NTD	26.1.8
Forward exchange sold	USD 894 / NTD 27,684	USD to NTD	26.2.1~26.2.6
Forward exchange sold	USD 382 / NTD 11,829	USD to NTD	26.3.9~26.3.13
Forward exchange sold	USD 203 / NTD 6,326	USD to NTD	26.3.9~26.3.13
Forward exchange sold	USD 249 / NTD 7,738	USD to NTD	26.3.13~26.3.19
Forward exchange sold	EUR 173 / NTD 6,220	EUR to NTD	26.1.21~26.1.30
Forward exchange sold	EUR 146 / NTD 5,249	EUR to NTD	26.1.28~26.2.6
Forward exchange sold	EUR 158 / NTD 5,708	EUR to NTD	26.2.11~26.2.25

The Company 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

	December 31, 2025	December 31, 2024
Notes receivable from operating activities	\$ 2,199	12,053
Trade receivables—measured as amortized cost	209,640	327,370
Less: Loss allowance	(29,320)	(18,725)
	\$ 182,519	320,698

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The Company 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 receivables 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 provision was determined as follows:

December 31, 2025			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Current	\$ 147,590	- %	-
1 to 30 days past due	12,351	-	-
31 to 60 days past due	48	4.17 %	2
61 to 90 days past due	-	-	-
91 to 180 days past due	152	19.74 %	30
181 to 360 days past due	44,820	50.00 %	22,410
More than 361 days past due	6,878	100.00 %	6,878
	\$ 211,839		29,320

December 31, 2024			
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Current	\$ 237,657	-	-
1 to 30 days past due	16,206	4.63 %	750
31 to 60 days past due	15,465	9.85 %	1,523
61 to 90 days past due	23,151	13.24 %	3,065
91 to 180 days past due	44,654	25.04 %	11,181
181 to 360 days past due	168	50.00 %	84
More than 361 days past due	2,122	100.00 %	2,122
	\$ 339,423		18,725

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

	2025	2024
Balance at beginning of period	\$ 18,725	1,748
Impairment losses recognized	10,595	17,051
Amounts written off as uncollectible during the period	-	(74)
Balance at end of period	\$ 29,320	18,725

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

(d) Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 257,683	243,894
Work in progress	192,814	250,545
Finished goods	18,449	55,091
Goods	12,854	12,855
	\$ 481,800	562,385

For the years ended December 31, 2025 and 2024, the amounts recognized as cost of sales in relation to inventories were \$1,018,623 thousand and \$1,217,365 thousand, respectively.

For the years ended December 31, 2025 and 2024, the loss for inventory obsolescence (reversal gain) from the decrease (increase) in inventories' net realizable value amounted to (\$2,154) thousand and (\$1,913) thousand, respectively.

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As of December 31, 2025 and 2024, none of the Company's inventories were pledged as collateral.

(e) Investments accounted for using equity method

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiaries	\$ 1,915,803	1,759,712
Associates	(4,285)	28,054
	<u>\$ 1,911,518</u>	<u>1,787,766</u>

(i) Subsidiaries

Please refer to the consolidated financial statements for the year 2025.

The Company conducted an impairment test on the goodwill contained in the subsidiary, Winbro UK, a part of the investment accounted for using equity method. Based on the impairment assessment for the years ended December 31, 2025 and 2024, no impairment losses were recognized. In addition, the Company conducted an impairment test on the goodwill contained in the subsidiary, Zhongshan Xuguang Machinery Technology Co., Ltd. (Zhongshan Xuguang), a part of the investment accounted for using equity method. The Company recognized an impairment loss of \$8,494 thousand. For related disclosures, please refer to note 6(j) of the consolidated financial statements for the year 2025.

(ii) Associates

The Company invested in Zhongshan Xuguang in June 2023 with an investment amount of CNY \$8,000 thousand and obtained 40% shareholding of Zhongshan Xuguang. The Company has significant influence on Zhongshan Xuguang. On October 28, 2025, the Company increased its investment in Zhongshan Xuguang by CNY \$22,000 thousand. Following the capital increase, the Company's shareholding increased to 60%, thereby obtaining control over the company. Zhongshan Xuguang was included in the consolidated financial statements from that date and was no longer listed as an associate. Please refer to note 6(f).

The Company's subsidiary, Quaser Europe Technical Center GmbH (Quaser Europe GmbH), acquired 43% equity in MWA Magdeburger Werkzeugmaschinen & Automation GmbH (MWA) in May 2024, for EUR \$430 thousand. MWA issued new shares in June 2025, and Quaser Europe GmbH did not subscribe to the new shares proportionately, which resulted in a decrease in Quaser Europe GmbH's ownership in MWA from 43% to 34.396%. The Group has significant influence over MWA.

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows. This financial information was included in the parent company only financial statements.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Carrying amount of individually insignificant associates' equity	\$ <u>(4,285)</u>	<u>28,054</u>
	<u>2025</u>	<u>2024</u>
Attributable to the Company:		
Loss from continuing operations	\$ (6,139)	(4,630)
Other comprehensive income (loss)	(1,128)	1,182
Comprehensive income (loss)	<u>\$ (7,267)</u>	<u>(3,448)</u>

(iii) The Company's unrealized profit from sales to associate Lerinc Werkzeugmaschinen & Automation GmbH (LWA) was \$4,285 thousand and \$2,814 thousand, which was recorded

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under the credit balance of investments accounted for using equity method as of December 31, 2025 and 2024.

(iv) Collateral

The Company's investment accounted for using equity method was not pledged as collateral as of December 31, 2025 and 2024.

(f) Acquisition of a subsidiary

On October 28, 2025, the Company obtained control of Zhongshan Xuguang through an additional capital investment of CNY \$22,000 thousand, increasing its ownership interest from 40% to 60%. The Company re-measured the fair value of its existing equity interest of 40% in Zhongshan Xuguang before the business combination, and the resulting gain of \$10,491 thousand was recognized as "gain on disposal of investments" on the statement of comprehensive income. Please refer to note 6(v).

The main businesses of Zhongshan Xuguang are manufacturing and selling machines. Taking control of Zhongshan Xuguang will enable the Company to expand market share.

From the acquisition date to December 31, 2025, Zhongshan Xuguang contributed revenue of \$12,031 thousand and loss after tax of \$7,752 thousand to the Company's results. If the acquisition had occurred on January 1, 2025, management estimates that Zhongshan Xuguang would have contributed revenue of \$12,031 thousand and a net loss of \$23,167 thousand for the period. In determining these amounts, the management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2025.

1. The following table summarizes the acquisition date fair value of major class of consideration transferred.

	<u>Amount</u>
Investments accounted for using equity method – remeasurement	\$ 34,536
Cash – participate in cash capital increase	94,668
	<u>\$ 129,204</u>

2. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	<u>Amount</u>
Cash and cash equivalents	\$ 128,439
Inventories	71,983
Other current assets	11,574
Property, plant and equipment	24,897
Right-of-use assets	1,820
Trade and other payables	(35,682)
Current lease liabilities	(1,848)
Total identifiable net assets acquired	<u>\$ 201,183</u>

3. Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	<u>Amount</u>
Consideration transferred	\$ 94,668
Fair value of pre-existing interest in the acquiree	34,536
Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)	80,473
Less: Fair value of identifiable net assets	(201,183)
Goodwill	<u>\$ 8,494</u>

(g) Property, plant and equipment

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The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2025 and 2024, were as follows:

