Stock Code：4563

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Three Months Ended March 31, 2026 and 2025

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Quaser Machine Tools, Inc. and its subsidiaries as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT$399,274 thousand and NT$250,327 thousand, constituting 9.12% and 5.66% of consolidated total assets as of March 31, 2026 and 2025, respectively, and total liabilities amounting to NT$33,336 thousand and NT$13,209 thousand, constituting 1.15% and 0.47% of consolidated total liabilities as of March 31, 2026 and 2025, respectively, and total comprehensive income (loss) amounting to NT$(11,936) thousand and NT$125 thousand, constituting 115.33% and 0.12% of consolidated total comprehensive income (loss) for the three months ended March 31, 2026 and 2025, respectively.

Furthermore, as stated in Note 6(e), the other equity accounted investments of Quaser Machine Tools, Inc. and its subsidiaries in its investee companies of NT$0 thousand and NT$27,026 thousand as of March 31, 2026 and 2025, respectively, and its equity in net loss on this investee companies of NT$0 thousand and NT$3,432 thousand for the three months ended March 31, 2026 and 2025, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee

companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Quaser Machine Tools, Inc. and its subsidiaries as of March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 7, 2026

Notes to Readers

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

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

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2026, December 31 and March 31, 2025

(Expressed in thousands of New Taiwan Dollar)

	March 31, 2026		December 31, 2025		March 31, 2025	
Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current assets:						
Cash and cash equivalents (Note 6(a))	$ 828,851	19	923,588	22	614,705	14
Notes receivable, net (Note 6(c))	36,360	1	2,199	-	63,620	1
Trade receivable, net (Note 6(c))	660,470	15	638,574	15	953,312	22
Trade receivable due from related parties (Note 7)	-	-	-	-	106,755	2
Other receivables	42,921	1	53,444	1	28,695	1
Other receivables due from related parties (Note 7)	-	-	-	-	170,633	4
Current tax assets	14,913	-	14,807	-	14,760	-
Inventories (Note 6(d))	1,403,118	32	1,279,097	30	1,195,337	27
Other current assets (Note 6(k))	92,970	2	79,402	2	56,709	1
	3,079,603	70	2,991,111	70	3,204,526	72
Non-current assets:						
Investments accounted for using equity method (Note 6(e))	-	-	-	-	27,026	1
Property, plant and equipment (Note 6(g), 7 and 8)	385,970	9	375,659	9	429,653	10
Right-of-use assets (Note 6(h))	172,251	4	167,735	4	107,439	3
Investment property (Note 6(i), and 7)	88,565	2	89,629	2	89,003	2
Intangible assets (Note 6(j))	172,692	4	178,631	4	144,740	3
Goodwill (Note 6(j))	311,060	7	305,660	7	322,622	7
Deferred tax assets	123,266	3	114,102	3	63,247	1
Net defined benefit assets	32,760	1	32,423	1	27,929	1
Other non-current assets (Note 6(k))	12,528	-	13,130	-	6,749	-
	1,299,092	30	1,276,969	30	1,218,408	28
Total assets	**$ 4,378,695**	**100**	**4,268,080**	**100**	**4,422,934**	**100**

	March 31, 2026		December 31, 2025		March 31, 2025	
Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current liabilities:						
Short-term borrowings (Note 6(l))	$ 979,000	22	979,000	23	730,000	16
Current financial liabilities at fair value through profit or loss (Note 6(b))	-	-	1,536	-	606	-
Current contract liabilities (Note 6(u))	180,671	4	153,247	4	109,120	2
Notes payable	70	-	70	-	-	-
Accounts payable	272,275	6	231,359	6	289,409	7
Accounts payable due from related parties (Note 7)	29	-	29	-	40	-
Other payables (Note 6(n))	240,743	5	230,757	6	412,288	9
Other payables due from related parties (Note 7)	101	-	49	-	-	-
Current tax liabilities	24,977	1	18,743	-	60,246	1
Current provisions (Note 6(p))	74,514	2	21,009	-	19,317	-
Current lease liabilities (Note 6(m))	47,335	1	21,675	-	35,590	1
Long-term borrowing, current portion (Note 6(o) and 8)	30,000	1	438,715	10	423,571	10
Other current liabilities	6,465	-	6,435	-	1,000	-
	1,856,180	42	2,102,624	49	2,081,187	46
Non-current liabilities:						
Long-term borrowings (Note 6(o) and 8)	845,000	19	459,962	11	564,516	13
Non-current provisions (Note 6(p))	4,599	-	4,520	-	4,763	-
Deferred tax liabilities	62,427	2	59,540	1	71,000	2
Non-current lease liabilities (Note 6(m))	132,186	3	152,902	4	78,505	2
Credit balance of investments accounted for using equity method (Note 6(e))	4,285	-	4,285	-	5,396	-
Other non-current liabilities	440	-	320	-	-	-
	1,048,937	24	681,529	16	724,180	17
Total liabilities	2,905,117	66	2,784,153	65	2,805,367	63
Equity attributable to owners of parent: (Note 6(s))						
Common stock	549,500	13	549,500	13	549,500	12
Capital surplus	842,246	19	842,246	20	820,363	19
Unappropriated retained earnings (Accumulated deficit)	(115,183)	(3)	(86,400)	(2)	112,081	3
Other Equity	116,239	3	96,501	2	135,623	3
Equity attributable to owners of parent	1,392,802	32	1,401,847	33	1,617,567	37
Non-controlling interests	80,776	2	82,080	2	-	-
Total equity	1,473,578	34	1,483,927	35	1,617,567	37
Total liabilities and equity	**$ 4,378,695**	**100**	**4,268,080**	**100**	**4,422,934**	**100**

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2026 and 2025

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

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
Operating revenue (Note 6(u) and 7)	$	550,598	100	809,752	100
Operating costs (Note 6(d), (q) and 12)		400,994	73	533,008	66
Gross profit		149,604	27	276,744	34
Unrealized profit from sales		-	-	(3,617)	-
Gross profit, net		149,604	27	273,127	34
Operating expenses (Note 6(q), (v) and 12)					
Selling expenses		29,914	5	46,699	6
Administrative expenses		93,116	17	100,328	12
Research and development expenses		36,296	7	30,364	4
Expected credit loss (reversal) (Note 6(c) and 7)		(23,905)	(4)	8,546	1
		135,421	25	185,937	23
Operating income		14,183	2	87,190	11
Non-operating income and expenses (Note 6(w))					
Interest income		791	-	1,716	-
Other income		4,186	1	180	-
Other gains and losses		(44,634)	(8)	5,593	-
Finance costs (Note 6(m))		(10,568)	(2)	(9,680)	(1)
Share of loss of associates accounted for using equity method (Note 6(e))		-	-	(4,003)	-
		(50,225)	(9)	(6,194)	(1)
Profit (loss) before income tax		(36,042)	(7)	80,996	10
Less: Income tax (benefit) expenses (Note 6(r))		(3,612)	(1)	26,556	3
Profit (loss) for the period		(32,430)	(6)	54,440	7
Other comprehensive income (loss):					
Components of other comprehensive income that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements		27,016	5	58,126	7
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(r))		(4,935)	(1)	(11,625)	(1)
Other comprehensive income for the period, net of tax		22,081	4	46,501	6
Total comprehensive income (loss)	**$**	**(10,349)**	**(2)**	**100,941**	**13**
Profit (loss) attributable to:					
Owners of parent	$	(28,783)	(5)	54,440	7
Non-controlling interests		(3,647)	(1)	-	-
	$	**(32,430)**	**(6)**	**54,440**	**7**
Comprehensive income (loss) attributable to:					
Owners of parent	$	(9,045)	(2)	100,941	13
Non-controlling interests		(1,304)	-	-	-
	$	**(10,349)**	**(2)**	**100,941**	**13**
Earnings per share (NT Dollars) (Note 6(t))					
Basic earnings per share	**$**	**(0.52)**		**0.99**	
Diluted earnings per share	**$**	**(0.52)**		**0.99**	

