Stock Code：4563

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Six Months Ended June 30, 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 June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2026 and 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 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$413,109 thousand and NT$243,574 thousand, constituting 9.41% and 5.84% of consolidated total assets as of June 30, 2026 and 2025, respectively, and total liabilities amounting to NT$26,955 thousand and NT$14,246 thousand, constituting 0.92% and 0.52% of consolidated total liabilities as of June 30, 2026 and 2025, respectively, and total comprehensive income (loss) amounting to NT$(10,381) thousand, NT$(11,558) thousand, NT$(22,317) thousand, and NT$(11,433) thousand, constituting 147.00%, 6.53%, 128.18% and 15.04% of consolidated total comprehensive income (loss) for the three months and the six months ended June 30, 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$22,839 thousand as of June 30, 2026 and 2025, respectively, and its equity in net loss on these investee companies of NT$0 thousand, NT$1,203 thousand, NT$0 thousand, and NT$4,635 thousand for the three months and the six months ended June 30, 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 June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months ended June 30, 2026 and 2025, as well as its consolidated cash flows for the six months ended June 30, 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)
August 6, 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

June 30, 2026, December 31 and June 30, 2025

(Expressed in thousands of New Taiwan Dollar)

	June 30, 2026		December 31, 2025		June 30, 2025	
Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current assets:						
Cash and cash equivalents (Note 6(a))	$ 761,606	17	923,588	22	693,537	17
Current financial assets at fair value through profit or loss (Note 6(b))	-	-	-	-	644	-
Notes receivable, net (Note 6(c))	59,480	1	2,199	-	23,214	-
Trade receivable, net (Note 6(c))	740,619	17	638,574	15	871,529	21
Trade receivable due from related parties (Note 7)	-	-	-	-	61,148	1
Other receivables	46,938	1	53,444	1	32,409	1
Other receivables due from related parties (Note 7)	-	-	-	-	149,120	4
Current tax assets	14,726	-	14,807	-	13,810	-
Inventories (Note 6(d))	1,382,210	32	1,279,097	30	1,136,499	27
Other current assets (Note 6(k))	122,767	3	79,402	2	69,903	2
	3,128,346	71	2,991,111	70	3,051,813	73
Non-current assets:						
Investments accounted for using equity method (Note 6(e))	-	-	-	-	22,839	1
Property, plant and equipment (Note 6(g) and 8)	382,029	9	375,659	9	411,004	10
Right-of-use assets (Note 6(h))	145,602	3	167,735	4	88,668	2
Investment property (Note 6(i) and 7)	86,957	2	89,629	2	84,563	2
Intangible assets (Note 6(j))	163,194	4	178,631	4	122,427	3
Goodwill (Note 6(j))	309,674	7	305,660	7	285,305	6
Deferred tax assets	123,906	3	114,102	3	70,890	2
Net defined benefit assets	33,099	1	32,423	1	28,271	1
Other non-current assets (Note 6(k))	16,777	-	13,130	-	6,802	-
	1,261,238	29	1,276,969	30	1,120,769	27
Total assets	**$ 4,389,584**	**100**	**4,268,080**	**100**	**4,172,582**	**100**

	June 30, 2026		December 31, 2025		June 30, 2025	
Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current liabilities:						
Short-term borrowings (Note 6(l))	$ 979,000	22	979,000	23	819,000	20
Current financial liabilities at fair value through profit or loss (Note 6(b))	11	-	1,536	-	898	-
Current contract liabilities (Note 6(u))	145,158	3	153,247	4	91,634	2
Notes payable	70	-	70	-	71	-
Accounts payable	309,962	7	231,359	6	266,512	6
Accounts payable due from related parties (Note 7)	29	-	29	-	97	-
Other payables (Note 6(n))	163,081	4	230,757	6	396,136	10
Other payables due from related parties (Note 7)	186	-	49	-	33	-
Current tax liabilities	27,693	1	18,743	-	17,863	-
Current provisions (Note 6(p))	110,973	3	21,009	-	18,547	-
Current lease liabilities (Note 6(m))	43,112	1	21,675	-	28,537	1
Long-term borrowing, current portion (Note 6(o) and 8)	430,000	10	438,715	10	38,619	1
Other current liabilities	6,371	-	6,435	-	843	-
	2,215,646	51	2,102,624	49	1,678,790	40
Non-current liabilities:						
Long-term borrowings (Note 6(o) and 8)	530,000	12	459,962	11	947,343	22
Non-current provisions (Note 6(p))	4,677	-	4,520	-	4,846	-
Deferred tax liabilities	59,551	1	59,540	1	30,829	1
Non-current lease liabilities (Note 6(m))	108,349	3	152,902	4	65,076	2
Credit balance of investments accounted for using equity method (Note 6(e))	4,285	-	4,285	-	4,728	-
Other non-current liabilities	560	-	320	-	80	-
	707,422	16	681,529	16	1,052,902	25
Total liabilities	2,923,068	67	2,784,153	65	2,731,692	65
Equity attributable to owners of parent: (Note 6(s))						
Common stock	549,500	12	549,500	13	549,500	13
Capital surplus	842,246	19	842,246	20	820,663	20
Unappropriated retained earnings (Accumulated deficit)	(108,186)	(2)	(86,400)	(2)	70,359	2
Other Equity	105,403	2	96,501	2	368	-
Equity attributable to owners of parent	1,388,963	31	1,401,847	33	1,440,890	35
Non-controlling interests	77,553	2	82,080	2	-	-
Total equity	1,466,516	33	1,483,927	35	1,440,890	35
Total liabilities and equity	**$ 4,389,584**	**100**	**4,268,080**	**100**	**4,172,582**	**100**