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Molding equipment	Other equipment	Leasehold improvements	Construction in progress	Total
Cost:									
Balance at January 1, 2025	\$ 123,978	201,896	52,956	485	57,010	141,835	-	-	578,160
Additions	-	7,858	1,367	-	-	7,589	2,236	1,860	20,910
Disposals	-	-	(1,713)	-	-	(3,474)	-	-	(5,187)
Reclassification	-	-	5,430	-	-	101	-	-	5,531
Balance at December 31, 2025	\$ <u>123,978</u>	<u>209,754</u>	<u>58,040</u>	<u>485</u>	<u>57,010</u>	<u>146,051</u>	<u>2,236</u>	<u>1,860</u>	<u>599,414</u>
Balance at January 1, 2024	\$ 123,978	199,800	63,061	485	52,420	142,129	-	-	581,873
Additions	-	2,096	-	-	4,590	4,699	-	-	11,385
Disposals	-	-	(73)	-	-	(4,993)	-	-	(5,066)
Reclassification	-	-	(10,032)	-	-	-	-	-	(10,032)
Balance at December 31, 2024	\$ <u>123,978</u>	<u>201,896</u>	<u>52,956</u>	<u>485</u>	<u>57,010</u>	<u>141,835</u>	<u>-</u>	<u>-</u>	<u>578,160</u>
Accumulated depreciation and impairment loss:									
Balance at January 1, 2025	\$ -	193,608	44,175	485	50,173	132,218	-	-	420,659
Depreciation	-	1,552	2,050	-	3,306	3,459	845	-	11,212
Disposals	-	-	(1,713)	-	-	(3,474)	-	-	(5,187)
Reclassification	-	-	-	-	-	6	-	-	6
Balance at December 31, 2025	\$ <u>-</u>	<u>195,160</u>	<u>44,512</u>	<u>485</u>	<u>53,479</u>	<u>132,209</u>	<u>845</u>	<u>-</u>	<u>426,690</u>
Balance at January 1, 2024	\$ -	189,180	43,387	485	47,906	133,793	-	-	414,751
Depreciation	-	4,428	1,919	-	2,267	3,406	-	-	12,020
Disposals	-	-	(73)	-	-	(4,981)	-	-	(5,054)
Reclassification	-	-	(1,058)	-	-	-	-	-	(1,058)
Balance at December 31, 2024	\$ <u>-</u>	<u>193,608</u>	<u>44,175</u>	<u>485</u>	<u>50,173</u>	<u>132,218</u>	<u>-</u>	<u>-</u>	<u>420,659</u>
Carrying amount:									
Balance at December 31, 2025	\$ <u>123,978</u>	<u>14,594</u>	<u>13,528</u>	<u>-</u>	<u>3,531</u>	<u>13,842</u>	<u>1,391</u>	<u>1,860</u>	<u>172,724</u>
Balance at January 1, 2024	\$ <u>123,978</u>	<u>10,620</u>	<u>19,674</u>	<u>-</u>	<u>4,514</u>	<u>8,336</u>	<u>-</u>	<u>-</u>	<u>167,122</u>
Balance at December 31, 2024	\$ <u>123,978</u>	<u>8,288</u>	<u>8,781</u>	<u>-</u>	<u>6,837</u>	<u>9,617</u>	<u>-</u>	<u>-</u>	<u>157,501</u>

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

(h) Right-of-use assets

The Company leases buildings and structures, machinery and equipment, transportation equipment. Information about leases was presented below:

	Buildings and structures	Machinery and equipment	Transportation equipment	Total
Cost:				
Balance at January 1, 2025	\$ 2,539	4,082	20,765	27,386
Additions	-	-	3,506	3,506
Write-off	-	-	(3,621)	(3,621)
Balance at December 31, 2025	\$ <u>2,539</u>	<u>4,082</u>	<u>20,650</u>	<u>27,271</u>
Balance at January 1, 2024	\$ -	-	12,628	12,628
Additions	2,539	4,082	9,965	16,586
Write-off	-	-	(1,828)	(1,828)
Balance at December 31, 2024	\$ <u>2,539</u>	<u>4,082</u>	<u>20,765</u>	<u>27,386</u>
Accumulated depreciation:				
Balance at January 1, 2025	\$ 106	204	7,954	8,264
Depreciation	1,269	408	6,329	8,006
Write-off	-	-	(3,621)	(3,621)
Reclassification	-	-	197	197
Balance at December 31, 2025	\$ <u>1,375</u>	<u>612</u>	<u>10,859</u>	<u>12,846</u>
Balance at January 1, 2024	\$ -	-	4,353	4,353
Depreciation	106	204	5,429	5,739
Write-off	-	-	(1,828)	(1,828)
Balance at December 31, 2024	\$ <u>106</u>	<u>204</u>	<u>7,954</u>	<u>8,264</u>
Carrying amount:				
Balance at December 31, 2025	\$ <u>1,164</u>	<u>3,470</u>	<u>9,791</u>	<u>14,425</u>
Balance at January 1, 2024	\$ <u>-</u>	<u>-</u>	<u>8,275</u>	<u>8,275</u>
Balance at December 31, 2024	\$ <u>2,433</u>	<u>3,878</u>	<u>12,811</u>	<u>19,122</u>

(i) Intangible assets

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The cost, amortization and impairment of the intangible assets of the Company for the years ended December 31, 2025 and 2024, were as follows:

	Software	Technology licenses	Trademarks	Others	Total
Cost:					
Balance at January 1, 2025	\$ 8,250	3,867	231	500	12,848
Additions	2,950	720	-	-	3,670
Disposals	(2,001)	(765)	-	(500)	(3,266)
Balance at December 31, 2025	<u>\$ 9,199</u>	<u>3,822</u>	<u>231</u>	<u>-</u>	<u>13,252</u>
Balance at January 1, 2024	\$ 6,963	2,946	231	1,132	11,272
Additions	1,971	1,102	-	-	3,073
Disposals	(684)	(181)	-	(632)	(1,497)
Balance at December 31, 2024	<u>\$ 8,250</u>	<u>3,867</u>	<u>231</u>	<u>500</u>	<u>12,848</u>
Accumulated amortization and impairment loss:					
Balance at January 1, 2025	\$ 4,728	1,744	75	417	6,964
Amortization	2,152	781	24	83	3,040
Disposals	(2,001)	(765)	-	(500)	(3,266)
Balance at December 31, 2025	<u>\$ 4,879</u>	<u>1,760</u>	<u>99</u>	<u>-</u>	<u>6,738</u>
Balance at January 1, 2024	\$ 3,446	1,251	52	942	5,691
Amortization	1,966	674	23	107	2,770
Disposals	(684)	(181)	-	(632)	(1,497)
Balance at December 31, 2024	<u>\$ 4,728</u>	<u>1,744</u>	<u>75</u>	<u>417</u>	<u>6,964</u>
Carrying amount:					
Balance at December 31, 2025	<u>\$ 4,320</u>	<u>2,062</u>	<u>132</u>	<u>-</u>	<u>6,514</u>
Balance at January 1, 2024	<u>\$ 3,517</u>	<u>1,695</u>	<u>179</u>	<u>190</u>	<u>5,581</u>
Balance at December 31, 2024	<u>\$ 3,522</u>	<u>2,123</u>	<u>156</u>	<u>83</u>	<u>5,884</u>

(i) The amortization of intangible assets was included in the statement of comprehensive income:

	<u>2025</u>	<u>2024</u>
Operating cost	\$ 83	171
Operating expense	2,957	2,599
	<u>\$ 3,040</u>	<u>2,770</u>

(ii) Collateral

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

(j) Other current assets

The other current assets of the Company were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other current assets:		
Prepayments	\$ 42,835	18,033
Others	444	45
	<u>\$ 43,279</u>	<u>18,078</u>

(k) Short-term borrowings

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured bank loans	\$ 979,000	729,000
Unused short-term credit lines	\$ 450,000	480,000
Range of interest rates	<u>1.118%~1.97%</u>	<u>1.117%~2.075%</u>

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

(l) Lease liabilities

The lease liabilities of the Company were summarized as follows:

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	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Current	\$ <u>7,525</u>	<u>8,022</u>
Non-current	\$ <u>4,172</u>	<u>8,981</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	\$ <u>269</u>	<u>245</u>
Expenses relating to short-term leases	\$ <u>437</u>	<u>467</u>

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

	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	\$ <u>9,518</u>	<u>8,357</u>

(i) Building leases

The Company leases buildings and structures for the use of factory with lease terms of 2 years.