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2026 and 2025

(Expressed in thousands of New Taiwan Dollar)

	Equity attributable to owners of parent									
			Retained earnings				Other equity			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (Accumulated deficit)	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2025	$ 549,500	820,363	3,263	2,724	216,504	222,491	89,122	1,681,476	-	1,681,476
Profit for the period	-	-	-	-	54,440	54,440	-	54,440	-	54,440
Other comprehensive income for the period	-	-	-	-	-	-	46,501	46,501	-	46,501
Total comprehensive income for the period	-	-	-	-	54,440	54,440	46,501	100,941	-	100,941
Appropriation and distribution of retained earnings:										
Cash dividends on ordinary shares	-	-	-	-	(164,850)	(164,850)	-	(164,850)	-	(164,850)
Balance at March 31, 2025	**$ 549,500**	**820,363**	**3,263**	**2,724**	**106,094**	**112,081**	**135,623**	**1,617,567**	**-**	**1,617,567**
Balance at January 1, 2026	$ 549,500	842,246	24,911	2,724	(114,035)	(86,400)	96,501	1,401,847	82,080	1,483,927
Loss for the period	-	-	-	-	(28,783)	(28,783)	-	(28,783)	(3,647)	(32,430)
Other comprehensive income for the period	-	-	-	-	-	-	19,738	19,738	2,343	22,081
Total comprehensive income for the period	-	-	-	-	(28,783)	(28,783)	19,738	(9,045)	(1,304)	(10,349)
Balance at March 31, 2026	**$ 549,500**	**842,246**	**24,911**	**2,724**	**(142,818)**	**(115,183)**	**116,239**	**1,392,802**	**80,776**	**1,473,578**

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2026 and 2025

(Expressed in thousands of New Taiwan Dollar)

	For the three months ended March 31	
	2026	2025
Cash flows from (used in) operating activities		
Profit (loss) before tax	$ (36,042)	80,996
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	32,815	32,264
Amortization expense	8,444	7,434
Expected credit loss (reversal)	(23,905)	8,546
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,536)	606
Interest expense	10,568	9,680
Interest income	(791)	(1,716)
Share of loss of associates accounted for using equity method	-	4,003
Gain on disposal of property, plant and equipment	-	(10)
Unrealized profit from sales	-	3,617
Unrealized foreign exchange loss (gain)	13,276	(5,593)
Other items	55,065	-
Total adjustments to reconcile profit (loss)	93,936	58,831
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(34,161)	(51,472)
Decrease (increase) in trade receivable (including from related parties)	(11,098)	(195,048)
Decrease (increase) in other receivables (including from related parties)	13,601	(7,568)
Decrease (increase) in inventories	(108,648)	(33,120)
Decrease (increase) in other current assets	(12,998)	(10,617)
Decrease (increase) in net defined benefit assets	(337)	(354)
Total changes in operating assets	(153,641)	(298,179)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	25,570	(52,098)
Increase (decrease) in accounts payable (including from related parties)	32,702	51,202
Increase (decrease) in other payables (including from related parties)	5,948	52,977
Increase (decrease) in provisions	(1,734)	(134)
Increase (decrease) in other current liabilities	74	(134)
Increase (decrease) in other non-current liabilities	120	-
Total changes in operating liabilities	62,680	51,813
Total changes in operating assets and liabilities	(90,961)	(246,366)
Total adjustments	2,975	(187,535)
Cash inflow (outflow) generated from operations	(33,067)	(106,539)
Interest received	791	367
Interest paid	(10,632)	(9,572)
Income taxes paid	(1,604)	(5,767)
Net cash flows from (used in) operating activities	(44,512)	(121,511)
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(25,812)	(14,544)
Decrease in refundable deposits	740	42
Acquisition of intangible assets	(150)	(90)
Acquisition of investment property	-	(86,078)
Net cash flows from (used in) investing activities	(25,222)	(100,670)
Cash flows from (used in) financing activities		
Increase in short-term loans	100,000	50,000
Decrease in short-term loans	(100,000)	(49,000)
Repayments of long-term debt	(23,677)	(2,114)
Payments of lease liabilities	(13,029)	(10,002)
Net cash flows from (used in) financing activities	(36,706)	(11,116)
Effect of exchange rate changes on cash and cash equivalents	11,703	37,672
Net decrease in cash and cash equivalents	(94,737)	(195,625)
Cash and cash equivalents at beginning of period	923,588	810,330
Cash and cash equivalents at end of period	**$ 828,851**	**614,705**

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements
For the three months ended March 31, 2026 and 2025
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Company history

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

The Company's common shares were listed on the Taipei Exchange (TPEx) Mainboard since July 12, 2018.

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on May 7, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

- 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"
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	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.	

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

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

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

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

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

Name of investor	Name of subsidiary	Main businesses	Percentage of ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Quaser Europe Technical Center AG ("Quaser Europe")	Buys and sells machines	100%	100%	100%	2
The Company	Quaser America Machine Tools, Inc. ("Quaser America")	Buys and sells machines	100%	100%	100%	2
The Company	Kunshan Quaser Machine Tools, Inc. ("Kunshan Quaser")	Buys and sells machines	100%	100%	100%	
The Company	Quaser Europe Technical Center Gmbh ("Quaser Europe Gmbh")	Buys and sells machines	100%	100%	100%	2
The Company	Winbro Group UK Limited ("Winbro UK")	Overseas reinvested holding company	100%	100%	100%	
The Company	Zhongshan Xuguang Machinery Technology Co., Ltd. ("Zhongshan Xuguang")	Manufacturing and selling machines	60%	60%	40%	1 and 2
Winbro UK	Winbro Group Technologies Limited ("Winbro Ltd")	Aerospace machinery manufacturing and machining	100%	100%	100%	
Winbro UK	Winbro Group Technologies LLC ("Winbro LLC")	Aerospace machinery manufacturing and machining	100%	100%	100%	

Note 1: On October 28, 2025, the Group obtained control of Zhongshan Xuguang by increasing its investment in Zhongshan Xuguang by CNY $22,000 thousand. Following the capital increase, its shareholding ratio rose to 60%. Zhongshan Xuguang has been included in the consolidated financial statements from that date.

Note 2: This is a non-significant subsidiary for which the financial statements are not reviewed by independent auditors.

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

(c) Employee benefits

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

(d) Income taxes

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

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2025. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2025.

Recognition and measurement of provisions and contingent liabilities pending legal proceedings

Provisions for legal proceedings are recognized for legal matters that are highly probable to result in unfavorable outcomes to the Group and for which the amount of loss can be reasonably estimated. However, due to the inherent uncertainties involved in legal matters, the final outcome or actual amount of compensation may differ materially from the estimated amount. For details regarding the provisions for pending legal proceedings, please refer to note 6(p).