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2026 and 2025

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

	For the three months ended June 30				For the six months ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(u) and 7)	$ 739,623	100	741,446	100	1,290,221	100	1,551,198	100
Operating costs (Note 6(d), (q) and 12)	528,797	72	504,456	68	929,791	72	1,037,464	67
Gross profit	210,826	28	236,990	32	360,430	28	513,734	33
Realized (unrealized) profit from sales	-	-	668	-	-	-	(2,949)	-
Gross profit, net	210,826	28	237,658	32	360,430	28	510,785	33
Operating expenses (Note 6(q), (v) and 12)								
Selling expenses	30,354	4	40,635	5	60,268	4	87,334	6
Administrative expenses	83,550	11	83,905	11	176,666	14	184,233	12
Research and development expenses	37,514	5	29,947	4	73,810	6	60,311	4
Expected credit loss (reversal) (Note 6(c) and 7)	6,495	1	24,361	3	(17,410)	(1)	32,907	2
	157,913	21	178,848	23	293,334	23	364,785	24
Operating income	52,913	7	58,810	9	67,096	5	146,000	9
Non-operating income and expenses (Note 6(w))								
Interest income	1,623	-	5,454	1	2,414	-	7,170	-
Other income	6,199	1	4,252	1	10,385	1	4,432	-
Other gains and losses	(31,329)	(4)	(94,597)	(13)	(75,963)	(5)	(89,004)	(6)
Finance costs (Note 6(m))	(10,625)	(2)	(9,731)	(1)	(21,193)	(2)	(19,411)	(1)
Share of loss of associates accounted for using equity method (Note 6(e))	-	-	(1,207)	-	-	-	(5,210)	-
	(34,132)	(5)	(95,829)	(12)	(84,357)	(6)	(102,023)	(7)
Profit (loss) before income tax	18,781	2	(37,019)	(3)	(17,261)	(1)	43,977	2
Less: Income tax expenses (Note 6(r))	16,022	2	4,703	1	12,410	1	31,259	2
Profit (loss) for the period	2,759	-	(41,722)	(4)	(29,671)	(2)	12,718	-
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	(12,530)	(2)	(169,068)	(23)	14,486	1	(110,942)	(7)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 6(r))	2,709	-	33,813	5	(2,226)	-	22,188	1
Other comprehensive income for the period, net of tax	(9,821)	(2)	(135,255)	(18)	12,260	1	(88,754)	(6)
Total comprehensive income (loss)	**$ (7,062)**	**(2)**	**(176,977)**	**(22)**	**(17,411)**	**(1)**	**(76,036)**	**(6)**
Profit (loss) attributable to:								
Owners of parent	$ 6,997	1	(41,722)	(4)	(21,786)	(1)	12,718	-
Non-controlling interests	(4,238)	(1)	-	-	(7,885)	(1)	-	-
	$ 2,759	-	**(41,722)**	**(4)**	**(29,671)**	**(2)**	**12,718**	-
Comprehensive income (loss) attributable to:								
Owners of parent	$ (3,839)	(1)	(176,977)	(22)	(12,884)	(1)	(76,036)	(6)
Non-controlling interests	(3,223)	(1)	-	-	(4,527)	-	-	-
	$ (7,062)	**(2)**	**(176,977)**	**(22)**	**(17,411)**	**(1)**	**(76,036)**	**(6)**
Earnings per share (NT Dollars) (Note 6(t))								
Basic earnings per share	**$ 0.12**		**(0.76)**		**(0.40)**		**0.23**	
Diluted earnings per share	**$ 0.12**		**(0.76)**		**(0.40)**		**0.23**	

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 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	-	-	-	-	12,718	12,718	-	12,718	-	12,718
Other comprehensive income for the period	-	-	-	-	-	-	(88,754)	(88,754)	-	(88,754)
Total comprehensive income for the period	-	-	-	-	12,718	12,718	(88,754)	(76,036)	-	(76,036)
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	21,648	-	(21,648)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(164,850)	(164,850)	-	(164,850)	-	(164,850)
Changes in other capital surplus	-	300	-	-	-	-	-	300	-	300
Balance at June 30, 2025	**$ 549,500**	**820,663**	**24,911**	**2,724**	**42,724**	**70,359**	**368**	**1,440,890**	-	**1,440,890**
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	-	-	-	-	(21,786)	(21,786)	-	(21,786)	(7,885)	(29,671)
Other comprehensive income for the period	-	-	-	-	-	-	8,902	8,902	3,358	12,260
Total comprehensive income for the period	-	-	-	-	(21,786)	(21,786)	8,902	(12,884)	(4,527)	(17,411)
Balance at June 30, 2026	**$ 549,500**	**842,246**	**24,911**	**2,724**	**(135,821)**	**(108,186)**	**105,403**	**1,388,963**	**77,553**	**1,466,516**

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2026 and 2025

(Expressed in thousands of New Taiwan Dollar)

	For the six months ended June 30	
	2026	**2025**
Cash flows from (used in) operating activities		
Profit (loss) before tax	$ (17,261)	43,977
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	66,090	60,726
Amortization expense	16,953	14,510
Expected credit loss (reversal)	(17,410)	32,907
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,525)	254
Interest expense	21,193	19,411
Interest income	(2,414)	(7,170)
Share of loss of associates accounted for using equity method	-	5,210
Gain on disposal of property, plant and equipment	-	(20)
Unrealized profit from sales	-	2,949
Unrealized foreign exchange loss	18,378	62,385
Gain on lease modification	(1,637)	-
Other items	91,405	-
Total adjustments to reconcile profit (loss)	191,033	191,162
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(57,088)	(12,027)
Decrease (increase) in trade receivable (including from related parties)	(106,383)	(244,698)
Decrease (increase) in other receivables (including from related parties)	10,507	(23,140)
Decrease (increase) in inventories	(88,860)	(48,332)
Decrease (increase) in other current assets	(42,965)	(27,340)
Decrease (increase) in net defined benefit assets	(676)	(696)
Total changes in operating assets	(285,465)	(356,233)
Changes in operating liabilities		
Increase (decrease) in contract liabilities	(9,634)	(56,984)
Increase (decrease) in notes payable	-	71
Increase (decrease) in accounts payable (including from related parties)	70,993	83,067
Increase (decrease) in other payables (including from related parties)	(69,689)	61,327
Increase (decrease) in provisions	(1,476)	576
Increase (decrease) in other current liabilities	22	(291)

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2026 and 2025

(Expressed in thousands of New Taiwan Dollar)

	For the six months ended June 30	
	2026	**2025**
Increase (decrease) in other non-current liabilities	240	80
Total changes in operating liabilities	(9,544)	87,846
Total changes in operating assets and liabilities	(295,009)	(268,387)
Total adjustments	(103,976)	(77,225)
Cash inflow (outflow) generated from operations	(121,237)	(33,248)
Interest received	2,414	2,192
Interest paid	(21,392)	(18,948)
Income taxes paid	(17,461)	(59,913)
Net cash flows from (used in) operating activities	(157,676)	(109,917)
Cash flows from (used in) investing activities		
Increase in prepayments for investments	(5,000)	-
Acquisition of property, plant and equipment	(42,810)	(43,771)
Increase in refundable deposits	-	(184)
Decrease in refundable deposits	1,456	-
Increase in other receivables due from related parties	-	(88,000)
Decrease in other receivables due from related parties	-	86,482
Acquisition of intangible assets	(453)	(860)
Acquisition of investment property	-	(86,631)
Interest received	-	6,306
Net cash flows from (used in) investing activities	(46,807)	(126,658)
Cash flows from (used in) financing activities		
Increase in short-term loans	100,000	139,000
Decrease in short-term loans	(100,000)	(49,000)
Proceeds from long-term debt	100,000	400,000
Repayments of long-term debt	(38,677)	(404,239)
Payments of lease liabilities	(25,279)	(19,500)
Other financing activities	-	300
Net cash flows from (used in) financing activities	36,044	66,561
Effect of exchange rate changes on cash and cash equivalents	6,457	53,221
Net decrease in cash and cash equivalents	(161,982)	(116,793)
Cash and cash equivalents at beginning of period	923,588	810,330
Cash and cash equivalents at end of period	**$ 761,606**	**693,537**

See accompanying notes to consolidated financial statements.

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

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the six months ended June 30, 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 August 6, 2026.

