

ITEQ CORPORATION AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS**

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

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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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~37
(7) Related-party transactions	37~39
(8) Pledged assets	39
(9) Commitments and contingencies	39
(10) Losses due to major disasters	40
(11) Subsequent events	40
(12) Other	40
(13) Other disclosures	
(a) Information on significant transactions	41~43
(b) Information on investees	44
(c) Information on investment in mainland China	45
(d) Information on major shareholders	46
(14) Segment information	47



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Independent Auditors' Review Report

To the Board of Directors ITEQ Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of ITEQ Corporation and its subsidiaries as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2024 and 2023, as well as the changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant 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 \$1,263,552 thousand and \$1,670,685 thousand, constituting 3.47% and 4.93% of consolidated total assets as of September 30, 2024 and 2023, respectively, total liabilities amounting to \$984,246 thousand and \$789,047 thousand, constituting 6.16% and 5.59% of consolidated total liabilities at September 30, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to \$5,711 thousand, \$(11,186) thousand, \$(19,377) thousand and \$(44,289) thousand, constituting 3.76%, (1.08)%, (1.27)% and (6.13)% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2024 and 2023, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of ITEQ Corporation and its subsidiaries in its investee companies of \$37,824 thousand and \$43,941 thousand as of September 30, 2024 and 2023, respectively, and the share of loss of associates and joint ventures accounted for using equity method of \$(1,515) thousand, \$(1,500) thousand, \$(4,298) thousand and \$(3,662) thousand for the three months and nine months ended September 30, 2024 and 2023, respectively, 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 ITEQ Corporation and its subsidiaries as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months and nine months ended September 30, 2024 and 2023, as well as its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Tang, Chia-Chien and Chen, Ya-Ling.