6. Explanation of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2025 consolidated financial statements. Please refer to note 6 to the 2025 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Petty cash and cash on hand	$ 1,384	1,532	1,020
Checking and demand deposits	817,177	911,948	613,685
Time deposits	10,290	10,108	-
Cash and cash equivalents in the consolidated statement of cash flows	**$ 828,851**	**923,588**	**614,705**

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

	March 31, 2026	December 31, 2025	March 31, 2025
Held-for-trading financial liabilities			
Derivative instruments not used for hedging			
Forward exchange contracts	**$ -**	**1,536**	**606**

As of December 31 and March 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

March 31, 2025			
Item	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	EUR 187 / NTD 6,424	EUR to NTD	25.4.10～25.4.18
Forward exchange sold	EUR 219 / NTD 7,540	EUR to NTD	25.4.28～25.5.7

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

(c) Notes receivable and trade receivable

		March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable from operating activities	$	36,360	2,199	63,620
Trade receivable–measured as amortized cost		681,758	684,544	982,573
Less: Loss allowance		(21,288)	(45,970)	(29,261)
	$	**696,830**	**640,773**	**1,016,932**

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

	March 31, 2026		
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	$ 595,662	- %	-
1 to 30 days past due	64,280	- %	-
31 to 60 days past due	24,711	2.79 %	689
61 to 90 days past due	636	10.06 %	64
91 to 180 days past due	11,137	11.90 %	1,325
181 to 360 days past due	4,963	49.99 %	2,481
More than 361 days past due	16,729	100.00 %	16,729
	$ 718,118		**21,288**

	December 31, 2025		
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	$ 573,068	- %	-
1 to 30 days past due	33,230	- %	-
31 to 60 days past due	4,876	5.00 %	244
61 to 90 days past due	6,216	9.99 %	621
91 to 180 days past due	795	19.62 %	156
181 to 360 days past due	46,497	49.22 %	22,888
More than 361 days past due	22,061	100.00 %	22,061
	$ 686,743		**45,970**

	March 31, 2025		
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	$ 844,797	- %	-
1 to 30 days past due	97,808	3.27 %	3,200
31 to 60 days past due	30,690	15.37 %	4,717
61 to 90 days past due	16,450	29.40 %	4,836
91 to 180 days past due	49,976	20.83 %	10,411
181 to 360 days past due	51	37.25 %	19
More than 361 days past due	6,421	94.66 %	6,078
	$ 1,046,193		**29,261**

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

	For the three months ended March 31	
	2026	2025
Balance at beginning of period	$ 45,970	24,508
Impairment losses recognized (reversal)	(24,600)	4,477
Effect of exchange rate changes	(82)	276
Balance at end of period	**$ 21,288**	**29,261**

The Group's notes and trade receivable were not pledged as collateral as of March 31, 2026, December 31 and March 31, 2025.

For further credit risk information, please refer to note 6(x).

(d) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	$ 664,544	679,520	540,293
Work in progress	464,107	385,163	482,836
Finished goods	248,528	205,390	147,092
Goods	25,939	9,024	25,116
	$ 1,403,118	**1,279,097**	**1,195,337**

For the three months ended March 31, 2026 and 2025, the loss for inventory obsolescence (reversal gain) from the decrease (increase) in inventories' net realizable value amounted to $2,394 thousand and $(7,752) thousand, respectively.

As of March 31, 2026, December 31 and March 31, 2025, none of the Group's inventories were pledged as collateral.

(e) Investments accounted for using equity method

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

	March 31, 2026	December 31, 2025	March 31, 2025
Associates	**$ (4,285)**	**(4,285)**	**21,630**

(i) The Group invested in Zhongshan Xuguang in June 2023 with an investment amount of CNY $8,000 thousand and obtained 40% shareholding of Zhongshan Xuguang. The Group has significant influence on Zhongshan Xuguang. On October 28, 2025, the Group increased its investment in Zhongshan Xuguang by CNY $22,000 thousand. Following the capital increase, the Group'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).

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

(iii) The unreviewed financial statements of investments accounted for using equity method

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

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

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of individually insignificant associates' equity	**$ (4,285)**	**(4,285)**	**21,630**

	For the three months ended March 31, 2026	For the three months ended March 31, 2025
Attributable to the Group:		
Loss from continuing operations	$ -	(4,003)
Other comprehensive income (loss)	-	1,185
Comprehensive income (loss)	**$ -**	**(2,818)**

(iv) The Group's unrealized profit from sales to associate Lerinc Werkzeugmaschinen & Automation GmbH (LWA) was $4,285 thousand, $4,285 thousand and $5,396 thousand, which were recorded under the credit balance of investments accounted for using equity method as of March 31, 2026, December 31 and March 31, 2025.

(v) The Group's investment accounted for using equity method was not pledged as collateral as of March 31, 2026, December 31 and March 31, 2025.

(f) Business combination

On October 28, 2025, the Group obtained control of Zhongshan Xuguang through an additional capital investment of CNY $22,000 thousand, increasing its ownership interest from 40% to 60%. The Group 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(w) of the consolidated financial statements for the year ended December 31, 2025.

The main businesses of Zhongshan Xuguang are manufacturing and selling machines. Taking control of Zhongshan Xuguang will enable the Group 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 Group's results. If the acquisition had occurred on January 1, 2025, management estimates that consolidated revenue would have been $2,869,443 thousand and consolidated loss after income tax would have been $163,848

thousand. 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.

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

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

	Amount
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	**$ 201,183**

3. Goodwill

Goodwill arising from the acquisition has been recognized as follows.

	Amount
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	**$ 8,494**

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2026 and 2025 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, 2026	**$**	123,978	261,330	922,254	5,570	57,101	257,833	14,964	37,726	1,680,756
Additions		-	2,486	1,100	385	-	868	12,197	8,776	25,812
Disposals		-	-	(88)	-	-	(682)	-	-	(770)
Reclassification		-	-	(124)	-	-	(198)	-	194	(128)
Effects of exchange rate changes		-	698	11,758	109	3	1,864	534	721	15,687
Balance at March 31, 2026	**$**	**123,978**	**264,514**	**934,900**	**6,064**	**57,104**	**259,685**	**27,695**	**47,417**	**1,721,357**
Balance at January 1, 2025	$	123,978	253,981	1,097,904	3,367	57,011	230,942	-	62,914	1,830,097
Additions		-	300	698	2,204	-	657	1,062	9,623	14,544
Disposals		-	-	-	-	-	(910)	-	-	(910)
Reclassification		-	-	(55,366)	-	-	-	-	(3,811)	(59,177)
Effects of exchange rate changes		-	1,484	26,302	71	-	2,306	-	859	31,022
Balance at March 31, 2025	**$**	**123,978**	**255,765**	**1,069,538**	**5,642**	**57,011**	**232,995**	**1,062**	**69,585**	**1,815,576**
Accumulated depreciation and impairments loss:										
Balance at January 1, 2026	$	-	239,101	785,100	2,796	53,493	222,525	2,082	-	1,305,097
Depreciation		-	1,150	12,817	202	765	2,540	1,452	-	18,926

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		Land	Buildings and structures	Machinery and equipment	Transportation equipment	Molding equipment	Other equipment	Leasehold improvements	Construction in progress	Total
Disposals		-	-	(88)	-	-	(682)	-	-	(770)
Effects of exchange rate changes		-	619	10,082	52	1	1,329	51	-	12,134
Balance at March 31, 2026	**$**	-	**240,870**	**807,911**	**3,050**	**54,259**	**225,712**	**3,585**	-	**1,335,387**
Balance at January 1, 2025	$	-	234,320	884,246	2,870	50,174	215,940	-	-	1,387,550
Depreciation		-	1,554	18,708	43	901	1,373	-	-	22,579
Disposals		-	-	-	-	-	(910)	-	-	(910)
Reclassification		-	-	(48,561)	-	-	-	-	-	(48,561)
Effects of exchange rate changes		-	1,164	21,979	41	-	2,081	-	-	25,265
Balance at March 31, 2025	**$**	-	**237,038**	**876,372**	**2,954**	**51,075**	**218,484**	-	-	**1,385,923**
Carrying amount:										
Balance at January 1, 2026	**$**	**123,978**	**22,229**	**137,154**	**2,774**	**3,608**	**35,308**	**12,882**	**37,726**	**375,659**
Balance at March 31, 2026	**$**	**123,978**	**23,644**	**126,989**	**3,014**	**2,845**	**33,973**	**24,110**	**47,417**	**385,970**
Balance at January 1, 2025	**$**	**123,978**	**19,661**	**213,658**	**497**	**6,837**	**15,002**	-	**62,914**	**442,547**
Balance at March 31, 2025	**$**	**123,978**	**18,727**	**193,166**	**2,688**	**5,936**	**14,511**	**1,062**	**69,585**	**429,653**

As of March 31, 2026, December 31 and March 31, 2025, the property and plant of the Group had been pledged as collateral for bank borrowings are set out in note 8.