3. New standards, amendments and interpretations adopted

(a) The impact of the IFRS Accounting Standards 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 IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

- 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 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 new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

- Amendments to IAS 28 "The Fair Value Option for Investments in Associates and Joint Ventures"

  The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

(c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The Group does not expect the following 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 20 "Regulatory Assets and Regulatory Liabilities"

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:

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Name of investor	Name of subsidiary	Main businesses	Percentage of ownership			Note
			June 30, 2026	December 31, 2025	June 30, 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.

QUASER MACHINE TOOLS, INC. AND SUBSIDIARIES
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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

	June 30, 2026	December 31, 2025	June 30, 2025
Petty cash and cash on hand	$ 1,192	1,532	910
Checking and demand deposits	760,414	911,948	663,327
Time deposits	-	10,108	29,300
Cash and cash equivalents in the consolidated statement of cash flows	**$ 761,606**	**923,588**	**693,537**

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

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets mandatorily classified as at FVTPL:			
Derivative instruments not used for hedging			
Forward exchange contracts	**$ -**	**-**	**644**
Held-for-trading financial liabilities:			
Derivative instruments not used for hedging			
Forward exchange contracts	**$ 11**	**1,536**	**898**

As of June 30, 2026, December 31 and June 30, 2025, outstanding forward exchange contracts were as follows:

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June 30, 2026

Item	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	USD 154 / NTD 4,881	USD to NTD	26.9.1~26.9.10
Forward exchange sold	USD 215 / NTD 6,811	USD to NTD	26.9.10~26.9.18

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

June 30, 2025

Item	Contract amount (in thousands)	Currency	Maturity dates
Forward exchange sold	USD 685 / NTD 20,509	USD to NTD	25.8.7
Forward exchange sold	USD 912 / NTD 26,241	USD to NTD	25.9.8
Forward exchange sold	USD 458 / NTD 13,147	USD to NTD	25.10.7
Forward exchange sold	USD 419 / NTD 11,989	USD to NTD	25.11.17
Forward exchange sold	USD 703 / NTD 20,086	USD to NTD	25.12.5
Forward exchange sold	USD 155 / NTD 4,640	USD to NTD	25.7.23～25.7.31
Forward exchange sold	EUR 185 / NTD 6,306	EUR to NTD	25.7.23～25.7.31
Forward exchange sold	EUR 173 / NTD 5,897	EUR to NTD	25.7.23～25.7.31
Forward exchange sold	EUR 111 / NTD 3,783	EUR to NTD	25.7.23～25.7.31

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

(c) Notes receivable and trade receivable

	June 30, 2026	**December 31, 2025**	**June 30, 2025**
Notes receivable from operating activities	$ 59,480	2,199	23,214
Trade receivable–measured as amortized cost	768,156	684,544	912,416
Less: Loss allowance	(27,537)	(45,970)	(40,887)
	$ 800,099	**640,773**	**894,743**

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

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	June 30, 2026		
	Carrying amount of notes and trade receivable	Weighted average expected credit loss rate	Loss allowance
Not past due	$ 743,117	- %	-
1 to 30 days past due	27,638	- %	-
31 to 60 days past due	11,461	4.85 %	556
61 to 90 days past due	2,987	10.01 %	299
91 to 180 days past due	15,497	20.00 %	3,099
181 to 360 days past due	6,706	50.00 %	3,353
More than 361 days past due	20,230	100.00 %	20,230
	$ 827,636		**27,537**

	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**

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

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

	For the six months ended June 30	
	2026	2025
Balance at beginning of period	$ 45,970	24,508
Impairment losses recognized (reversal)	(18,034)	17,788
Amounts written off as uncollectible during the period	(59)	-
Effect of exchange rate changes	(340)	(1,409)
Balance at end of period	**$ 27,537**	**40,887**

The Group's notes and trade receivable were not pledged as collateral as of June 30, 2026, December 31 and June 30, 2025. For further credit risk information, please refer to note 6(x).

(d) Inventories

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		June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	$	706,247	679,520	586,348
Work in progress		423,686	385,163	408,259
Finished goods		241,232	205,390	116,720
Goods		11,045	9,024	25,172
	$	**1,382,210**	**1,279,097**	**1,136,499**

During the three months and six months ended June 30, 2026 and 2025, the loss for inventory obsolescence from the decrease in inventories' net realizable value amounted to $5,049 thousand, $14,621 thousand, $7,443 thousand and $6,869 thousand, respectively. The write-downs of inventories are included in cost of sales. As of June 30, 2026, December 31 and June 30, 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:

		June 30, 2026	December 31, 2025	June 30, 2025
Associates	**$**	**(4,285)**	**(4,285)**	**18,111**

(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.

		June 30, 2026	December 31, 2025	June 30, 2025
Carrying amount of individually insignificant associates' equity	**$**	**(4,285)**	**(4,285)**	**18,111**

		For the three months ended June 30		For the six months ended June 30	
		2026	2025	2026	2025
Attributable to the Group:					
Loss from continuing operations	$	-	(1,207)	-	(5,210)
Other comprehensive income (loss)		-	(3,564)	-	(2,379)
Comprehensive income (loss)	**$**	**-**	**(4,771)**	**-**	**(7,589)**

(iv) The Group's unrealized profit from sales to associate Lerinc Werkzeugmaschinen & Automation GmbH (LWA) was $4,285 thousand, $4,285 thousand and $4,728 thousand, which were recorded under the credit balance of investments accounted for using equity method as of June 30, 2026, December 31 and June 30, 2025.

(v) The Group's investment accounted for using equity method was not pledged as collateral as of June 30, 2026, December 31 and June 30, 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**

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(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 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		-	3,315	1,100	384	138	3,080	12,677	22,116	42,810
Disposals		-	-	(88)	-	(130)	(831)	-	-	(1,049)
Reclassification		-	-	(123)	-	302	73	252	(632)	(128)
Effects of exchange rate changes		-	329	4,900	114	4	1,469	768	530	8,114
Balance at June 30, 2026	**$**	**123,978**	**264,974**	**928,043**	**6,068**	**57,415**	**261,624**	**28,661**	**59,740**	**1,730,503**
Balance at January 1, 2025	$	123,978	253,981	1,097,904	3,367	57,011	230,942	-	62,914	1,830,097
Additions		-	1,133	3,778	2,132	-	1,864	1,062	33,802	43,771
Disposals		-	-	-	-	-	(2,756)	-	-	(2,756)
Reclassification		-	-	(50,543)	-	-	-	-	(6,609)	(57,152)
Effects of exchange rate changes		-	(3,395)	(124,320)	(443)	-	(6,408)	-	(8,726)	(143,292)
Balance at June 30, 2025	**$**	**123,978**	**251,719**	**926,819**	**5,056**	**57,011**	**223,642**	**1,062**	**81,381**	**1,670,668**
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		-	2,312	26,550	405	1,479	5,187	3,136	-	39,069
Disposals		-	-	(88)	-	(130)	(831)	-	-	(1,049)
Effects of exchange rate changes		-	324	4,119	57	1	761	95	-	5,357
Balance at June 30, 2026	**$**	-	**241,737**	**815,681**	**3,258**	**54,843**	**227,642**	**5,313**	-	**1,348,474**
Balance at January 1, 2025	$	-	234,320	884,246	2,870	50,174	215,940	-	-	1,387,550
Depreciation		-	2,704	34,185	172	1,758	2,675	160	-	41,654
Disposals		-	-	-	-	-	(2,756)	-	-	(2,756)
Reclassification		-	-	(46,977)	-	-	-	-	-	(46,977)
Effects of exchange rate changes		-	(2,806)	(110,476)	(244)	-	(6,281)	-	-	(119,807)
Balance at June 30, 2025	**$**	-	**234,218**	**760,978**	**2,798**	**51,932**	**209,578**	**160**	-	**1,259,664**
Carrying amount:										
Balance at January 1, 2026	**$**	**123,978**	**22,229**	**137,154**	**2,774**	**3,608**	**35,308**	**12,882**	**37,726**	**375,659**
Balance at June 30, 2026	**$**	**123,978**	**23,237**	**112,362**	**2,810**	**2,572**	**33,982**	**23,348**	**59,740**	**382,029**
Balance at January 1, 2025	**$**	**123,978**	**19,661**	**213,658**	**497**	**6,837**	**15,002**	-	**62,914**	**442,547**
Balance at June 30, 2025	**$**	**123,978**	**17,501**	**165,841**	**2,258**	**5,079**	**14,064**	**902**	**81,381**	**411,004**