(ii) Other leases

The Company leases machinery and transportation equipment with lease terms of 2 to 10 years.

(m) Other payables

The other payables of the Company were summarized as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Salary and bonus payable	\$ 16,798	32,027
Pensions payable	2,631	2,130
Employee and director compensation payable	8,507	21,830
Others	11,160	7,005
	\$ <u>39,096</u>	<u>62,992</u>

(n) Long-term borrowings

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

	<u>December 31, 2025</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity</u> <u>year</u>	<u>Amount</u>
Unsecured bank loans	NTD	2.017%~2.22%	2027~2028	\$ 498,677
Secured bank loans-syndicated loan	NTD	2.398%	2028	<u>400,000</u>
Subtotal				898,677
Less: current portion				(438,715)
Total				\$ <u>459,962</u>
Unused long-term credit lines				\$ <u>890,000</u>
	<u>December 31, 2024</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity</u> <u>year</u>	<u>Amount</u>
Unsecured bank loans	NTD	2.036%~2.22%	2025~2028	\$ 522,201
Secured bank loans-syndicated loan	NTD	2.396%	2028	<u>468,000</u>
Subtotal				990,201
Less: current portion				(423,524)
Total				\$ <u>566,677</u>
Unused long-term credit lines				\$ <u>822,000</u>

(i) Syndicated loan

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The Company entered into USD \$38,100 thousand and NTD \$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 Company has re-signed the syndicated loan agreement with Taishin International Bank in July 2023. The loan amount was NTD \$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 December 31, 2024, the Company was in compliance with the above borrowing covenants.

The Company breached certain covenants of its syndicated loan agreement in 2025, and the breach was related to the Group's interest coverage ratio. As of December 31, 2025, the carrying amount of the related borrowings was \$400,000 thousand. Upon identifying the breach, the Company's management applied to the lead bank for a waiver of the syndicated loan covenant in January 2026. The Management obtained a waiver from a majority of the lending banks on February 25, 2026.

(ii) Collateral for long-term borrowings

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

(o) Provisions

	<u>Warranties</u>	<u>Employee benefits</u>
Balance at January 1, 2025	\$ 9,151	4,679
Provisions made during the year	6,788	-
Provisions used during the year	(9,652)	-
Provisions reversed during the year	-	(159)
Balance at December 31, 2025	<u>\$ 6,287</u>	<u>4,520</u>
Balance at January 1, 2024	\$ 8,143	4,668
Provisions made during the year	11,988	11
Provisions used during the year	(10,980)	-
Balance at December 31, 2024	<u>\$ 9,151</u>	<u>4,679</u>

- (i) The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The provision is based on estimates made from estimates made from historical warranty trends and may vary because of new materials, altered manufacturing processes or other events affecting product quality.
- (ii) The provision for employee benefits represents vested long-term service compensation made by employees.

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(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	\$ 17,465	19,992
Fair value of plan assets	(49,888)	(47,567)
Net defined benefit assets	\$ (32,423)	(27,575)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$49,268 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	2025	2024
Defined benefit obligations at January 1	\$ 19,992	20,792
Current service costs and interest	340	270
Remeasurements loss (gain):		
– Actuarial loss (gain) arising from changes in experience adjustments	(821)	(158)
– Actuarial loss (gain) arising from changes in financial assumptions	549	(912)
Benefits paid	(2,595)	-
Defined benefit obligations at December 31	\$ 17,465	19,992

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

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	<u>2025</u>	<u>2024</u>
Fair value of plan assets at January 1	\$ 47,567	42,253
Interest income	817	556
Remeasurements loss (gain):		
— Return on plan assets excluding interest income	3,188	3,794
Contributions paid by the employer	911	964
Benefits paid	(2,595)	-
Fair value of plan assets at December 31	<u>\$ 49,888</u>	<u>47,567</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Net interest of net defined benefit assets	<u>\$ (477)</u>	<u>(286)</u>
Operating costs	\$ (270)	(160)
Selling expenses	(116)	(71)
Administration expenses	(91)	(55)
	<u>\$ (477)</u>	<u>(286)</u>

5) Remeasurement in net defined benefit assets recognized in other comprehensive income

The remeasurement in net defined benefit assets recognized in other comprehensive income for the Company were as follows:

	<u>2025</u>	<u>2024</u>
Accumulated amount at January 1	\$ (7,818)	(12,682)
Recognized during the period	3,460	4,864
Accumulated amount at December 31	<u>\$ (4,358)</u>	<u>(7,818)</u>

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Discount rate	1.4%	1.7%
Future salary increase rate	2.5%	2.5%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2025 is \$905 thousand.

The weighted-average lifetime of the defined benefits plans for the years ended December 31, 2025 and 2024 are 10.6 years and 11.5 years, respectively.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

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	Impact on the defined benefit obligations	
	Increased 0.25%	Decreased 0.25%
December 31, 2025:		
Discount rate	\$ (459)	476
Future salary increasing rate	426	(414)
December 31, 2024:		
Discount rate	(543)	573
Future salary increasing rate	508	(492)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$8,294 thousand and \$6,969 thousand for the years ended December 31, 2025 and 2024, respectively.

(q) Income taxes

(i) The components of income tax were as follows:

	2025	2024
Current tax expense		
Current period	\$ 7,152	42,522
Adjustment for prior periods	657	(1)
	7,809	42,521
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(44,112)	10,626
Income tax expense (benefit)	\$ (36,303)	53,147

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

	2025	2024
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	\$ (692)	(973)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	\$ (1,844)	(18,509)

(iii) Reconciliation of income tax and profit (loss) before tax were as follows:

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	<u>2025</u>	<u>2024</u>
Profit (loss) before income tax	\$ (183,112)	265,739
Income tax using the Company's domestic tax rate	\$ (36,622)	53,148
Non-deductible expenses	(2,037)	-
Adjustments of current income tax for prior periods	657	(1)
Change in unrecognized temporary differences	1,699	-
Income tax expense (benefit)	<u>\$ (36,303)</u>	<u>53,147</u>

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Aggregated amount of temporary differences related to investments in subsidiaries	<u>\$ 216,463</u>	<u>207,969</u>
Unrecognized deferred tax assets	<u>\$ 43,293</u>	<u>41,594</u>

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax assets:

	<u>Defined benefit plans</u>	<u>Inventory write-down</u>	<u>Unrealized gross profit</u>	<u>Expected credit loss</u>	<u>Loss on foreign investment accounted for using the equity method</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2025	\$ 3,960	7,119	14,895	2,871	39,598	2,398	70,841
Recognized in profit or loss	(32)	(430)	(1,205)	44,172	1,984	(536)	43,953
Recognized in other comprehensive income	(692)	-	-	-	-	-	(692)
Balance at December 31, 2025	<u>\$ 3,236</u>	<u>6,689</u>	<u>13,690</u>	<u>47,043</u>	<u>41,582</u>	<u>1,862</u>	<u>114,102</u>
Balance at January 1, 2024	\$ 4,930	7,502	9,927	-	48,909	7,924	79,192
Recognized in profit or loss	3	(383)	4,968	2,871	(9,311)	(5,526)	(7,378)
Recognized in other comprehensive income	(973)	-	-	-	-	-	(973)
Balance at December 31, 2024	<u>\$ 3,960</u>	<u>7,119</u>	<u>14,895</u>	<u>2,871</u>	<u>39,598</u>	<u>2,398</u>	<u>70,841</u>

Deferred tax liabilities:

	<u>Exchange differences on translation of foreign financial statements</u>	<u>Unrealized exchange gains</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2025	\$ 22,281	2,998	1,205	26,484
Recognized in profit or loss	-	(437)	278	(159)
Recognized in other comprehensive income	1,844	-	-	1,844
Balance at December 31, 2025	<u>\$ 24,125</u>	<u>2,561</u>	<u>1,483</u>	<u>28,169</u>
Balance at January 1, 2024	\$ 3,772	-	955	4,727
Recognized in profit or loss	-	2,998	250	3,248
Recognized in other comprehensive income	18,509	-	-	18,509
Balance at December 31, 2024	<u>\$ 22,281</u>	<u>2,998</u>	<u>1,205</u>	<u>26,484</u>

(v) Assessment of tax

The Company's income tax returns for the years through 2023 has been assessed by the tax authorities.