(h) Right-of-use assets

The cost and depreciation of the right-of-use assets of the Group for the three months ended March 31, 2026 and 2025 were as follows:

		Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost:						
Balance at January 1, 2026	$	328,405	7,485	25,056	-	360,946
Additions		12,361	-	1,119	-	13,480
Effects of exchange rate changes		6,218	61	70	-	6,349
Balance at March 31, 2026	**$**	**346,984**	**7,546**	**26,245**	-	**380,775**
Balance at January 1, 2025	$	230,175	7,632	26,411	7,914	272,132
Additions		-	-	883	-	883
Write-off		-	-	(1,455)	-	(1,455)
Effects of exchange rate changes		2,936	46	69	101	3,152
Balance at March 31, 2025	**$**	**233,111**	**7,678**	**25,908**	**8,015**	**274,712**
Accumulated depreciation:						
Balance at January 1, 2026	$	175,043	3,076	15,092	-	193,211
Depreciation		11,203	254	1,824	-	13,281
Write-off		-	-	(1,499)	-	(1,499)
Effects of exchange rate changes		3,423	46	62	-	3,531
Balance at March 31, 2026	**$**	**189,669**	**3,376**	**15,479**	-	**208,524**
Balance at January 1, 2025	$	137,022	2,017	12,011	6,387	157,437
Depreciation		6,691	292	1,940	383	9,306
Write-off		-	-	(1,455)	-	(1,455)
Effects of exchange rate changes		1,821	25	53	86	1,985
Balance at March 31, 2025	**$**	**145,534**	**2,334**	**12,549**	**6,856**	**167,273**
Carrying amount:						
Balance at January 1, 2026	**$**	**153,362**	**4,409**	**9,964**	-	**167,735**
Balance at March 31, 2026	**$**	**157,315**	**4,170**	**10,766**	-	**172,251**
Balance at January 1, 2025	**$**	**93,153**	**5,615**	**14,400**	**1,527**	**114,695**
Balance at March 31, 2025	**$**	**87,577**	**5,344**	**13,359**	**1,159**	**107,439**

(i) Investment property

The cost, depreciation, and impairment of the investment property of the Group were as follows:

		Owned property		
		Land	Buildings	Total
Cost:				
Balance at January 1, 2026	$	11,108	80,742	91,850
Effects of exchange rate changes		(57)	(416)	(473)
Balance at March 31, 2026	**$**	**11,051**	**80,326**	**91,377**

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	Owned property		
	Land	**Buildings**	**Total**
Balance at January 1, 2025	$ -	-	-
Additions	10,410	75,668	86,078
Effects of exchange rate changes	401	2,917	3,318
Balance at March 31, 2025	**$ 10,811**	**78,585**	**89,396**
Accumulated depreciation and impairments loss:			
Balance at January 1, 2026	$ -	2,221	2,221
Depreciation	-	608	608
Effects of exchange rate changes	-	(17)	(17)
Balance at March 31, 2026	**$ -**	**2,812**	**2,812**
Balance at January 1, 2025	$ -	-	-
Depreciation	-	379	379
Effects of exchange rate changes	-	14	14
Balance at March 31, 2025	**$ -**	**393**	**393**
Carrying amount:			
Balance at January 1, 2026	**$ 11,108**	**78,521**	**89,629**
Balance at March 31, 2026	**$ 11,051**	**77,514**	**88,565**
Balance at January 1, 2025	**$ -**	**-**	**-**
Balance at March 31, 2025	**$ 10,811**	**78,192**	**89,003**

None of the investment property held by the Group was pledged collateral as of March 31, 2026, December 31 and March 31, 2025.

(j) Goodwill and intangible assets

The cost, amortization and impairment of the goodwill and intangible assets of the Group for the three months ended March 31, 2026 and 2025 were as follows:

		Goodwill	Customer relationship	Developed technology	Software	Technology licenses	Trademarks	Others	Total
Cost:									
Balance at January 1, 2026	**$**	518,338	172,865	81,718	86,361	3,822	231	-	863,335
Additions		-	-	-	150	-	-	-	150
Effects of exchange rate changes		9,070	3,108	1,469	536	-	-	-	14,183
Balance at March 31, 2026	**$**	**527,408**	**175,973**	**83,187**	**87,047**	**3,822**	**231**	-	**877,668**
Balance at January 1, 2025	$	531,596	180,318	85,241	22,749	3,867	231	500	824,502
Additions		-	-	-	-	90	-	-	90
Disposal		-	-	-	-	(380)	-	-	(380)
Effects of exchange rate changes		6,742	2,310	1,092	589	-	-	-	10,733
Balance at March 31, 2025	**$**	**538,338**	**182,628**	**86,333**	**23,338**	**3,577**	**231**	**500**	**834,945**
Accumulated amortization and impairment losses									
Balance at January 1, 2026	$	212,678	71,067	71,990	21,450	1,760	99	-	379,044
Amortization		-	2,902	2,939	2,405	193	5	-	8,444
Effects of exchange rate changes		3,670	1,309	1,326	123	-	-	-	6,428
Balance at March 31, 2026	**$**	**216,348**	**75,278**	**76,255**	**23,978**	**1,953**	**104**	-	**393,916**
Balance at January 1, 2025	$	212,987	62,110	62,916	15,425	1,744	75	417	355,674
Amortization		-	3,015	3,055	1,156	182	6	20	7,434
Disposal		-	-	-	-	(380)	-	-	(380)
Effects of exchange rate changes		2,729	824	834	468	-	-	-	4,855
Balance at March 31, 2025	**$**	**215,716**	**65,949**	**66,805**	**17,049**	**1,546**	**81**	**437**	**367,583**
Carrying amount:									
Balance at January 1, 2026	**$**	**305,660**	**101,798**	**9,728**	**64,911**	**2,062**	**132**	-	**484,291**
Balance at March 31, 2026	**$**	**311,060**	**100,695**	**6,932**	**63,069**	**1,869**	**127**	-	**483,752**
Balance at January 1, 2025	**$**	**318,609**	**118,208**	**22,325**	**7,324**	**2,123**	**156**	**83**	**468,828**
Balance at March 31, 2025	**$**	**322,622**	**116,679**	**19,528**	**6,289**	**2,031**	**150**	**63**	**467,362**

None of the intangible assets held by the Group were pledged collateral as of March 31, 2026, December 31 and March 31, 2025.