As of June 30, 2026, December 31 and June 30, 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 six months ended June 30, 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		12,464	-	1,914	-	14,378
Write-off		(23,659)	-	(674)	-	(24,333)
Effects of exchange rate changes		4,918	46	41	-	5,005
Balance at June 30, 2026	**$**	**322,128**	**7,531**	**26,337**	-	**355,996**
Balance at January 1, 2025	$	230,175	7,632	26,411	7,914	272,132
Additions		-	-	1,109	-	1,109
Write-off		-	-	(1,445)	-	(1,445)
Effects of exchange rate changes		(24,152)	(377)	(578)	(841)	(25,948)
Balance at June 30, 2025	**$**	**206,023**	**7,255**	**25,497**	**7,073**	**245,848**

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		Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Accumulated depreciation:						
Balance at January 1, 2026	$	175,043	3,076	15,092	-	193,211
Depreciation		21,549	507	3,755	-	25,811
Write-off		(9,463)	-	(674)	-	(10,137)
Reclassification		-	-	(1,498)	-	(1,498)
Effects of exchange rate changes		2,924	35	48	-	3,007
Balance at June 30, 2026	**$**	**190,053**	**3,618**	**16,723**	**-**	**210,394**
Balance at January 1, 2025	$	137,022	2,017	12,011	6,387	157,437
Depreciation		12,968	571	3,840	741	18,120
Write-off		-	-	(1,445)	-	(1,445)
Effects of exchange rate changes		(15,510)	(221)	(463)	(738)	(16,932)
Balance at June 30, 2025	**$**	**134,480**	**2,367**	**13,943**	**6,390**	**157,180**
Carrying amount:						
Balance at January 1, 2026	**$**	**153,362**	**4,409**	**9,964**	**-**	**167,735**
Balance at June 30, 2026	**$**	**132,075**	**3,913**	**9,614**	**-**	**145,602**
Balance at January 1, 2025	**$**	**93,153**	**5,615**	**14,400**	**1,527**	**114,695**
Balance at June 30, 2025	**$**	**71,543**	**4,888**	**11,554**	**683**	**88,668**

(i) Investment property

The cost, depreciation, and impairment of the investment property of the Group for the six months ended June 30, 2026 and 2025 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		(183)	(1,335)	(1,518)
Balance at June 30, 2026	**$**	**10,925**	**79,407**	**90,332**
Balance at January 1, 2025	$	-	-	-
Additions		10,477	76,154	86,631
Effects of exchange rate changes		(137)	(992)	(1,129)
Balance at June 30, 2025	**$**	**10,340**	**75,162**	**85,502**
Accumulated depreciation and impairments loss:				
Balance at January 1, 2026	$	-	2,221	2,221
Depreciation		-	1,210	1,210
Effects of exchange rate changes		-	(56)	(56)
Balance at June 30, 2026	**$**	**-**	**3,375**	**3,375**
Balance at January 1, 2025	$	-	-	-
Depreciation		-	952	952
Effects of exchange rate changes		-	(13)	(13)
Balance at June 30, 2025	**$**	**-**	**939**	**939**
Carrying amount:				
Balance at January 1, 2026	**$**	**11,108**	**78,521**	**89,629**
Balance at June 30, 2026	**$**	**10,925**	**76,032**	**86,957**
Balance at January 1, 2025	**$**	**-**	**-**	**-**
Balance at June 30, 2025	**$**	**10,340**	**74,223**	**84,563**

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None of the investment property held by the Group was pledged collateral as of June 30, 2026, December 31 and June 30, 2025.

(j) Goodwill and intangible assets

The cost, amortization and impairment of the goodwill and intangible assets of the Group for the six months ended June 30, 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		-	-	-	453	-	-	-	453
Disposals		-	-	-	(120)	(130)	-	-	(250)
Effects of exchange rate changes		6,743	2,310	1,092	(463)	-	-	-	9,682
Balance at June 30, 2026	**$**	**525,081**	**175,175**	**82,810**	**86,231**	**3,692**	**231**	**-**	**873,220**
Balance at January 1, 2025	$	531,596	180,318	85,241	22,749	3,867	231	500	824,502
Additions		-	-	-	270	590	-	-	860
Disposals		-	-	-	(1,328)	(380)	-	-	(1,708)
Effects of exchange rate changes		(55,944)	(19,168)	(9,061)	(478)	-	-	-	(84,651)
Balance at June 30, 2025	**$**	**475,652**	**161,150**	**76,180**	**21,213**	**4,077**	**231**	**500**	**739,003**
Accumulated amortization and impairment losses:									
Balance at January 1, 2026	$	212,678	71,067	71,990	21,450	1,760	99	-	379,044
Amortization		-	5,798	5,873	4,897	374	11	-	16,953
Disposals		-	-	-	(120)	(130)	-	-	(250)
Effects of exchange rate changes		2,729	991	1,004	(119)	-	-	-	4,605
Balance at June 30, 2026	**$**	**215,407**	**77,856**	**78,867**	**26,108**	**2,004**	**110**	**-**	**400,352**
Balance at January 1, 2025	$	212,987	62,110	62,916	15,425	1,744	75	417	355,674
Amortization		-	5,834	5,910	2,352	361	12	41	14,510
Disposals		-	-	-	(1,328)	(380)	-	-	(1,708)
Effects of exchange rate changes		(22,640)	(7,065)	(7,156)	(344)	-	-	-	(37,205)
Balance at June 30, 2025	**$**	**190,347**	**60,879**	**61,670**	**16,105**	**1,725**	**87**	**458**	**331,271**
Carrying amount:									
Balance at January 1, 2026	**$**	**305,660**	**101,798**	**9,728**	**64,911**	**2,062**	**132**	**-**	**484,291**
Balance at June 30, 2026	**$**	**309,674**	**97,319**	**3,943**	**60,123**	**1,688**	**121**	**-**	**472,868**
Balance at January 1, 2025	**$**	**318,609**	**118,208**	**22,325**	**7,324**	**2,123**	**156**	**83**	**468,828**
Balance at June 30, 2025	**$**	**285,305**	**100,271**	**14,510**	**5,108**	**2,352**	**144**	**42**	**407,732**