(r) Capital and other equity

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(i) Common Stock

As of December 31, 2025 and 2024, the Company's government registered total authorized capital both amounted to \$800,000 thousand divided into 80,000 thousand shares of stock with \$10 per share. The outstanding shares of common stock were both \$549,500 thousand with \$10 per share.

(ii) Capital surplus

The balances of capital surplus were as follows:

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Premium from issuance of common stock (with cash inflow)	\$ 791,886	791,886
Exercise of disgorgement-donated assets (with cash inflow)	300	-
Treasury share transactions	3,139	3,139
<u>May be used to offset a deficit only</u>		
Premium from issuance of common stock (without cash inflow)	18,696	18,696
Expired stock options	6,642	6,642
Changes in equity of associates accounted for using equity method	21,583	-
	<u>\$ 842,246</u>	<u>820,363</u>

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

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

(iii) 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.

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

1) Legal reserve

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

2) Special reserve

As the Company opted for the exemptions allowed under 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

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

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

There was no earnings distribution for 2025 based on the resolution made during the board meeting on March 10, 2026.

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

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		Exchange differences on translation of foreign financial statements
Balance at January 1, 2025	\$	89,122
Exchange differences on foreign operations		9,223
Income tax		(1,844)
Balance at December 31, 2025	\$	96,501
Balance at January 1, 2024	\$	15,086
Exchange differences on foreign operations		92,545
Income tax		(18,509)
Balance at December 31, 2024	\$	89,122

(s) Earnings per share

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

(i) Basic earnings per share

	<u>2025</u>	<u>2024</u>
Net profit (loss) attributable to ordinary shareholders of the Company (basic)	\$ (146,809)	212,592
Weighted average number of ordinary shares outstanding (in thousands of shares)	54,950	54,950
Basic earnings per share (expressed in NT dollars)	\$ (2.67)	3.87

(ii) Diluted earnings per share

	<u>2025</u>	<u>2024</u>
Net profit (loss) attributable to ordinary shareholders of the Company (diluted)	\$ (146,809)	212,592
Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)	54,950	54,950
Effect of dilutive potential ordinary shares		
Effect on employees' compensation	-	169
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	54,950	55,119
Diluted earnings per share (expressed in NT dollars)	\$ (2.67)	3.86

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	<u>2025</u>	<u>2024</u>
<u>Primary geographical markets</u>		
Europe	\$ 587,711	545,908
Asia	504,617	964,923
America	149,422	129,328
Others	5,052	13,201
	\$ 1,246,802	1,653,360
<u>Major products/services</u>		
Sales of goods	1,233,494	1,642,596
Rendering of services	13,308	10,764
	\$ 1,246,802	1,653,360

(ii) Contract balances

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Contract liabilities	\$ 70,536	17,791	106,558

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For details on trade and notes receivables and allowance for impairment, please refer to note 6(c). The amounts of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$14,670 thousand and \$92,117 thousand, respectively. The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(u) Employee compensation and directors' remuneration

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

As the Company incurred a net loss before tax in 2025, no employees' compensation or directors' remuneration was accrued. For the years ended December 31, 2024, the Company estimated its employee compensation amounting to \$15,880 thousand and directors' remuneration amounting to \$5,950 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 2024. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2024. Related information would be available at the Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 2,189	3,393
Other interest income	6,869	2,359
	<u>\$ 9,058</u>	<u>5,752</u>

(ii) Other income

The details of other income were as follows:

	<u>2025</u>	<u>2024</u>
Rent income	\$ 3,940	3,820
Management services	14,372	18,839
Benefit for writing off overdue amounts	1,694	-
Others	1,483	869
	<u>\$ 21,489</u>	<u>23,528</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

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	<u>2025</u>	<u>2024</u>
Gains on disposals of property, plant and equipment	\$ 209	326
Foreign exchange gains (losses)	(12,416)	30,804
Losses on financial assets and liabilities at fair value through profit or loss	(1,536)	-
Gain on disposal of investments (note 6(f))	10,491	-
Impairment loss on subsidiaries recognized under the equity method (note 6(e))	(8,494)	-
Others	(4)	-
	<u>\$ (11,750)</u>	<u>31,130</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2025</u>	<u>2024</u>
Interest expenses- bank loans	\$ 35,421	31,505
Interest expenses- lease liabilities	269	245
Interest expenses- others	-	11
	<u>\$ 35,690</u>	<u>31,761</u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of December 31, 2025 and 2024, the Company's major customers consisted of five customers which accounted for 71% and 79%, 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. For movements in the loss allowance related to other receivables as of December 31, 2025 and 2024, please refer to note 7.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
<u>December 31, 2025</u>				
Non derivative financial liabilities				
Short-term borrowings	\$ 979,000	981,749	981,749	-
Trade and other payables (including from related parties)	156,282	156,282	156,282	-
Long-term borrowings (current portion included)	898,677	907,674	458,073	449,601
Lease liabilities (current and non-current)	11,697	11,919	7,676	4,243
	<u>\$ 2,045,656</u>	<u>2,057,624</u>	<u>1,603,780</u>	<u>453,844</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Over 1 year</u>
December 31, 2024				
Non derivative financial liabilities				
Short-term borrowings	\$ 729,000	731,556	731,556	-
Trade and other payables (including from related parties)	241,341	241,341	241,341	-
Long-term borrowings (current portion included)	990,201	1,043,362	443,119	600,243
Lease liabilities (current and non- current)	17,003	17,425	8,277	9,148
	\$ 1,977,545	2,033,684	1,424,293	609,391

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

(in thousands)

	<u>December 31, 2025</u>			<u>December 31, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
Financial assets						
<u>Monetary items</u>						
USD	\$ 7,478	31.43	235,032	14,455	32.785	473,906
EUR	2,989	36.9	110,310	4,981	34.14	170,065
CNY	35,886	4.496	161,345	6,016	4.478	26,938
Financial liabilities						
<u>Monetary items</u>						
USD	386	31.43	12,131	602	32.785	19,741
EUR	105	36.9	3,870	316	34.14	10,781
GBP	6	42.33	234	388	41.19	15,987

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables; and trade and other payables that are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the EUR, USD, CNY and GBP as of December 31, 2025 and 2024, would have increased (decreased) the net profit (loss) after tax by \$(3,924) thousand and \$4,995 thousand, respectively. The analysis assumes that all other variables remain constant and is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(12,416) thousand and \$30,804 thousand, respectively.

(iv) Interest rate analysis

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

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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 Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the Company's net income (loss) would have increased or decreased by \$(4,694) thousand and \$4,298 thousand for the years ended December 31, 2025 and 2024, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) 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 Company'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:

December 31, 2025

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 321,704	-	-	-	-
Notes and trade receivable (including from related parties)	403,940	-	-	-	-
Other receivables (including from related parties)	58,949	-	-	-	-
Refundable deposits	5,448	-	-	-	-
Subtotal	\$ 790,041	-	-	-	-
Financial liabilities at FVTPL					
Held-for-trading financial liabilities	1,536	-	1,536	-	1,536
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 979,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)	156,282	-	-	-	-
Long-term borrowings (current portion included)	898,677	-	-	-	-
Lease liabilities (current and non-current)	11,697	-	-	-	-
Subtotal	\$ 2,045,656	-	-	-	-

December 31, 2024

	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 339,069	-	-	-	-
Notes and trade receivable (including from related parties)	628,331	-	-	-	-
Other receivables (including from related parties)	127,219	-	-	-	-
Refundable deposits	5,319	-	-	-	-
Subtotal	\$ 1,099,938	-	-	-	-

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December 31, 2024

	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial liabilities measured at amortized cost					
Short-term borrowings	\$ 729,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)	241,341	-	-	-	-
Long-term borrowings (current portion included)	990,201	-	-	-	-
Lease liabilities (current and non-current)	17,003	-	-	-	-
Subtotal	<u>\$ 1,977,545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

2.1) Financial assets measured at amortized cost

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

2.2) Financial assets and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

Measurement of the fair value of derivative 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 years ended December 31, 2025 and 2024.