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

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

	March 31, 2026	December 31, 2025	March 31, 2025
Other current assets:			
Prepayments	$ 89,872	70,711	54,089
Others	3,098	8,691	2,620
	$ 92,970	**79,402**	**56,709**
Other non-current assets:			
Refundable deposits	**$ 12,528**	**13,130**	**6,749**

(l) Short-term borrowings

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

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank loans	**$ 979,000**	**979,000**	**730,000**
Unused short-term credit lines	**$ 500,000**	**450,000**	**499,000**
Range of interest rates	**1.118%~1.97%**	**1.118%~1.97%**	**1.118%~2.01%**

(i) Issuing and repayment the borrowings

For the three months ended March 31, 2026 and 2025, the Group had the additional short-term borrowings amounting to $100,000 thousand and $50,000 thousand, with an interest rate of 1.95% and 2%, maturing in April 2026 and September 2025. For the three months ended March 31, 2026 and 2025, the repayments amounted to $100,000 thousand and $49,000 thousand.

(ii) Collateral for short-term borrowings

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

(m) Lease liabilities

The lease liabilities of the Group were summarized as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Current	**$ 47,335**	**21,675**	**35,590**
Non-current	**$ 132,186**	**152,902**	**78,505**

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2026	2025
Interest expense on lease liabilities	**$ 1,332**	**876**
Expenses relating to short-term leases	**$ 2,083**	**2,283**

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

	For the three months ended March 31	
	2026	2025
Total cash outflow for leases	**$ 16,444**	**13,161**

(i) Building leases

The Group leases buildings for the use of offices and plants with lease terms of 1 to 11

years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Other leases

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

(n) Other payables

The other payables of the Group were summarized as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Salary and bonus payable	$ 75,269	63,915	71,037
Pensions payable	2,721	2,631	2,273
Employee and director compensation payable	-	8,507	27,419
Commission payable	19,952	21,418	18,693
Dividends payable	-	-	164,850
Others	142,801	134,286	128,016
	$ 240,743	**230,757**	**412,288**

(o) Long-term borrowings

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

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank loans	$ 475,000	498,677	520,087
Secured bank loans	400,000	400,000	468,000
	875,000	898,677	988,087
Less: current portion	(30,000)	(438,715)	(423,571)
	845,000	**459,962**	**564,516**
Unused long-term credit lines	**890,000**	**890,000**	**822,000**
Range of interest rates	**2.017%~2.398%**	**2.017%~2.398%**	**2.038%~2.398%**

(i) Issuance and repayment of the borrowings

There were no additional proceeds from long-term borrowings for the three months ended March 31, 2026 and 2025. For the three months ended March 31, 2026 and 2025, the repayment amounted to $23,677 thousand and $2,114 thousand, respectively.

(ii) Syndicated loan

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

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

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

1) Current ratio (current assets / current liabilities) – not less than 100%.
2) Gearing ratio (total liabilities deduct cash / total equity) – not higher than 200%.
3) Interest coverage ratio (sum of profit before income tax, depreciation expenses,

amortizations, and interest expenses / interest expenses) – not less than 300%.

4) Equity – not less than $1,000,000 thousand.

During 2025, the Group breached certain covenants of its syndicated loan agreement, which 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 and was classified under current portion of long-term borrowings. Upon identifying the breach, the Group's management applied to the lead bank for a waiver of the syndicated loan covenant in January 2026. The Management obtained consent for the waiver from a majority of the lending banks on February 25, 2026. Accordingly, as of March 31, 2026, the borrowing was classified under long-term borrowings in accordance with the loan terms.

(iii) Collateral for long-term borrowings

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

(p) Provisions

		March 31, 2026	December 31, 2025	March 31, 2025
Current–Warranties	$	19,449	21,009	19,317
Current–Provisions pending legal proceedings		55,065	-	-
Non-current–Employee benefits		4,599	4,520	4,763
	$	**79,113**	**25,529**	**24,080**

The Group's equity-method investee, the MWA Group, filed for insolvency with a German court at the end of 2025 and entered into statutory insolvency proceedings in 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. Based on the legal opinion provided by the Group's legal counsel, management estimated that the best estimate of the obligation arising from the above legal matter was EUR 1,500 thousand. Accordingly, the Group recognized a provision for liabilities as of March 31, 2026. Please refer to note 9(b).

There were no significant changes in provisions for the three months ended March 31, 2025. Please refer to note 6(p) to the consolidated financial statements for the year ended December 31, 2025 for other related information.

(q) Employee benefits

(i) Defined benefit plans

Since there were no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2025 and 2024.

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

		For the three months ended March 31	
		2026	2025
Operating cost	$	(74)	(67)
Selling expenses		(33)	(29)
Administration expenses		(8)	(23)
	$	**(115)**	**(119)**

(ii) Defined contribution plans

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

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	For the three months ended March 31	
	2026	**2025**
Operating cost	$ 5,052	4,986
Selling expenses	865	828
Administration expenses	2,650	2,194
Research and development expenses	1,464	1,257
	$ 10,031	**9,265**

(r) Income tax

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

	For the three months ended March 31	
	2026	**2025**
Current tax expenses (benefit)		
Current period	$ 8,047	47,810
Adjustment for prior periods	-	(29,016)
	8,047	18,794
Deferred tax expenses (benefit)		
Origination and reversal of temporary differences	(11,659)	7,762
Income tax expense (benefit)	**$ (3,612)**	**26,556**

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

	For the three months ended March 31	
	2026	**2025**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ (4,935)**	**(11,625)**

(iii) The Company's income tax returns for the year 2024 has been examined and approved by the tax authorities.

(s) Capital and other equity

Except for the following disclosure, there was no significant change in capital and capital surplus for the periods from January 1 to March 31, 2026 and 2025. For the related information, please refer to note 6(s) to the consolidated financial statements for the year ended December 31, 2025.

(i) Retained earnings

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

The Company shall make distribution of dividend with a total amount no lower than 10% of the earnings distributable for the year based on the overall circumstances and growth characteristics of the industry, in consideration of the Company's profiting status and future operation needs, with the sustainable operations of the Company as objective and shareholders' equity and the Company's long-term financial planning taken into account. The distribution of dividends by the Company can be in the form of cash or issuing new shares according to the Company's annual surplus in the current year and the overall

industry's environment. However, cash dividends shall not be lower than 60% of the total dividends distributed, which may be adjusted in the shareholders' meeting based on the actual profit in the current year or the state of operations.

1) Legal reserve

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

2) Special reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, it is stipulated to set aside the same amount of special surplus reserve of $2,724 thousand were reclassified to retained earnings. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately.

In accordance with the requirements issued by the FSC, a portion of earnings shall be allocated as special reserve during earnings distribution. If the Company has already reclassified a portion of earnings to special reserve under the preceding subparagraph, it shall make supplemental allocation of special reserve for any difference between the amount it has already allocated and the amount of the current-period total net reduction of other shareholders' equity. An equivalent amount of special reserve shall be allocated from the after-tax net profit in the period, plus items other than after-tax net profit in the period, that are included in the undistributed current-period earnings and the undistributed prior-period earnings. A portion of undistributed prior-period earnings shall be reclassified to special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to the net reduction of other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

There was no earnings distribution for 2025 based on the resolution made during the board meeting on March 10, 2026. On May 29, 2025, the shareholders' meeting resolved to appropriate the 2024 earnings as follows:

	2024	
	Amount per share (NT dollars)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	**$ 3**	**164,850**

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

	Exchange differences on translation of foreign financial statements
Balance at January 1, 2026	$ 96,501
Exchange differences on foreign operations	24,673
Income tax	(4,935)
Balance at March 31, 2026	**$ 116,239**
Balance at January 1, 2025	$ 89,122
Exchange differences on foreign operations	58,126
Income tax	(11,625)
Balance at March 31, 2025	**$ 135,623**