None of the intangible assets held by the Group were pledged collateral as of June 30, 2026, December 31 and June 30, 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:

		June 30, 2026	December 31, 2025	June 30, 2025
Other current assets:				
Prepayments	$	114,146	70,711	66,509
Others		8,621	8,691	3,394
	$	**122,767**	**79,402**	**69,903**
Other non-current assets:				
Refundable deposits	$	11,777	13,130	6,802
Prepayments for investments		5,000	-	-
	$	**16,777**	**13,130**	**6,802**

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(l) Short-term borrowings

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

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loans	$ 979,000	979,000	819,000
Unused short-term credit lines	$ 500,000	450,000	410,000
Range of interest rates	1.119%~1.999%	1.118%~1.97%	1.118%~2.099%

(i) Issuing and repayment the borrowings

For the six months ended June 30, 2026 and 2025, the Group had additional short-term borrowings amounting to $100,000 thousand and $139,000 thousand, with an interest rate of 1.95% and 1.97%~2.099%, as well as maturity ranging in July 2026 and from July to November 2025. For the six months ended June 30, 2026 and 2025, the repayments amounted to $100,000 thousand and $49,000 thousand, respectively.

(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:

	June 30, 2026	December 31, 2025	June 30, 2025
Current	$ 43,112	21,675	28,537
Non-current	$ 108,349	152,902	65,076

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 June 30		For the six months ended June 30	
	2026	2025	2026	2025
Interest expense on lease liabilities	$ 1,184	818	2,516	1,694
Expenses relating to short-term leases	$ 416	2,150	2,499	4,433

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

	For the six months ended June 30	
	2026	2025
Total cash outflow for leases	$ 30,294	25,627

(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

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The other payables of the Group were summarized as follows:

		June 30, 2026	December 31, 2025	June 30, 2025
Salary and bonus payable	$	63,963	63,915	61,644
Pensions payable		2,435	2,631	2,385
Employee and director compensation payable		-	8,507	23,133
Commission payable		19,009	21,418	19,103
Dividends payable		-	-	164,850
Others		77,674	134,286	125,021
	$	**163,081**	**230,757**	**396,136**

(o) Long-term borrowings

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

		June 30, 2026	December 31, 2025	June 30, 2025
Unsecured bank loans	$	560,000	498,677	517,962
Secured bank loans		400,000	400,000	468,000
Subtotal		960,000	898,677	985,962
Less: current portion		(430,000)	(438,715)	(38,619)
Total	**$**	**530,000**	**459,962**	**947,343**
Unused long-term credit lines	**$**	**890,000**	**890,000**	**822,000**
Range of interest rates		**1.78%~2.504%**	**2.017%~2.398%**	**2.017%~2.398%**

(i) Issuance and repayment of the borrowings

For the six months ended June 30, 2026 and 2025, the Group had additional long-term borrowings amounting to $100,000 thousand and $400,000 thousand, with an interest rate of 1.78% and 2.017%, maturing in May 2031 and June 2027. For the six months ended June 30, 2026 and 2025, the repayments amounted to $38,677 thousand and $404,239 thousand, respectively.

(ii) Syndicated loan

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

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

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

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

As of June 30, 2026 and 2025, the Group was in compliance with the above borrowing covenants.

During the fiscal year 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 June 30, 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

		June 30, 2026	December 31, 2025	June 30, 2025
Current–Warranties	$	19,568	21,009	18,547
Current–Provisions pending legal proceedings		91,405	-	-
Non-current–Employee benefits		4,677	4,520	4,846
	$	**115,650**	**25,529**	**23,393**

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 as of March 31, 2026. Subsequently, based on the settlement proposal agreed between the parties and the progress of the mediation process, the Group remeasured the obligation during the second quarter of 2026 and recognized an additional provision of EUR 1,000 thousand. Accordingly, as of June 30, 2026, the Group's best estimate of the obligation related to the above legal matter amounted to EUR 2,500 thousand and the Group recognized a provision for liabilities. Please refer to note 9(b).

There were no significant changes in provisions for the six months ended June 30, 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 June 30		For the six months ended June 30	
		2026	2025	2026	2025
Operating cost	$	(73)	(68)	(147)	(135)
Selling expenses		(33)	(29)	(66)	(58)
Administration expenses		(9)	(22)	(17)	(45)
	$	**(115)**	**(119)**	**(230)**	**(238)**

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(ii) Defined contribution plans

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

	For the three months ended June 30		For the six months ended June 30	
	2026	**2025**	**2026**	**2025**
Operating cost	$ 6,332	4,840	11,384	9,828
Selling expenses	661	1,233	1,526	2,059
Administration expenses	2,347	2,657	4,997	4,851
Research and development expenses	1,587	1,408	3,051	2,665
	$ 10,927	**10,138**	**20,958**	**19,403**

(r) Income taxes

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

	For the three months ended June 30		For the six months ended June 30	
	2026	**2025**	**2026**	**2025**
Current tax expense				
Current period	$ 16,619	14,800	24,666	62,610
Adjustment for prior periods	(25)	622	(25)	(28,394)
	16,594	15,422	24,641	34,216
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	(572)	(10,719)	(12,231)	(2,957)
Income tax expense	**$ 16,022**	**4,703**	**12,410**	**31,259**

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

	For the three months ended June 30		For the six months ended June 30	
	2026	**2025**	**2026**	**2025**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign financial statements	**$ 2,709**	**33,813**	**(2,226)**	**22,188**

(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 June 30, 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 shareholders' meeting on May 28, 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**

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(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		11,128
Income tax		(2,226)
Balance at June 30, 2026	**$**	**105,403**
Balance at January 1, 2025	$	89,122
Exchange differences on foreign operations		(110,942)
Income tax		22,188
Balance at June 30, 2025	**$**	**368**

(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 June 30		For the six months ended June 30	
	2026	**2025**	**2026**	**2025**
Net profit (loss) attributable to ordinary shareholders of the Company (basic)	**$ 6,997**	**(41,722)**	**(21,786)**	**12,718**
Weighted average number of ordinary shares outstanding (in thousands of shares)	**54,950**	**54,950**	**54,950**	**54,950**
Basic earnings per share (expressed in NT dollars)	**$ 0.12**	**(0.76)**	**(0.40)**	**0.23**

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2026	**2025**	**2026**	**2025**
Net profit (loss) attributable to ordinary shareholders of the Company (diluted)	**$ 6,997**	**(41,722)**	**(21,786)**	**12,718**
Weighted average number of ordinary shares outstanding (basic) (in thousands of shares)	54,950	54,950	54,950	54,950
Effect of dilutive potential ordinary shares				
Effect on employees' compensation	-	-	-	82
Weighted average number of ordinary shares outstanding (diluted) (in thousands of shares)	**54,950**	**54,950**	**54,950**	**55,032**
Diluted earnings per share (expressed in NT dollars)	**$ 0.12**	**(0.76)**	**(0.40)**	**0.23**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

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	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Primary geographical markets				
Europe	$ 347,313	355,080	567,278	728,961
America	247,708	256,454	439,236	532,120
Asia	138,273	129,656	271,221	289,211
Others	6,329	256	12,486	906
	$ 739,623	**741,446**	**1,290,221**	**1,551,198**
Major products/services				
Sales of goods	552,057	596,847	948,700	1,245,916
Rendering of services	187,566	144,599	341,521	305,282
	$ 739,623	**741,446**	**1,290,221**	**1,551,198**

(ii) Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Contract liabilities	**$ 145,158**	**153,247**	**91,634**

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

The amounts of revenue recognized for the six months ended June 30, 2026 and 2025 that were included in the contract liability balance at the beginning of the period were $75,359 thousand and $82,739 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. The recipients of the aforementioned employee compensation, whether in the form of shares or cash, could include employees of the subsidiaries who met certain specific requirements.