(x) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent company only financial statements.

(ii) Structure of risk management

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The Company's hedging strategy for engaging in derivatives trading is mainly based on the Company's stable and safe operations. All derivative transactions entered into by the Company are designated as either hedging or trading. Derivative transactions entered into for hedging purposes must hedge risk against fluctuations in foreign exchange rates and interest rates arising from operating activities. The currencies and the amount of derivative instruments held by the Company must match its hedged assets and liabilities denominated in foreign currencies.

The Company's finance department monitors risks to mitigate risk exposures, reports unsettled position, transaction balances and related gains or losses to the management on a monthly basis.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

1) Trade and other receivables

The Company established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Company will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Company will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Company continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the relevant units within the Company.

The Company did not have any collateral or other credit enhancements to avoid credit risk of financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2025 and 2024, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2025 and 2024, the Company's unused credit line were amounted to \$450,000 thousand and \$480,000 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial

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instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

1) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily NTD. The currencies used in these transactions are NTD, EUR, USD, GBP, and CNY.

2) Interest rate risk

The Company manages interest rate risk by maintaining an appropriate combination of fixed and floating interest rates and by using interest rate swap contracts. The Company regularly evaluates hedging activities to align them with interest rate views and established risk appetite to ensure that the most cost-effective hedging strategies are employed.

(y) Capital management

The Company's objectives for managing capital are to ensure the ability to sustain operations, deliver returns to shareholders, keep the interest of other related parties, and maintain an optimal capital structure to minimize the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratios at the end of the reporting periods were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 2,169,264	2,070,440
Less: cash and cash equivalents	(321,704)	(339,069)
Net debt	1,847,560	1,731,371
Total equity	1,401,847	1,681,476
Total capital	\$ 3,249,407	3,412,847
Debt-to-equity ratio	57%	51%

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

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2025 and 2024, were as follows:

- (i) For right-of-use assets under leases, please refer to note 6(h) and (l).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

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	January 1, 2025	Cash flows	Non-cash changes Increase (decrease) for the period	December 31, 2025
Short-term borrowings	\$ 729,000	250,000	-	979,000
Lease liabilities (current and non-current)	17,003	(8,812)	3,506	11,697
Long-term borrowings (current portion included)	990,201	(91,524)	-	898,677
Total liabilities from financing activities	\$ 1,736,204	149,664	3,506	1,889,374

	January 1, 2024	Cash flows	Non-cash changes Increase (decrease) for the period	December 31, 2024
Short-term borrowings	\$ 552,000	177,000	-	729,000
Lease liabilities (current and non-current)	8,062	(7,645)	16,586	17,003
Long-term borrowings (current portion included)	953,294	36,907	-	990,201
Total liabilities from financing activities	\$ 1,513,356	206,262	16,586	1,736,204

7. Related-party transactions

(a) Names and relationship with the Company

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Quaser Europe Technical Center AG (Quaser Europe)	Subsidiary
Quaser America Machine Tools, Inc. (Quaser America)	Subsidiary
Kunshan Quaser Machine Tools, Inc. (Kunshan Quaser)	Subsidiary
Quaser Europe Technical Center GmbH (Quaser Europe GmbH)	Subsidiary
Winbro Group UK Limited (Winbro UK)	Subsidiary
Winbro Group Technologies Limited (Winbro Ltd)	Sub-subsidiary
Winbro Group Technologies LLC (Winbro LLC)	Sub-subsidiary
Zhongshan Xuguang Machinery Technology Co., Ltd. (Zhongshan Xuguang)	Subsidiary (Note)
Lerinc Werkzeugmaschinen & Automation GmbH (LWA)	Associate (from May 2024)
MWA Magdeburger Werkzeugmaschinen & Automation GmbH (MWA)	Associate (from May 2024)

Note: Zhongshan Xuguang was originally an associate of the Company. On October 28, 2025, the Company obtained control over Zhongshan Xuguang, and Zhongshan Xuguang has been consolidated since that date and was no longer accounted for as an associate.

(b) Significant transactions with related parties

(i) Sales of goods to related parties

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

		Sale	
		2025	2024
Subsidiary – Quaser Europe GmbH	\$	80,413	16,936
Subsidiary – Kunshan Quaser		316,086	490,111
Sub-subsidiary – Winbro LLC		148,595	128,535
Sub-subsidiary – Winbro Ltd		16,437	59,844
Subsidiary – Zhongshan Xuguang		2,538	-
Associate – LWA		53,035	87,426
Associate – Zhongshan Xuguang		14,063	2,722
	\$	631,167	785,574

The sales price of the Company to its related parties is not materially different from those of non-related parties.

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(ii) Purchases from related parties

The amounts of significant purchases and payables by the Company from related parties were as follows:

	<u>Purchases</u>		<u>Payables to related parties</u>	
	<u>2025</u>	<u>2024</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary	\$ 142	179	861	662
Sub-subsidiary — Winbro Ltd	13,584	116,360	5,338	26,681
Sub-subsidiary — Winbro LLC	15,469	-	-	-
Associate	-	-	29	27
	\$ 29,195	116,539	6,228	27,370

The purchases price of the Company to its related parties is not comparable to other purchases due to the differences in the purchases of the goods. During 2025 and 2024, the payment terms for purchases to related parties were T/T and month-end 30 days, which were not materially different from those of the third parties.

(iii) Receivables from related parties

The amounts of receivables from related parties were as follows:

<u>Account</u>	<u>Type/Name of related party</u>		<u>December 31, 2025</u>	<u>December 31, 2024</u>
	Subsidiary:			
Trade receivable	Quaser Europe Gmbh	\$	55,555	1,252
Trade receivable	Kunshan Quaser		103,697	70,329
Trade receivable	Zhongshan Xuguang		3,738	-
	Sub-subsidiary:			
Trade receivable	Winbro Ltd		8,880	18,432
Trade receivable	Winbro LLC		49,551	117,013
	Associate:			
Trade receivable	LWA		847	101,240
Trade receivable	Zhongshan Xuguang		-	1,490
		\$	<u>222,268</u>	<u>309,756</u>
Less: Loss allowance	LWA		(847)	(2,123)
		\$	<u>221,421</u>	<u>307,633</u>
	Subsidiary:			
Other receivable	Zhongshan Xuguang	\$	1,962	-
Other receivable	Quaser America		438	-
	Sub-subsidiary:			
Other receivable	Winbro Ltd		7,674	-
Other receivable	Winbro LLC		2,299	-
		\$	<u>12,373</u>	<u>-</u>

During 2025 and 2024, the collection terms for sales to subsidiaries and sub-subsidiaries were both T/T 180 days. The collection terms for sales to subsidiary Zhongshan Xuguang and associate LWA were T/T 90 days and T/T 180 days, respectively. Trade receivables due from related parties were not pledged as collateral. The movements of the loss allowance for trade receivable due from related parties were as follows:

		<u>2025</u>	<u>2024</u>
Balance at beginning of period	\$	2,123	-
Impairment losses recognized		847	2,123
Reclassification		(2,123)	-
Balance at end of period	\$	<u>847</u>	<u>2,123</u>

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(iv) Provides technical and management services to related parties

The Company's income from providing technical and management services to related parties were as follows:

	<u>2025</u>	<u>2024</u>
Subsidiary – Kunshan Quaser	\$ 8,446	7,024
Sub-subsidiary – Winbro Ltd	14,372	18,839
Sub-subsidiary – Winbro LLC	754	812
Associate	-	197
	<u>\$ 23,572</u>	<u>26,872</u>

(v) Other receivables from related parties

The Company's trade receivable arising from sales to related parties were transferred to other receivables because the aging exceeds the credit period for a certain period. The details were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Sub-subsidiary – Winbro Ltd	\$ -	19,833
Sub-subsidiary – Winbro LLC	43,316	14,378
	<u>\$ 43,316</u>	<u>34,211</u>

(vi) Other payables to related parties

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Subsidiary – Quaser Europe GmbH	\$ 1,969	1,593
Sub-subsidiary – Winbro LLC	-	2,913
Sub-subsidiary – Winbro Ltd	288	4,458
Associate	49	-
	<u>\$ 2,306</u>	<u>8,964</u>

(vii) Property transaction

Disposal of property, plant and equipment

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

	<u>2024</u>	
<u>Type/Name of related party</u>	<u>Disposal price</u>	<u>Disposal gain (loss)</u>
Associate:		
Zhongshan Xuguang	<u>512</u>	<u>512</u>

The Company sold other equipment to associate Zhongshan Xuguang in March 2024 for \$512 thousand which was paid as of December 31, 2024. For further property, plant and equipment information, please refer to note 6(g).

(viii) Loans to related parties

The loans to related parties were as follows:

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<u>Account</u>	<u>Type/Name of related party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Financing:	Associate:		
Other receivables	LWA	\$ 172,842	85,350
Other receivables	MWA	<u>35,000</u>	<u>-</u>
		207,842	85,350
Less: Loss allowance	LWA	(172,842)	-
	MWA	<u>(35,000)</u>	<u>-</u>
		<u>\$ -</u>	<u>85,350</u>
Interest income:	Associate:		
Other receivables	LWA	\$ 2,482	2,315
Other receivables	MWA	<u>348</u>	<u>-</u>
		2,830	2,315
Less: Loss allowance	LWA	(2,482)	-
	MWA	<u>(348)</u>	<u>-</u>
		<u>\$ -</u>	<u>2,315</u>

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

	<u>2025</u>	<u>2024</u>
Balance at beginning of period	\$ -	-
Impairment losses recognized	208,549	-
Reclassification	<u>2,123</u>	<u>-</u>
Balance at end of period	<u>\$ 210,672</u>	<u>-</u>

The interest charged by the Company to related parties was based on the average interest rate charged by financial institutions on the Company's borrowings. The loans to related parties were unsecured.

As of December 31, 2025, as LWA and MWA filed for bankruptcy, the Company fully recognized impairment losses on the related other receivables and trade receivable.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 9,510	21,119
Post-employment benefits	<u>1,052</u>	<u>313</u>
	<u>\$ 10,562</u>	<u>21,432</u>

8. Pledged Assets

The carrying values of pledged assets were as follows:

<u>Pledged Assets</u>	<u>Subject of pledge guarantee</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Land	Collateral for bank borrowings and credit lines	\$ 123,978	123,978
Buildings and structures	Collateral for bank borrowings and credit lines	14,594	8,288
		<u>\$ 138,572</u>	<u>132,266</u>

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9. Significant commitments and contingencies

(a) Unrecognized contractual commitments

The Company's unrecognized contractual commitments were as follows:

	December 31, 2025	December 31, 2024
Acquisition of property, plant and equipment	\$ 3,586	2,941

(b) Contingencies

The Company's equity-method investee, the MWA Group, filed for insolvency with a German court at the end of 2025, and the statutory insolvency proceedings are expected to commence in March 2026. Under the relevant provisions of German insolvency law, the insolvency administrator may challenge and seek repayment of loans to shareholders or related parties that were settled within one year prior to the insolvency filing. The Company has assessed that the maximum potential exposure arising from the above matter is USD \$2,500 thousand. As the insolvency proceedings are still at a preliminary stage of consultation and communication, the likelihood of the insolvency administrator exercising the right of avoidance cannot be determined as of the reporting date. In addition, due to differences in legal systems among jurisdictions and the complexities of cross-border enforcement, there is significant uncertainty regarding the enforceability of such claims. Accordingly, no liability has been recognized for this contingent legal matter.

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 item \ By function	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	\$ 52,956	75,946	128,902	61,837	106,977	168,814
Labor and health insurance	5,973	7,997	13,970	5,929	8,005	13,934
Pension	2,813	5,004	7,817	2,888	3,795	6,683
Directors' remuneration	-	4,170	4,170	-	7,492	7,492
Others	3,161	2,565	5,726	2,638	3,291	5,929
Depreciation	10,302	8,916	19,218	6,445	11,314	17,759
Amortization	83	2,957	3,040	171	2,599	2,770

Additional information on the numbers of employees and the employee benefits of the Company in 2025 and 2024 was as follows:

	2025	2024
The numbers of employees	179	180
The numbers of directors excluding the employees	9	9
The average of employees' benefits	\$ 920	1,142
The average of salary	\$ 758	987
The average of salary adjustment	(23.20)%	12.16%

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The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

- (i) Directors' remuneration is paid in accordance with the resolution of the board of directors, including travel expenses for each board meeting. Independent directors receive fixed remuneration every month, and no other related variable remuneration is paid. The directors allocate director remuneration in accordance with the Company's articles of incorporation, and the Salary and Compensation Committee considers the overall board performance, the operating performance, development trends of the industry, risk appetite, and formulates a distribution proposal, which is approved by the board of directors and submitted to the shareholders' meeting. Directors' remuneration is distributed separately based on the individual director's participation in the company operations and the value of their contribution.
- (ii) The Salary and Compensation Committee may measure the appropriate amount of a managers' salary based on their overall participation in the operations and contribution to the Company, based on peer salary levels. In addition, based on the Company's seniority and position value, the annual salary increase shall not exceed 10%.
- (iii) The remuneration of employee mainly includes salary, bonus and employee remuneration. As for the standard of remuneration payment, the basic salary is based on the market competition situation and company policies of the work position held by the employees; bonuses and employee remuneration are based on personal abilities and performance and contribution to the company operations, as well as the positions and responsibilities held. Responsibilities are determined with reference to market peer standards.

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13. Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties (Note 4)	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 2)
													Item	Value		
0	The Company	Winbro LLC	Other receivables	Yes	63,618	33,422	33,422		1	129,347	-	-	-	-	140,185	560,739
0	The Company	Winbro Ltd	Other receivables	Yes	33,529	-	-		1	59,845	-	-	-	-	140,185	560,739
0	The Company	LWA	Other receivables	Yes	66,868	59,354	59,354		1	87,623	-	59,354	-	-	140,185	560,739
0	The Company	LWA	Other receivables	Yes	91,000	-	-	4.5%	2	-	Operational development	-	-	-	140,185	560,739
0	The Company	LWA	Other receivables	Yes	88,000	88,000	88,000	5.26%	2	-	Operational development	88,000	-	-	140,185	560,739
0	The Company	Quaser Europe Gmbh	Other receivables	Yes	1,259	-	-		1	16,936	-	-	-	-	140,185	560,739
0	The Company	MWA	Other receivables	Yes	35,000	35,000	35,000	5.26%	2	-	Operational development	35,000	-	-	140,185	560,739
0	The Company	Kunshan Quaser	Other receivables	Yes	10,922	-	-		1	497,135	-	-	-	-	140,185	560,739
0	The Company	Zhongshan Xuguang	Other receivables	Yes	12,189	12,189	12,189		1	2,722	-	-	-	-	140,185	560,739
1	Quaser Europe	Quaser Europe Gmbh	Other receivables	Yes	46,812	46,812	46,812		1	-	-	-	-	-	192,564	192,564

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Notes to the Parent Company Only Financial Statements