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(t) Earnings per share

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

(i) Basic earnings per share

	For the three months ended March 31	
	2026	**2025**
Net profit (loss) attributable to ordinary shareholders of the Company (basic)	**$ (28,783)**	**54,440**
Weighted average number of ordinary shares outstanding (in thousands of shares)	**54,950**	**54,950**
Basic earnings per share (expressed in NT dollars)	**$ (0.52)**	**0.99**

(ii) Diluted earnings per share

	For the three months ended March 31	
	2026	**2025**
Net profit (loss) attributable to ordinary shareholders of the Company (diluted)	**$ (28,783)**	**54,440**
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	-	192
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	**54,950**	**55,142**
Diluted earnings per share (expressed in NT dollars)	**$ (0.52)**	**0.99**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2026	**2025**
Primary geographical markets		
Europe	$ 219,965	373,881
America	191,528	275,666
Asia	132,948	159,555
Others	6,157	650
	$ 550,598	**809,752**
Major products/services		
Sales of goods	$ 396,643	649,069
Rendering of services	153,955	160,683
	$ 550,598	**809,752**

(ii) Contract balances

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Contract liabilities	**$ 180,671**	**153,247**	**109,120**

For details on trade and notes receivables and allowance for impairment, please refer to note 6(c). The amounts of revenue recognized for the three months ended March 31, 2026 and 2025 that were included in the contract liability balance at the beginning of the period were $30,935 thousand and $62,298 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.

(v) 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.

As the Company incurred a net loss before tax for the three months ended March 31, 2026, no employees' compensation or directors' remuneration was accrued. For the three months ended March 31, 2025, the Company estimated its employee compensation amounting to $4,065 thousand, and directors' remuneration amounting to $1,524 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating expenses during the period. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year.

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. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the three months ended March 31	
	2026	**2025**
Interest income from bank deposits	**$** 791	367
Other interest income	-	1,349
	$ 791	**1,716**

(ii) Other income

The details of other income were as follows:

	For the three months ended March 31	
	2026	**2025**
Rent income	$ 1,773	32
Government grants	2,213	43
Others	200	105
	$ 4,186	**180**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31	
	2026	2025
Foreign exchange gains	$ 9,225	6,251
Gains (losses) on financial assets and liabilities at fair value through profit or loss	1,536	(606)
Gains on disposals of property, plant and equipment	-	10
Loss on revocation of creditor rights (note 6(p))	(55,065)	-
Others	(330)	(62)
	$ (44,634)	**5,593**

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31	
	2026	2025
Interest expenses-bank loans	$ 9,236	8,804
Interest expenses-lease liabilities	1,332	876
	$ 10,568	**9,680**

(x) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(x) to the consolidated financial statements for the year ended December 31, 2025.

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of March 31, 2026, December 31 and March 31, 2025, the Group's major customers consisted of five customers which accounted for 45%, 43% and 53%, 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 for the three months ended March 31, 2026 and 2025, please refer to note 7.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	Over 1 year
March 31, 2026				
Non derivative financial liabilities				
Short-term borrowings	$ 979,000	982,289	982,289	-
Trade and other payables	513,218	513,218	513,218	-
Long-term borrowings (current portion included)	875,000	908,817	48,769	860,048
Lease liabilities (current and non-current)	179,521	179,959	47,647	132,312
	$ 2,546,739	**2,584,283**	**1,591,923**	**992,360**

		Carrying amount	Contractual cash flows	Within 1 year	Over 1 year
December 31, 2025					
Non derivative financial liabilities					
Short-term borrowings	$	979,000	981,749	981,749	-
Trade and other payables		462,264	462,264	462,264	-
Long-term borrowings (current portion included)		898,677	907,674	458,073	449,601
Lease liabilities (current and non-current)		174,577	174,875	21,855	153,020
	$	**2,514,518**	**2,526,562**	**1,923,941**	**602,621**
March 31, 2025					
Non derivative financial liabilities					
Short-term borrowings	$	730,000	732,532	732,532	-
Trade and other payables		701,737	701,737	701,737	-
Long-term borrowings (current portion included)		988,087	1,035,841	440,679	595,162
Lease liabilities (current and non-current)		114,095	114,489	35,847	78,642
	$	**2,533,919**	**2,584,599**	**1,910,795**	**673,804**

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

(iii) Market risk

1) Currency risk

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

		March 31, 2026			December 31, 2025			March 31, 2025		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets										
Monetary items										
EUR	$	1,338	36.71	49,126	1,673	36.90	61,747	4,855	35.97	174,649
USD		9,515	31.995	304,447	8,486	31.43	266,705	14,313	33.205	475,258
CNY		1,214	4.629	5,622	11,937	4.496	53,667	3,039	4.573	13,899
Financial liabilities										
Monetary items										
EUR		56	36.71	2,050	120	36.90	4,413	252	35.97	9,066
USD		498	31.995	15,948	280	31.43	8,789	232	33.205	7,714

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables; and trade and other payables that are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the EUR, USD, and CNY as of March 31, 2026 and 2025, would have increased (decreased) the net profit (loss) after tax by $(2,730) thousand and $5,176 thousand, respectively. The analysis assumes that all other variables remain constant and were performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2026 and 2025, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $9,225 thousand and $6,251 thousand, respectively.

2) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, the Group's net income (loss) would have increased or decreased by $(4,635) thousand and $4,295 thousand for the three months ended March 31, 2026 and 2025, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(iv) Fair value of financial instruments

1) Fair value hierarchy

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

	March 31, 2026				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 828,851	-	-	-	-
Notes and trade receivable (including from related parties)	696,830	-	-	-	-
Other receivables (including from related parties)	42,921	-	-	-	-
Refundable deposits	12,528	-	-	-	-
Subtotal	**$ 1,581,130**	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 979,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)	513,218	-	-	-	-
Long-term borrowings (current portion included)	875,000	-	-	-	-
Lease liabilities (current and non-current)	179,521	-	-	-	-
Subtotal	**$ 2,546,739**	-	-	-	-

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	December 31, 2025				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 923,588	-	-	-	-
Notes and trade receivable (including from related parties)	640,773	-	-	-	-
Other receivables (including from related parties)	53,444	-	-	-	-
Refundable deposits	13,130	-	-	-	-
Subtotal	**$ 1,630,935**	**-**	**-**	**-**	**-**
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)	462,264	-	-	-	-
Long-term borrowings (current portion included)	898,677	-	-	-	-
Lease liabilities (current and non-current)	174,577	-	-	-	-
Subtotal	**$ 2,514,518**	**-**	**-**	**-**	**-**

	March 31, 2025				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 614,705	-	-	-	-
Notes and trade receivable (including from related parties)	1,123,687	-	-	-	-
Other receivables (including from related parties)	199,328	-	-	-	-
Refundable deposits	6,749	-	-	-	-
Subtotal	**$ 1,944,469**	**-**	**-**	**-**	**-**
Financial liabilities at FVTPL					
Held-for-trading financial liabilities	**$ 606**	**-**	**606**	**-**	**606**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 730,000	-	-	-	-

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	March 31, 2025				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Accounts and notes payable and other payables (including from related parties)	701,737	-	-	-	-
Long-term borrowings (current portion included)	988,087	-	-	-	-
Lease liabilities (current and non-current)	114,095	-	-	-	-
Subtotal	**$ 2,533,919**	**-**	**-**	**-**	**-**

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

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

2.1) Financial assets measured at amortized cost

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

2.2) Financial assets and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

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

4) Transfers between Level 1 and Level 2

There was no transfer between the fair value hierarchy levels for the three months ended March 31, 2026 and 2025.

(y) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(y) to the consolidated financial statements for the year ended December 31, 2025.