As the Company incurred a net loss before tax for the six months ended June 30, 2026, no employees' compensation or directors' remuneration was accrued.

For the three months and the six months ended June 30, 2025, the Company estimated its employee compensation amounting to $(3,117) thousand and $948 thousand; and directors' remuneration amounting to $(1,169) thousand and $355 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.

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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 June 30		For the six months ended June 30	
	2026	2025	2026	2025
Interest income from bank deposits	$ 1,623	1,825	2,414	2,192
Other interest income	-	3,629	-	4,978
	$ 1,623	**5,454**	**2,414**	**7,170**

(ii) Other income

The details of other income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Rent income	$ 1,779	2,254	3,552	2,286
Government grants	18	301	2,231	344
Others	4,402	1,697	4,602	1,802
	$ 6,199	**4,252**	**10,385**	**4,432**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Foreign exchange gains (losses)	$ 3,698	(94,891)	12,923	(88,640)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	(11)	352	1,525	(254)
Gains on disposals of property, plant and equipment	-	10	-	20
Gain on lease modification	1,637	-	1,637	-
Loss on revocation of creditor rights (note 6(p))	(36,340)	-	(91,405)	-
Others	(313)	(68)	(643)	(130)
	$ (31,329)	**(94,597)**	**(75,963)**	**(89,004)**

(iv) Finance costs

The details of finance costs were as follows:

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	For the three months ended June 30		For the six months ended June 30	
	2026	2025	2026	2025
Interest expenses-bank loans	$ 9,441	8,913	18,677	17,717
Interest expenses-lease liabilities	1,184	818	2,516	1,694
	$ 10,625	**9,731**	**21,193**	**19,411**

(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 June 30, 2026, December 31 and June 30, 2025, the Group's major customers consisted of five customers which accounted for 51%, 43% and 49%, 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 six months ended June 30, 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
June 30, 2026				
Non derivative financial liabilities				
Short-term borrowings	$ 979,000	982,847	982,847	-
Accounts and other payables	473,328	473,328	473,328	-
Long-term borrowings (current portion included)	960,000	996,091	450,445	545,646
Lease liabilities (current and non-current)	151,461	167,738	43,343	124,395
	$ 2,563,789	**2,620,004**	**1,949,963**	**670,041**

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		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	-
Accounts 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**
June 30, 2025					
Non derivative financial liabilities					
Short-term borrowings	$	819,000	821,332	821,332	-
Accounts and other payables		662,849	662,849	662,849	-
Long-term borrowings (current portion included)		985,962	1,042,477	63,183	979,294
Lease liabilities (current and non-current)		93,613	93,924	32,388	61,536
	$	**2,561,424**	**2,620,582**	**1,579,752**	**1,040,830**

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:

		June 30, 2026			December 31, 2025			June 30, 2025		
		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets										
Monetary items										
EUR	$	2,834	36.29	102,857	1,673	36.90	61,747	2,498	34.35	85,804
USD		11,278	31.85	359,193	8,486	31.43	266,705	17,812	29.30	521,904
CNY		964	4.690	4,519	11,937	4.496	53,667	4,153	4.091	16,989
Financial liabilities										
Monetary items										
EUR		84	36.29	3,049	120	36.90	4,413	209	34.35	7,175
USD		195	31.85	6,210	280	31.43	8,789	25	29.30	737

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables; and accounts and other payables that are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the EUR, USD, and CNY as of June 30, 2026 and 2025, would have increased (decreased) the net profit after tax by $3,658 thousand and $4,934 thousand, respectively. The analysis assumes that all other variables remain constant and was performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and the six months ended June 30, 2026 and 2025, foreign exchange gain (loss) (including realized and

unrealized portions) amounted to $3,698 thousand, $(94,891) thousand, $12,923 thousand and $(88,640) thousand, respectively.

2) Interest rate analysis

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

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

If the interest rate had increased or decreased by 0.25%, the Group’s net income would have increased or decreased by $4,848 thousand and $4,512 thousand for the six months ended June 30, 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:

	June 30, 2026				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 761,606	-	-	-	-
Notes and trade receivable (including from related parties)	800,099	-	-	-	-
Other receivables (including from related parties)	46,938	-	-	-	-
Refundable deposits	11,777	-	-	-	-
Subtotal	**$ 1,620,420**	-	-	-	-
Financial liabilities at FVTPL					
Held-for-trading financial liabilities	**$ 11**	-	**11**	-	**11**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 979,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)	473,328	-	-	-	-
Long-term borrowings (current portion included)	960,000	-	-	-	-
Lease liabilities (current and non-current)	151,461	-	-	-	-
Subtotal	**$ 2,563,789**	-	-	-	-

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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**	-	-	-	-

	June 30, 2025				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Derivative financial assets mandatorily measured at FVTPL	**$ 644**	-	**644**	-	**644**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 693,537	-	-	-	-
Notes and trade receivable (including from related parties)	955,891	-	-	-	-
Other receivables (including from related parties)	181,529	-	-	-	-
Refundable deposits	6,802	-	-	-	-
Subtotal	**$ 1,837,759**	-	-	-	-
Financial liabilities at FVTPL					
Held-for-trading financial liabilities	**$ 898**	-	**898**	-	**898**
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 819,000	-	-	-	-
Accounts and notes payable and other payables (including from related parties)	662,849	-	-	-	-
Long-term borrowings (current portion included)	985,962	-	-	-	-
Lease liabilities (current and non-current)	93,613	-	-	-	-
Subtotal	**$ 2,561,424**	-	-	-	-

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.