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		
2	Winbro Ltd	Winbro LLC	Other receivables	Yes	111,967	96,990	96,990		1	160,959	-	-	-	-	2,303,808	2,303,808
2	Winbro Ltd	The Company	Other receivables	Yes	44,752	-	-		1	116,360	-	-	-	-	2,303,808	2,303,808
3	Winbro LLC	The Company	Other receivables	Yes	15,302	-	-		1	-	-	-	-	-	2,203,448	2,203,448
4	Quaser America	Winbro LLC	Other receivables	Yes	67,478	52,132	52,132		1	-	-	-	-	-	416,232	416,232
5	Quaser Europe Gmbh	MWA	Other receivables	Yes	7,011	7,011	7,011	5.26%	2	-	Operational development	7,011	-	-	13,153	52,611
5	Quaser Europe Gmbh	LWA	Other receivables	Yes	9,594	9,594	9,594	5.26%	2	-	Operational development	9,594	-	-	13,153	52,611

Note 1: Individual financing amount must be less than 10%, 400%, 400%, 400%, 400% and 10% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's, Quaser America's and Quaser Europe Gmbh's latest net asset value (the Company's net asset value as of December 31, 2025 was \$1,401,847 thousand \times 10% = \$140,185 thousand; Quaser Europe's net asset value as of December 31, 2025 was \$48,141 thousand \times 400% = \$192,564 thousand; Winbro Ltd's net asset value as of December 31, 2025 was \$575,952 thousand \times 400% = \$2,303,808 thousand; Winbro LLC's net asset value as of December 31, 2025 was \$550,862 thousand \times 400% = \$2,203,448 thousand; Quaser America's net asset value as of December 31, 2025 was \$104,058 thousand \times 400% = \$416,232 thousand; Quaser Europe Gmbh's net asset value as of December 31, 2025 was \$131,527 thousand \times 10% = \$13,153 thousand).

Note 2: The maximum amount must be less than 40%, 400%, 400%, 400%, 400% and 40% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's, Quaser America's and Quaser Europe Gmbh's latest net asset value (the Company's net asset value as of December 31, 2025 was \$1,401,847 thousand \times 40% = \$560,739 thousand; Quaser Europe's net asset value as of December 31, 2025 was \$48,141 thousand \times 400% = \$192,564 thousand; Winbro Ltd's net asset value as of December 31, 2025 was \$575,952 thousand \times 400% = \$2,303,808 thousand; Winbro LLC's net asset value as of December 31, 2025 was \$550,862 thousand \times 400% = \$2,203,448 thousand; Quaser America's net asset value as of December 31, 2025 was \$104,058 thousand \times 400% = \$416,232 thousand; Quaser Europe Gmbh's net asset value as of December 31, 2025 was \$131,527 thousand \times 40% = \$52,611 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.

QUASER MACHINE TOOLS, INC.
Notes to the Parent Company Only Financial Statements

Note 5: The loans to LWA has exceeded the permitted limit. LWA has currently filed for bankruptcy with the court, and the procedures to be followed by the company will be subject to the court's final ruling. As of December 31, 2025, the Group has fully recognized impairment losses on all trade receivable and other receivables due from its associates, MWA and LWA. The Group has also engaged legal counsel to protect its creditor rights in order to safeguard the interests of the consolidated group.

(ii) Guarantees and endorsements for other parties: None.

(iii) Material securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures): None.

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

(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/ Trade 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/ Trade payables)	
The Company	Kunshan Quaser	Subsidiary company	Sale	324,533	11%	T/T 180 days	-	-	103,697	16%	
The Company	Winbro LLC	Sub-subsubsidiary company	Sale	149,349	5%	T/T 180 days	-	-	49,551	8%	
Winbro Ltd	Winbro LLC	Sub-subsubsidiary company	Sale	196,722	7%	T/T 120 days	-	-	248,976	39%	

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

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Relationship	Balance of receivable from related party	Turnover rate (Note)	Overdue		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
The Company	Kunshan Quaser	Subsidiary company	103,697	3.73	-	-	-	-
Winbro Ltd	Winbro LLC	Sub-subsubsidiary company	248,976	1.66	96,990	Accounting for other receivables.	-	-

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

(b) Information on investees:

The following is the information on investees for the year 2025 (excluding information on investees in mainland China):

QUASER MACHINE TOOLS, INC.
Notes to the Parent Company Only Financial Statements

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Amount held at the end of the period			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 1)	Note
				End of the period	End of the previous year	Shares	Percentage of ownership	Carrying value			
The Company	Quaser Europe	Switzerland	Buys and sells machines	3,076	3,076	1,000	100%	48,141	103	103	Subsidiary
The Company	Quaser America	America	Buys and sells machines	189,455	189,455	6,000,000	100%	104,057	(651)	(651)	Subsidiary
The Company	Winbro UK	United Kingdom	Overseas reinvested holding company	1,804,141	1,804,141	27,054,625	100%	1,497,847	111,420	63,102	Subsidiary
The Company	Quaser Europe Gmbh	Germany	Buys and sells machines	206,706	206,706	25,000	100%	117,537	(70,393)	(70,393)	Subsidiary
Winbro UK	Winbro Ltd	United Kingdom	Aerospace machinery manufacturing and machining	GBP 90	GBP 90	9,029,804	100%	GBP 13,606	GBP (4,530)	(Note 2)	Sub-subsubsidiary
Winbro UK	Winbro LLC	America	Aerospace machinery manufacturing and machining	USD 33,576	USD 33,576	-	100%	USD 17,527	USD 9,553	(Note 2)	Sub-subsubsidiary
Quaser Europe Gmbh	MWA	Germany	Buys and sells machines	EUR 430	EUR 430	42,995	34.396%	EUR -	EUR (4,099)	(Note 2)	Associate

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.

(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 January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2025	Net income (loss) of the investee	Percentage of ownership	Investment income (loss) recognized	Book value as of December 31, 2025	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Quaser	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)	6,493	100%	6,493	25,101	-
Zhongshan Xuguang	Manufacturing and selling machines	215,340 (CNY 50,000)	The investment was made direct investments in companies in mainland China	34,889 (CNY 8,000)	94,668 (CNY 22,000)	-	129,557 (CNY 30,000)	(23,167)	60%	(8,576)	123,120	-

QUASER MACHINE TOOLS, INC.
Notes to the Parent Company Only Financial Statements

(ii) Limitation on investment in mainland China:

(In Thousands of NTD, CNY and USD)

Accumulated Investment in mainland China as of December 31, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper limit on investment
NTD \$ 168,057 (USD \$ 1,280) (CNY \$ 30,000)	NTD \$ 168,057 (USD \$ 1,280) (CNY \$ 30,000)	841,108

(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”.

14. Segment information

Please refer to the consolidated financial statement for the year 2025.

QUASER MACHINE TOOLS, INC.
Statement of Cash and Cash Equivalents
December 31, 2025

(Expressed in Thousands of NTD)

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Cash	Cash and cash on foreign currency	\$ 1,223
	Petty cash	<u>120</u>
	Subtotal	<u>1,343</u>
Bank deposits	Demand deposit	216,243
	Demand deposits on foreign currency	
	(USD 727 thousand×31.43	
	JPY 13 thousand×0.2008	
	EUR 473 thousand×36.90	
	CNY 11,784 thousand×4.496)	93,308
	Check deposit	702
	Time deposits (USD 322 thousand×31.43)	<u>10,108</u>
	Subtotal	<u>320,361</u>
Total		<u><u>\$ 321,704</u></u>

QUASER MACHINE TOOLS, INC.
Statement of Notes and Trade Receivable
December 31, 2025

(Expressed in Thousands of NTD)

<u>Items</u>	<u>Description</u>	<u>Amount</u>
Notes receivable-unrelated parties:		
Company X	Operating	\$ 1,590
Company Y	"	198
Other (Note)	"	<u>411</u>
		<u>\$ 2,199</u>
Trade receivable-unrelated parties:		
Company A	Operating	\$ 50,880
Company B	"	48,025
Company C	"	35,722
Company D	"	26,275
Company E	"	18,166
Other (Note)	"	<u>30,572</u>
		209,640
Less: Impairment loss on allowance		<u>(29,320)</u>
		<u>\$ 180,320</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

QUASER MACHINE TOOLS, INC.