(z) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2025. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2025. Please refer to note 6(z) to the consolidated financial statements for the year ended December 31, 2025 for further details.

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

The Group's investing and financing activities which did not affect the current cash flow in the three months ended March 31, 2026 and 2025, were as follows:

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

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

			Non-cash changes		
	January 1, 2026	**Cash flows**	**Increase (decrease) for the period**	**Foreign exchange movement**	**March 31, 2026**
Short-term borrowings	$ 979,000	-	-	-	979,000
Lease liabilities (current and non-current)	174,577	(13,029)	14,979	2,994	179,521
Long-term borrowings (current portion included)	898,677	(23,677)	-	-	875,000
Total liabilities from financing activities	**$ 2,052,254**	**(36,706)**	**14,979**	**2,994**	**2,033,521**

			Non-cash changes		
	January 1, 2025	**Cash flows**	**Increase (decrease) for the period**	**Foreign exchange movement**	**March 31, 2025**
Short-term borrowings	$ 729,000	1,000	-	-	730,000
Lease liabilities (current and non-current)	121,933	(10,002)	883	1,281	114,095
Long-term borrowings (current portion included)	990,201	(2,114)	-	-	988,087
Total liabilities from financing activities	**$ 1,841,134**	**(11,116)**	**883**	**1,281**	**1,832,182**

7. Related-party transactions

(a) Names and relationship with the Group

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

Name of related party	**Relationship with the Group**
Zhongshan Xuguang Machinery Technology Co., Ltd. (Zhongshan Xuguang)	Associate (Note)
Lerinc Werkzeugmaschinen & Automation GmbH (LWA)	Associate
MWA Magdeburger Werkzeugmaschinen & Automation GmbH (MWA)	Associate

Note: Zhongshan Xuguang was originally an associate of the Group. On October 28, 2025, the Group obtained control over the company, 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 Group to related parties were as follows:

			For the three months ended March 31	
Account	**Type/Name of related party**		**2026**	**2025**
	Associate:			
Sale of goods	LWA	$	2,073	46,034
Sale of goods	Zhongshan Xuguang		-	12,059
		$	**2,073**	**58,093**

The sales price of the Group to its related parties is not materially different from those of

non-related parties.

(ii) Receivables from related parties

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

Account	Type/Name of related party	March 31, 2026	December 31, 2025	March 31, 2025
	Associate：			
Trade receivable	LWA	$ 19,667	20,458	102,432
Trade receivable	Zhongshan Xuguang	-	-	12,292
		19,667	20,458	114,724
Less: Loss allowance	LWA	(19,667)	(20,458)	(7,969)
		$ -	**-**	**106,755**

The collection term for sales to associate Zhongshan Xuguang and LWA are 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:

	For the three months ended March 31	
	2026	2025
Balance at beginning of period	$ 20,458	9,516
Impairment losses recognized	69	173
Reclassification	(758)	(2,123)
Effect of exchange rate changes	(102)	403
Balance at end of period	**$ 19,667**	**7,969**

(iii) Payables to related parties

The payables to related parties were as follows:

Account	Type/Name of related party	March 31, 2026	December 31, 2025	March 31, 2025
	Associate:			
Accounts payables	LWA	**$ 29**	**29**	**40**
Other payables	LWA	**$ 101**	**49**	**-**

(iv) Property transaction

Purchases of investment property

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

Type/Name of related party	For the three months ended March 31, 2025
Associate:	
LWA	**$ 89,396**

In February 2025, the Group purchased both the land and building located in Germany from associate LWA, with an area of approximately 1,051.79 ping. The total price of the land was NT$10,811 thousand and the total price of the buildings was NT$78,585 thousand, totaling NT$89,396 thousand. As of March 31, 2025, the transfer procedures have been completed, and there was no remaining unpaid balance. The acquisition price of the investment real estate was based on the appraisal report of Jones Lang LaSalle SE, a real estate appraisal company. Please refer to note 6(i) for details.

(v) Other receivables from related parties

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

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Account	Type/Name of related party		March 31, 2026	December 31, 2025	March 31, 2025
Operating activities:	Associate:				
Other receivables	LWA	$	5,045	4,447	-
Less: Loss allowance	LWA		(5,045)	(4,447)	-
		$	-	-	-
Financing:	Associate:				
Other receivables	LWA	$	183,145	182,437	166,145
Other receivables	MWA		41,975	42,011	6,834
			225,120	224,448	172,979
Less: Loss allowance	LWA		(183,145)	(182,437)	(6,019)
	MWA		(41,975)	(42,011)	-
		$	-	-	**166,960**
Interest income:	Associate:				
Other receivables	LWA	$	2,985	2,988	3,575
Other receivables	MWA		716	717	98
			3,701	3,705	3,673
Less: Loss allowance	LWA		(2,985)	(2,988)	-
	MWA		(716)	(717)	-
		$	-	-	**3,673**

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

		For the three months ended March 31	
		2026	2025
Balance at beginning of period	$	232,600	-
Impairment losses recognized		626	3,896
Reclassification		758	2,123
Effect of exchange rate changes		(118)	-
Balance at end of period	**$**	**233,866**	**6,019**

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

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

(c) Key management personnel compensation

		For the three months ended March 31	
		2026	2025
Short-term employee benefits	$	3,212	4,358
Post-employment benefits		333	242
	$	**3,545**	**4,600**

8. Pledged Assets

The carrying values of pledged assets were as follows:

Pledged Assets	Subject of pledge guarantee		March 31, 2026	December 31, 2025	March 31, 2025
Land	Collateral for bank borrowings and credit lines	$	123,978	123,978	123,978
Buildings and structures	Collateral for bank borrowings and credit lines		16,594	14,594	8,038
		$	**140,572**	**138,572**	**132,016**

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9. Significant commitments and contingencies

(a) Unrecognized contractual commitments

The Group's unrecognized contractual commitments were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Acquisition of property, plant and equipment	$ 644	3,586	4,438

(b) Contingencies

The Group's equity-method investee, the MWA Group, filed for insolvency with a German court at the end of 2025 and entered into statutory insolvency proceedings in 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. As the insolvency proceedings were still under negotiation, and due to differences in legal systems among jurisdictions and the complexities of cross-border enforcement, management recognized related provisions for liabilities based on the assessment of potential future compensation losses in accordance with the legal opinion provided by the Group's legal counsel. Please refer to note 6(p).

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

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

By function / By item		For the three months ended March 31					
		2026			2025		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary	$	84,399	76,065	160,464	85,388	79,428	164,816
Labor and health insurance		11,258	8,687	19,945	12,526	9,066	21,592
Pension		4,978	4,938	9,916	4,921	4,225	9,146
Others		674	2,009	2,683	625	1,719	2,344
Depreciation		23,496	9,319	32,815	23,326	8,938	32,264
Amortization		-	8,444	8,444	21	7,413	7,434

(b) Seasonality of operations

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

13. Other disclosures

(a) Information on significant transaction

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2026:

(i) Loans to other parties:

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(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	43,366	43,366	43,366		1	149,349	-	-	-	-	139,280	557,121
0	The Company	Winbro Ltd	Other receivables	Yes	8,667	8,667	8,667		1	16,437	-	-	-	-	139,280	557,121
0	The Company	LWA	Other receivables	Yes	85,317	85,317	85,317		1	53,035	-	85,317	-	-	139,280	557,121
0	The Company	LWA	Other receivables	Yes	88,000	88,000	88,000	5.26%	2	-	Operational development	88,000	-	-	139,280	557,121
0	The Company	MWA	Other receivables	Yes	35,000	35,000	35,000	5.26%	2	-	Operational development	35,000	-	-	139,280	557,121
0	The Company	Zhongshan Xuguang	Other receivables	Yes	12,189	-	-		1	16,601	-	-	-	-	139,280	557,121
1	Quaser Europe	Quaser Europe Gmbh	Other receivables	Yes	47,540	37,142	37,142		1	-	-	-	-	-	191,440	191,440
2	Winbro Ltd	Winbro LLC	Other receivables	Yes	100,849	74,171	74,171		1	196,722	-	-	-	-	2,952,232	2,952,232
3	Winbro LLC	Winbro Ltd	Other receivables	Yes	1,080	1,080	1,080		1	5,838	-	-	-	-	1,625,624	1,625,624
4	Quaser America	Winbro LLC	Other receivables	Yes	52,240	52,240	52,240		1	-	-	-	-	-	422,716	422,716
5	Quaser Europe Gmbh	MWA	Other receivables	Yes	7,140	6,975	6,975	5.26%	2	-	Operational development	6,975	-	-	12,984	51,934
5	Quaser Europe Gmbh	LWA	Other receivables	Yes	9,771	9,545	9,545	5.26%	2	-	Operational development	9,545	-	-	12,984	51,934

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 March 31, 2026 was $1,392,802 thousand × 10% = $139,280 thousand; Quaser Europe's net asset value as of March 31, 2026 was $47,860 thousand × 400% = $191,440 thousand; Winbro Ltd's net asset value as of March 31, 2026 was $738,058 thousand × 400% = $2,952,232 thousand; Winbro LLC's net asset value as of March 31, 2026 was $406,406 thousand × 400% = $1,625,624 thousand; Quaser America's net asset value as of March 31, 2026 was $105,679 thousand × 400% = $422,716 thousand; Quaser Europe Gmbh's net asset value as of March 31, 2026 was $129,836 thousand × 10% = $12,984 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

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Company's net asset value as of March 31, 2026 was $1,392,802 thousand × 40% = $557,121 thousand; Quaser Europe's net asset value as of March 31, 2026 was $47,860 thousand × 400% = $191,440 thousand; Winbro Ltd's net asset value as of March 31, 2026 was $738,058 thousand × 400% = $2,952,232 thousand; Winbro LLC's net asset value as of March 31, 2026 was $406,406 thousand × 400% = $1,625,624 thousand; Quaser America's net asset value as of March 31, 2026 was $105,679 thousand × 400% = $422,716 thousand; Quaser Europe Gmbh's net asset value as of March 31, 2026 was $129,836 thousand × 40% = $51,934 thousand).

Note 3: The nature of financing provided could be:

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

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

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

Note 6: 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 March 31, 2026, 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: None.

(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	151,159	1.65	-	-	-	-
Winbro Ltd	Winbro LLC	Sub-subsidiary company	214,626	0.68	74,171	Accounting for other receivables.	-	-

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

(vi) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Kunshan Quaser	1	Sales	45,271	T/T 180 days	8%
0	The Company	Kunshan Quaser	1	Trade receivable	116,437	T/T 180 days	3%
0	The Company	Kunshan Quaser	1	Other receivables	34,722	T/T 180 days	1%
0	The Company	Quaser Europe Gmbh	1	Trade receivable	46,892	T/T 180 days	1%
0	The Company	Quaser America	1	Other payable	47,993	T/T 180 days	1%
0	The Company	Winbro Ltd	2	Purchases	7,076	T/T 30 days	1%
0	The Company	Winbro Ltd	2	Accounts payable	13,723	T/T 30 days	-%
0	The Company	Winbro Ltd	2	Other receivables	12,796	T/T 180 days	-%
0	The Company	Winbro LLC	2	Sales	10,773	T/T 180 days	2%
0	The Company	Winbro LLC	2	Trade receivable	20,193	T/T 180 days	-%
0	The Company	Zhongshan Xuguang	1	Purchases	19,384	T/T 90 days	4%

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No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Zhongshan Xuguang	1	Trade receivable	4,829	T/T 90 days	-%
0	The Company	Zhongshan Xuguang	1	Accounts payable	19,389	T/T 90 days	-%
1	Quaser America	Winbro LLC	4	Trade receivable	53,120	T/T 120 days	1%
2	Quaser Europe Gmbh	Quaser Europe	3	Accounts payable	28,940	T/T 180 days	1%
3	Winbro Ltd	Winbro LLC	5	Sales	25,887	T/T 120 days	5%
3	Winbro Ltd	Winbro LLC	5	Trade receivable	214,626	T/T 120 days	5%

Note 1: Companies are numbered as follows:
1) "0" represents the parent company.
2) Subsidiaries are sorted in a numerical order starting from "1".

Note 2: The relationships between transaction parties are numbered as follows:
1) "1" represents the transactions from parent company to subsidiary.
2) "2" represents the transactions from parent company to sub-subsidiary.
3) "3" represents the transactions between subsidiaries.
4) "4" represents the transactions from subsidiary to sub-subsidiary.
5) "5" represents the transactions between sub-subsidiaries.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2026 (excluding information on investees in mainland China):

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Amount held at the end of the period			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 1)	Note
				End of the period	End of the previous year	Shares	Percentage of ownership	Carrying value			
The Company	Quaser Europe	Switzerland	Buys and sells machines	3,076	3,076	1,000	100%	47,860	(33)	(33)	Subsidiary
The Company	Quaser America	America	Buys and sells machines	189,455	189,455	6,000,000	100%	105,679	(246)	(246)	Subsidiary
The Company	Winbro UK	United Kingdom	Overseas reinvested holding company	1,804,141	1,804,141	27,054,625	100%	1,516,848	6,335	(4,147)	Subsidiary
The Company	Quaser Europe Gmbh	Germany	Buys and sells machines	206,706	206,706	25,000	100%	118,243	(1,022)	(1,022)	Subsidiary
Winbro UK	Winbro Ltd	United Kingdom	Aerospace machinery manufacturing and machining	GBP 90	GBP 90	9,029,804	100%	GBP 17,461	GBP (963)	(Note 2)	Sub-subsidiary
Winbro UK	Winbro LLC	America	Aerospace machinery manufacturing and machining	USD 33,576	USD 33,576	-	100%	USD 12,702	USD 1,086	(Note 2)	Sub-subsidiary
Quaser Europe Gmbh	MWA	Germany	Buys and sells machines	EUR 430	EUR 430	42,995	34.396%	EUR -	EUR -	(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:

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(In Thousands of NTD, CNY and USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of beginning of this period	Investment		Accumulated outflow of investment from Taiwan as of end of this period	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized	Book value as of March 31, 2026	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)	(464)	100%	(464)	23,757	-
Zhongshan Xuguang	Manufacturing and selling machines	215,340 (CNY 50,000)	The investment was made direct investments in companies in mainland China	129,557 (CNY 30,000)	-	-	129,557 (CNY 30,000)	(10,634)	60%	(5,471)	121,164	-

Note: Significant intercompany accounts and transactions have been eliminated.

(ii) Limitation on investment in mainland China:

(In Thousands of NTD, CNY and USD)

Accumulated investment in mainland China as of March 31, 2026	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)	835,681

(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

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

	For the three months ended March 31, 2026		
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	$ 208,351	342,247	550,598
Reportable segment profit (loss)	$ 15,696	(1,513)	14,183

	For the three months ended March 31, 2025		
	Computer numerical control machines	Aerospace processing machines	Total
Total revenue	$ 348,438	461,314	809,752
Reportable segment profit (loss)	$ 19,534	67,656	87,190

Segment revenue reported above represents revenue generated from external customers. The intersegment sales had been eliminated for the three months ended March 31, 2026 and 2025.

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