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2.2) Financial assets and financial liabilities measured at amortized cost

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

3) Valuation techniques for financial instruments measured at fair value

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

4) Transfers between Level 1 and Level 2

There was no transfer between the fair value hierarchy levels for the six months ended June 30, 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 six months ended June 30, 2026 and 2025, were as follows:

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

(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**	**June 30, 2026**
Short-term borrowings	$	979,000	-	-	-	979,000
Lease liabilities (current and non-current)		174,577	(25,279)	43	2,120	151,461
Long-term borrowings (current portion included)		898,677	61,323	-	-	960,000
Total liabilities from financing activities	**$**	**2,052,254**	**36,044**	**43**	**2,120**	**2,090,461**

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

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7. Related-party transactions

(a) Names and relationship with the Group

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

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 June 30		For the six months ended June 30	
Account	**Type/Name of related party**	**2026**	**2025**	**2026**	**2025**
	Associate:				
Sale of goods	LWA	$ 2,157	8,125	4,230	54,159
Sale of goods	Zhongshan Xuguang	-	260	-	12,319
		$ 2,157	**8,385**	**4,230**	**66,478**

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**	**June 30, 2026**	**December 31, 2025**	**June 30, 2025**
	Associate：			
Trade receivable	LWA	$ 19,287	20,458	64,842
Trade receivable	Zhongshan Xuguang	-	-	11,236
		19,287	20,458	76,078
Less: Loss allowance	LWA	(19,287)	(20,458)	(14,930)
		$ -	-	**61,148**

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:

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	For the six months ended June 30	
	2026	2025
Balance at beginning of period	$ 20,458	9,516
Impairment losses recognized	-	7,591
Reclassification	(847)	(2,123)
Effect of exchange rate changes	(324)	(54)
Balance at end of period	**$ 19,287**	**14,930**

(iii) Payables to related parties

The payables to related parties were as follows:

Account	Type/Name of related party	June 30, 2026	December 31, 2025	June 30, 2025
	Associate:			
Accounts payables	LWA	**$ 29**	**29**	**97**
Other payables	LWA	**$ 186**	**49**	**33**

(iv) Property transaction

Purchases of investment property

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

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

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

(v) Other receivables from related parties

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

Account	Type/Name of related party		June 30, 2026	December 31, 2025	June 30, 2025
Operating activities:	Associate:				
Other receivables	LWA	$	4,988	4,447	1,965
Other receivables	Zhongshan Xuguang		-	-	2,148
			4,988	4,447	4,113
Less: Loss allowance	LWA		(4,988)	(4,447)	-
		$	**-**	**-**	**4,113**
Financing:	Associate:				
Other receivables	LWA	$	183,125	182,437	147,150
Other receivables	MWA		41,895	42,011	6,527
			225,020	224,448	153,677
Less: Loss allowance	LWA		(183,125)	(182,437)	(9,651)
	MWA		(41,895)	(42,011)	-
		$	**-**	**-**	**144,026**

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Account	Type/Name of related party		June 30, 2026	December 31, 2025	June 30, 2025
Interest income:	Associate:				
Other receivables	LWA	$	2,979	2,988	802
Other receivables	MWA		711	717	179
			3,690	3,705	981
Less: Loss allowance	LWA		(2,979)	(2,988)	-
	MWA		(711)	(717)	-
		$	**-**	**-**	**981**

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

		For the six months ended June 30	
		2026	2025
Balance at beginning of period	$	232,600	-
Impairment losses recognized		624	7,528
Reclassification		847	2,123
Effect of exchange rate changes		(373)	-
Balance at end of period	**$**	**233,698**	**9,651**

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 June 30		For the six months ended June 30	
		2026	2025	2026	2025
Short-term employee benefits	$	3,218	2,897	6,430	7,255
Post-employment benefits		81	306	414	548
	$	**3,299**	**3,203**	**6,844**	**7,803**

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Subject of pledge guarantee		June 30, 2026	December 31, 2025	June 30, 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		16,900	14,594	8,602
		$	**140,878**	**138,572**	**132,580**

9. Significant commitments and contingencies

(a) The Group's unrecognized contractual commitments were as follows:

		June 30, 2026	December 31, 2025	June 30, 2025
Acquisition of property, plant and equipment	**$**	**845**	**3,586**	**7,422**

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(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:

To meet the Company's future development needs, strengthen its financial structure, and enhance its market competitiveness, while taking into consideration the timeliness of fundraising, the Board of Directors resolved on August 6, 2026, to conduct a private placement of common shares through a cash capital increase, subject to approval by the shareholders at the shareholders' meeting. The proposed private placement will be limited to a maximum of 20,000 thousand common shares.

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 June 30, 2026			For the three months ended June 30, 2025		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary	$	87,893	66,622	154,515	84,217	71,743	155,960
Labor and health insurance		13,031	10,169	23,200	13,144	11,868	25,012
Pension		6,259	4,553	10,812	4,772	5,247	10,019
Others		808	1,275	2,083	1,792	1,988	3,780
Depreciation		23,620	9,655	33,275	20,242	8,220	28,462
Amortization		-	8,509	8,509	21	7,055	7,076

By function / By item		For the six months ended June 30, 2026			For the six months ended June 30, 2025		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary	$	172,292	142,687	314,979	169,605	151,171	320,776
Labor and health insurance		24,289	18,856	43,145	25,670	20,934	46,604
Pension		11,237	9,491	20,728	9,693	9,472	19,165
Others		1,482	3,284	4,766	2,417	3,707	6,124
Depreciation		47,116	18,974	66,090	43,568	17,158	60,726
Amortization		-	16,953	16,953	42	14,468	14,510

(b) Seasonality of operations

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

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13. Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2026:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties (Note 4)	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 2)
													Item	Value		
0	The Company	Winbro LLC	Other receivables	Yes	43,366	-	-		1	149,349	-	-	-	-	138,896	555,585
0	The Company	Winbro Ltd	Other receivables	Yes	8,948	8,948	8,948		1	16,437	-	-	-	-	138,896	555,585
0	The Company	Kunshan Quaser	Other receivables	Yes	34,722	34,722	34,722		1	324,532	-	-	-	-	138,896	555,585
0	The Company	Zhongshan Xuguang	Other receivables	Yes	12,189	-	-		1	16,601	-	-	-	-	138,896	555,585
0	The Company	MWA	Other receivables	Yes	35,000	35,000	35,000	5.26%	2	-	Operational development	35,000	-	-	138,896	555,585
0	The Company	LWA	Other receivables	Yes	85,601	85,601	85,601		1	53,035	-	85,601	-	-	138,896	555,585
0	The Company	LWA	Other receivables	Yes	88,000	88,000	88,000	5.26%	2	-	Operational development	88,000	-	-	138,896	555,585
1	Quaser Europe	Quaser Europe Gmbh	Other receivables	Yes	47,540	28,940	28,940		1	-	-	-	-	-	187,992	187,992
2	Winbro Ltd	Winbro LLC	Other receivables	Yes	100,849	56,068	56,068		1	196,722	-	-	-	-	3,110,488	3,110,488
2	Winbro Ltd	The Company	Other receivables	Yes	543	543	543		1	13,584	-	-	-	-	3,110,488	3,110,488
3	Winbro LLC	Winbro Ltd	Other receivables	Yes	1,099	1,099	1,099		1	5,838	-	-	-	-	1,712,036	1,712,036

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No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties (Note 4)	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 2)
													Item	Value		
4	Quaser America	Winbro LLC	Other receivables	Yes	53,120	53,120	53,120		1	-	-	-	-	-	419,832	419,832
5	Quaser Europe Gmbh	MWA	Other receivables	Yes	7,140	6,895	6,895	5.26%	2	-	Operational development	6,895	-	-	12,588	50,353
5	Quaser Europe Gmbh	LWA	Other receivables	Yes	9,771	9,435	9,435	5.26%	2	-	Operational development	9,435	-	-	12,588	50,353

Note 1: Individual financing amount must be less than 10%, 400%, 400%, 400%, 400% and 10% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's, Quaser America's and Quaser Europe Gmbh's latest net asset value (the Company's net asset value as of June 30, 2026 was $1,388,963 thousand × 10% = $138,896 thousand; Quaser Europe's net asset value as of June 30, 2026 was $46,998 thousand × 400% = $187,992 thousand; Winbro Ltd's net asset value as of June 30, 2026 was $777,622 thousand × 400% = $3,110,488 thousand; Winbro LLC's net asset value as of June 30, 2026 was $428,009 thousand × 400% = $1,712,036 thousand; Quaser America's net asset value as of June 30, 2026 was $104,958 thousand × 400% = $419,832 thousand; Quaser Europe Gmbh's net asset value as of June 30, 2026 was $125,882 thousand × 10% = $12,588 thousand).