Statement of Inventories

December 31, 2025

(Expressed in Thousands of NTD)

Item	Amount		Note
	Cost	Market value	
Finished goods	\$ 21,268	26,065	Market value of net realizable value
Work in progress	197,086	234,233	"
Raw materials	284,035	257,683	"
Goods	12,854	19,688	"
	515,243	537,669	
Loss on allowance for doubtful accounts	(33,443)		
Total	\$ 481,800		

Statement of Other Current Assets

Please refer to note 6(j).

QUASER MACHINE TOOLS, INC.

Statement of Changes in Investments Accounted for Using Equity Method

January 1, 2025 to December 31, 2025

(Expressed in Thousands of NTD)

Names of Investee	Beginning balance			Addition		Profit or loss of investment	Amount of exchange on translation of foreign financial statement		Other (Note)	Ending balance			Pledge of collateral	Note
	Shares	Percentage of ownership	Amount	Shares	Amount		financial statement			Shares	Percentage of ownership	Amount		
Quaser Europe	1,000	100%	\$ 44,440	-	-	103	3,598	-	-	1,000	100%	48,141	none	
Kunshan Quaser	1,500,000	100%	12,734	-	-	6,493	400	5,474	-	1,500,000	100%	25,101	none	
Quaser America	6,000,000	100%	109,228	-	-	(651)	(4,520)	-	-	6,000,000	100%	104,057	none	
Winbro UK	27,054,625	100%	1,429,617	-	-	63,102	(6,118)	11,246	-	27,054,625	100%	1,497,847	none	
Quaser Europe GmbH	25,000	100%	163,693	-	21,583	(70,393)	11,927	(9,273)	-	25,000	100%	117,537	none	
Zhongshan Xuguang	-	40%	30,868	-	96,665	(8,576)	3,936	227	-	-	60%	123,120	none	
Total			<u>\$ 1,790,580</u>		<u>118,248</u>	<u>(9,922)</u>	<u>9,223</u>	<u>7,674</u>				<u>1,915,803</u>		

Note : It was the unrealized gain (loss) generated by the downstream transactions.

QUASER MACHINE TOOLS, INC.
Statement of Changes in Property, Plant, and Equipment
January 1, 2025 to December 31, 2025
(Expressed in Thousands of NTD)

Please refer to note 6(g).

Statement of Changes in Right-of-use assets

Please refer to note 6(h).

Statement of Changes in Intangible assets

Please refer to note 6(i).

QUASER MACHINE TOOLS, INC.

Statement of Short-term Borrowings

December 31, 2025

(Expressed in Thousands of NTD)

<u>Creditor</u>	<u>Type of loan</u>	<u>Ending balance</u>	<u>Contract period</u>	<u>Range of interest rate</u>
Cathay United Bank	Credit loan	\$ 250,000	Due within 1 year	1.90%
Land Bank of Taiwan	Credit loan	250,000	Due within 1 year	1.928%
Eximbank	Export loan	100,000	Due within 1 year	1.118%
First Bank	Credit loan	70,000	Due within 1 year	1.97%
Chang Hwa Bank	Credit loan	99,000	Due within 1 year	1.96%
Taishin Bank	Credit loan	60,000	Due within 1 year	1.96%
Hua Nan Bank	Credit loan	50,000	Due within 1 year	1.95%
CTBC Bank	Credit loan	<u>100,000</u>	Due within 1 year	1.95%
	Total	<u>\$ 979,000</u>		

Statement of Long-term Borrowings

<u>Creditor</u>	<u>Type of loan</u>	<u>Ending balance</u>		<u>Contract period</u>	<u>Interest rate</u>	<u>Pledge of collateral</u>
		<u>Due within 1 year</u>	<u>Due in more than 1 year</u>			
Taishin Bank	Syndicated loan	\$ 400,000	-	2023.7.21~ 2028.7.21	2.398%	Land and Buildings on Youshih Industrial Park
Land Bank of Taiwan	Relief loan	8,715	14,962	2023.8.31~ 2028.8.31	2.22%	none
Eximbank	Overseas investment credit	30,000	45,000	2024.4.10~ 2028.4.10	2.049%	none
Eximbank	Operating capital	-	400,000	2025.6.2~ 2027.6.6	2.017%	none
		<u>\$ 438,715</u>	<u>459,962</u>			

QUASER MACHINE TOOLS, INC.
Statement of Notes and Accounts Payable
December 31, 2025

(Expressed in Thousands of NTD)

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>
Accounts Payable – unrelated parties		
Company P	Operating	\$ 15,094
Company Q	Operating	10,523
Company R	Operating	8,836
Company S	Operating	6,881
Company T	Operating	6,444
Company U	Operating	5,602
Others (Note)	Operating	<u>55,202</u>
		<u>\$ 108,582</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

Statement of Other Payables

Please refer to note 6(m).

QUASER MACHINE TOOLS, INC.**Statement of Operating Revenue****For 2025**

(Expressed in Thousands of NTD)

<u>Items</u>	<u>Quantity</u>	<u>Amount</u>
Finished goods	295	\$ 1,146,273
Others (Note)		<u>100,529</u>
Total		<u>\$ 1,246,802</u>

Note: The amount of each item in others does not exceed 10% of the account balance.

QUASER MACHINE TOOLS, INC.
Statement of Operating Costs
For 2025
(Expressed in Thousands of NTD)

<u>Items</u>	<u>Amount</u>
Goods, beginning of year	\$ 12,855
Addition: Goods purchased	16,147
Decrease: Goods, end of year	<u>(12,854)</u>
Cost of goods	<u>16,148</u>
Raw materials	
Raw materials, beginning of year	266,816
Addition: Raw materials purchased	827,385
Decrease: Raw materials, end of year	(284,035)
Sale of raw materials	(29,251)
Scrapped	(3,646)
Others	(2,492)
Raw materials loss	<u>(2)</u>
Raw materials used	774,775
Direct labor	35,122
Manufacturing expense	<u>60,366</u>
Manufacturing cost	870,263
Addition: Work in progress, beginning of year	257,735
Finished goods re-production	43,977
Decrease: Work in progress, end of year	(197,086)
Sale	(7,090)
Scrapped	(624)
Others	<u>(730)</u>
Cost of finished goods	966,445
Addition: Finished goods, beginning of year	60,576
Decrease: Finished goods, end of year	(21,268)
Others	<u>(49,407)</u>
Production costs	<u>956,346</u>
Cost of raw materials sold	29,251
Cost of work in progress sold	7,090
Scrapped	4,270
Loss	2
Income from the sale of scraps	(286)
The reversal of write-down of inventories	(2,154)
Warranty cost	9,652
Other	<u>(3,850)</u>
Operating costs	<u><u>\$ 1,016,469</u></u>

QUASER MACHINE TOOLS, INC.**Statement of Operating Expenses****For 2025**

(Expressed in Thousands of NTD)

<u>Items</u>	<u>Selling expenses</u>	<u>Administrative expenses</u>	<u>Research and development expenses</u>
Payroll	\$ 24,176	35,897	15,873
Directors' remuneration	-	4,170	-
Freight	3,724	75	-
Import and export expense	7,050	25	-
Business promotion fee	13,470	364	2
Depreciation	1,665	6,469	782
Amortization	1,352	31	1,574
Consulting fees	45	13,350	308
Others (note)	<u>14,043</u>	<u>22,894</u>	<u>5,323</u>
	<u>\$ 65,525</u>	<u>83,275</u>	<u>23,862</u>

Note: The amount of each item in others does not exceed 5% of the account balance