Note 2: The maximum amount must be less than 40%, 400%, 400%, 400%, 400% and 40% of the Company's, Quaser Europe's, Winbro Ltd's, Winbro LLC's, Quaser America's and Quaser Europe Gmbh's latest net asset value (the Company's net asset value as of June 30, 2026 was $1,388,963 thousand × 40% = $555,585 thousand; Quaser Europe's net asset value as of June 30, 2026 was $46,998 thousand × 400% = $187,992 thousand; Winbro Ltd's net asset value as of June 30, 2026 was $777,622 thousand × 400% = $3,110,488 thousand; Winbro LLC's net asset value as of June 30, 2026 was $428,009 thousand × 400% = $1,712,036 thousand; Quaser America's net asset value as of June 30, 2026 was $104,958 thousand × 400% = $419,832 thousand; Quaser Europe Gmbh's net asset value as of June 30, 2026 was $125,882 thousand × 40% = $50,353 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 June 30, 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.

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(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	106,638	1.50	34,722	Accounting for other receivables.	-	-
Winbro Ltd	Winbro LLC	Sub-subsidiary company	210,978	0.96	56,068	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	63,203	T/T 180 days	5%
0	The Company	Kunshan Quaser	1	Trade receivable	65,019	T/T 180 days	1%
0	The Company	Kunshan Quaser	1	Other receivable	41,619	T/T 180 days	1%
0	The Company	Quaser Europe Gmbh	1	Sales	17,099	T/T 180 days	1%
0	The Company	Quaser Europe Gmbh	1	Trade receivable	16,922	T/T 180 days	-%
0	The Company	Quaser Europe Gmbh	1	Other receivable	32,700	T/T 180 days	1%
0	The Company	Quaser Europe	1	Temporary receipts	18,341	T/T 180 days	-%
0	The Company	Quaser America	1	Other payable	47,775	T/T 180 days	1%
0	The Company	Winbro Ltd	2	Sales	9,236	T/T 180 days	1%
0	The Company	Winbro Ltd	2	Purchases	11,582	T/T 30 days	1%
0	The Company	Winbro Ltd	2	Trade receivable	9,339	T/T 180 days	-%
0	The Company	Winbro Ltd	2	Accounts payable	12,806	T/T 30 days	-%
0	The Company	Winbro Ltd	2	Other revenue	8,353	T/T 180 days	1%
0	The Company	Winbro LLC	2	Sales	26,315	T/T 180 days	2%
0	The Company	Winbro LLC	2	Purchases	11,011	T/T 30 days	1%
0	The Company	Winbro LLC	2	Trade receivable	25,293	T/T 180 days	1%
0	The Company	Winbro LLC	2	Accounts payable	11,090	T/T 30 days	-%

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No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Zhongshan Xuguang	1	Purchases	21,629	T/T 90 days	2%
0	The Company	Zhongshan Xuguang	1	Sales	14,486	T/T 90 days	1%
1	Quaser America	Winbro LLC	4	Trade receivable	34,947	T/T 120 days	1%
2	Quaser Europe Gmbh	Quaser Europe	3	Accounts payable	28,609	T/T 180 days	1%
3	Winbro Ltd	Winbro LLC	5	Sales	64,319	T/T 120 days	5%
3	Winbro Ltd	Winbro LLC	5	Trade receivable	210,978	T/T 120 days	5%
4	Zhongshan Xuguang	Kunshan Quaser	3	Sales	13,811	T/T 90 days	1%
4	Zhongshan Xuguang	Kunshan Quaser	3	Trade receivable	11,642	T/T 90 days	-%

Note 1: Companies are numbered as follows:

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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%	46,998	(353)	(353)	Subsidiary
The Company	Quaser America	America	Buys and sells machines	189,455	189,455	6,000,000	100%	104,958	(486)	(486)	Subsidiary
The Company	Winbro UK	United Kingdom	Overseas reinvested holding company	1,804,141	1,804,141	27,054,625	100%	1,548,174	59,796	40,461	Subsidiary
The Company	Quaser Europe Gmbh	Germany	Buys and sells machines	206,706	206,706	25,000	100%	116,069	(3,527)	(3,527)	Subsidiary
Winbro UK	Winbro Ltd	United Kingdom	Aerospace machinery manufacturing and machining	GBP 90	GBP 90	9,029,804	100%	GBP 18,440	GBP 17	(Note 2)	Sub-subsidiary

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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			
Winbro UK	Winbro LLC	America	Aerospace machinery manufacturing and machining	USD 33,576	USD 33,576	-	100%	USD 13,438	USD 1,822	(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:

(In Thousands of NTD, CNY, and USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of beginning of this period	Investment		Accumulated outflow of investment from Taiwan as of end of this period	Net income (losses) of the investee	Percentage of ownership	Investment income (loss) recognized	Book value as of June 30, 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)	(2,617)	100%	(2,617)	23,905	-
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)	(17,950)	60%	(11,828)	114,782	-

Note: Significant intercompany accounts and transactions have been eliminated.

(ii) Limitation on investment in mainland China:

(In Thousands of NTD, CNY and USD)

Accumulated investment in mainland China as of June 30, 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)	833,377

(iii) Significant transactions

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

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14.Segment information

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

		For the three months ended June 30, 2026		
		Computer numerical control machines	Aerospace processing machines	Total
Total revenue	$	298,271	441,352	739,623
Reportable segment profit (loss)	$	(10,152)	63,065	52,913

		For the three months ended June 30, 2025		
		Computer numerical control machines	Aerospace processing machines	Total
Total revenue	$	280,242	461,204	741,446
Reportable segment profit	$	(4,507)	63,317	58,810

		For the six months ended June 30, 2026		
		Computer numerical control machines	Aerospace processing machines	Total
Total revenue	$	506,622	783,599	1,290,221
Reportable segment profit (loss)	$	5,544	61,552	67,096

		For the six months ended June 30, 2025		
		Computer numerical control machines	Aerospace processing machines	Total
Total revenue	$	628,680	922,518	1,551,198
Reportable segment profit	$	15,027	130,973	146,000

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