KPMG

Taipei, Taiwan (Republic of China)
November 5, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its 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 and Originally Issued in Chinese)
ITEQ CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2024		December 31, 2023		September 30, 2023		Liabilities and Equity		September 30, 2024		December 31, 2023		September 30, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 5,272,897	14	5,594,270	17	6,029,655	18	2100	Short-term borrowings (note 6(j))	\$ 3,230,521	9	2,646,225	8	2,463,478	7
	Current financial assets at fair value through profit or loss (note 6(b))	3,943	-	3,654	-	3,833	-	2170	Accounts payable	7,391,791	20	5,991,383	18	6,332,437	19
1136	Current financial assets at amortised cost (note 6(b))	284,549	1	86,704	-	89,891	-	2219	Other payables (note 6(r))	865,493	2	1,178,211	4	1,229,990	4
1170	Accounts and notes receivable, net (notes 6(c) and (s))	12,909,447	35	11,497,719	35	11,469,800	34	2230	Current tax liabilities	333,547	1	326,845	1	531,581	2
1200	Other receivables (note 6(c))	140,384	1	51,147	-	57,676	-	2250	Current provisions	3,573	-	3,429	-	5,545	-
1220	Current tax assets	31	-	8,327	-	90	-	2280	Current lease liabilities (notes 6(l) and 7)	64,313	-	61,884	-	63,015	-
130X	Inventories (note 6(d))	4,308,282	12	3,014,243	9	2,833,887	9	2320	Long-term liabilities, current portion (notes 6(k) and 8)	1,314,903	4	274,947	1	90,593	-
1470	Other current assets (note 6(h))	853,924	2	1,050,357	3	1,047,227	3	2399	Other current liabilities (note 6(s))	18,913	-	56,909	-	24,718	-
	Total current assets	<u>23,773,457</u>	<u>65</u>	<u>21,306,421</u>	<u>64</u>	<u>21,532,059</u>	<u>64</u>		Total current liabilities	<u>13,223,054</u>	<u>36</u>	<u>10,539,833</u>	<u>32</u>	<u>10,741,357</u>	<u>32</u>
Non-current assets:								Non-current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	32,076	-	36,279	-	44,103	-	2540	Long-term borrowings (notes 6(k) and 8)	1,742,176	5	2,346,190	7	2,600,194	8
1550	Investments accounted for using equity method (note 6(e))	37,824	-	42,122	-	43,941	-	2570	Deferred tax liabilities	802,777	2	800,758	2	511,102	1
1600	Property, plant and equipment (notes 6(f), 8 and 9)	9,270,584	26	7,775,916	23	6,493,328	19	2580	Non-current lease liabilities (notes 6(l) and 7)	164,221	1	210,116	1	229,388	1
1755	Right-of-use assets (notes 6(g), 7 and 8)	255,957	1	298,313	1	320,538	1	2645	Guarantee deposits received	50,362	-	42,895	-	43,967	-
1780	Intangible assets (note 6(i))	9,330	-	9,052	-	9,513	-		Total non-current liabilities	<u>2,759,536</u>	<u>8</u>	<u>3,399,959</u>	<u>10</u>	<u>3,384,651</u>	<u>10</u>
1840	Deferred tax assets	378,847	1	371,093	1	394,132	1		Total liabilities	<u>15,982,590</u>	<u>44</u>	<u>13,939,792</u>	<u>42</u>	<u>14,126,008</u>	<u>42</u>
1900	Other non-current assets (notes 6(h), 7 and 8)	2,650,021	7	3,540,444	11	5,043,003	15	Equity attributable to owners of parent (notes 6(b), (o) and (q)):							
	Total non-current assets	<u>12,634,639</u>	<u>35</u>	<u>12,073,219</u>	<u>36</u>	<u>12,348,558</u>	<u>36</u>	3100	Ordinary shares	3,629,572	10	3,629,572	11	3,629,572	11
	Total assets	<u>\$ 36,408,096</u>	<u>100</u>	<u>33,379,640</u>	<u>100</u>	<u>33,880,617</u>	<u>100</u>	3200	Capital surplus	9,223,932	25	9,214,696	28	9,212,082	27
								3300	Retained earnings	7,207,332	20	7,148,718	21	6,822,409	20
								3400	Other equity interest	364,670	1	(553,138)	(2)	90,546	-
									Total equity	<u>20,425,506</u>	<u>56</u>	<u>19,439,848</u>	<u>58</u>	<u>19,754,609</u>	<u>58</u>
									Total liabilities and equity	<u>\$ 36,408,096</u>	<u>100</u>	<u>33,379,640</u>	<u>100</u>	<u>33,880,617</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ITEQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30				
	2024		2023		2024		2023		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(s))								
	\$	7,962,863	100	6,644,845	100	21,713,466	100	18,334,818	100
5000	Operating costs (notes (d), (f), (l), (m), (r), 7 and 12)								
		<u>7,028,626</u>	<u>88</u>	<u>5,744,268</u>	<u>86</u>	<u>19,045,856</u>	<u>88</u>	<u>16,183,256</u>	<u>88</u>
	Gross profit from operations								
		<u>934,237</u>	<u>12</u>	<u>900,577</u>	<u>14</u>	<u>2,667,610</u>	<u>12</u>	<u>2,151,562</u>	<u>12</u>
	Operating expenses (notes 6(c), (f), (l), (m), (q), (r), 7 and 12):								
6100		222,680	3	198,873	3	637,473	3	583,727	3
6200		170,024	2	190,814	3	586,744	3	603,794	4
6300		168,322	2	123,522	2	476,793	2	376,731	2
6450		<u>(6,777)</u>	<u>-</u>	<u>(2,702)</u>	<u>-</u>	<u>2,107</u>	<u>-</u>	<u>10,847</u>	<u>-</u>
		<u>554,249</u>	<u>7</u>	<u>510,507</u>	<u>8</u>	<u>1,703,117</u>	<u>8</u>	<u>1,575,099</u>	<u>9</u>
	Net operating income								
		<u>379,988</u>	<u>5</u>	<u>390,070</u>	<u>6</u>	<u>964,493</u>	<u>4</u>	<u>576,463</u>	<u>3</u>
	Non-operating income and expenses (notes 6(b), (e), (f), (l), (t), (u) and 7):								
7100		13,915	-	7,494	-	40,893	1	25,725	-
7060		(1,515)	-	(1,500)	-	(4,298)	-	(3,662)	-
7010		30,734	-	15,761	-	125,951	1	58,615	-
7020		40,963	1	4,825	-	13,982	-	35,223	-
7050		<u>(47,374)</u>	<u>(1)</u>	<u>(30,239)</u>	<u>-</u>	<u>(126,895)</u>	<u>(1)</u>	<u>(90,457)</u>	<u>-</u>
		<u>36,723</u>	<u>-</u>	<u>(3,659)</u>	<u>-</u>	<u>49,633</u>	<u>1</u>	<u>25,444</u>	<u>-</u>
7900	Profit before tax								
		416,711	5	386,411	6	1,014,126	5	601,907	3
7950	Tax expenses (note 6(n))								
		<u>167,511</u>	<u>2</u>	<u>151,787</u>	<u>2</u>	<u>411,076</u>	<u>2</u>	<u>251,712</u>	<u>1</u>
	Profit								
		<u>249,200</u>	<u>3</u>	<u>234,624</u>	<u>4</u>	<u>603,050</u>	<u>3</u>	<u>350,195</u>	<u>2</u>
8300	Other comprehensive income (notes 6(b), (o) and (u)):								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316		(2,107)	-	11,351	-	2,070	-	18,085	-
8349		-	-	-	-	-	-	-	-
		<u>(2,107)</u>	<u>-</u>	<u>11,351</u>	<u>-</u>	<u>2,070</u>	<u>-</u>	<u>18,085</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361		(119,183)	(1)	788,812	12	915,738	4	353,799	2
8399		-	-	-	-	-	-	-	-
		<u>(119,183)</u>	<u>(1)</u>	<u>788,812</u>	<u>12</u>	<u>915,738</u>	<u>4</u>	<u>353,799</u>	<u>2</u>
8300	Other comprehensive income (net of tax)								
		<u>(121,290)</u>	<u>(1)</u>	<u>800,163</u>	<u>12</u>	<u>917,808</u>	<u>4</u>	<u>371,884</u>	<u>2</u>
	Total comprehensive income								
		<u>\$ 127,910</u>	<u>2</u>	<u>1,034,787</u>	<u>16</u>	<u>1,520,858</u>	<u>7</u>	<u>722,079</u>	<u>4</u>
	Profit attributable to:								
		<u>\$ 249,200</u>	<u>3</u>	<u>234,624</u>	<u>4</u>	<u>603,050</u>	<u>3</u>	<u>350,195</u>	<u>2</u>
	Comprehensive income attributable to:								
		<u>\$ 127,910</u>	<u>2</u>	<u>1,034,787</u>	<u>16</u>	<u>1,520,858</u>	<u>7</u>	<u>722,079</u>	<u>4</u>
	Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))								
		<u>\$ 0.69</u>		<u>0.65</u>		<u>1.66</u>		<u>0.96</u>	
	Diluted earnings per share (expressed in New Taiwan dollars) (note 6(p))								
		<u>\$ 0.69</u>		<u>0.65</u>		<u>1.66</u>		<u>0.96</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ITEQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Total	Other equity		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance on January 1, 2023	\$ 3,629,572	9,201,666	2,199,863	514,181	4,847,042	7,561,086	(274,855)	(6,483)	(281,338)	20,110,986
Profit	-	-	-	-	350,195	350,195	-	-	-	350,195
Other comprehensive income	-	-	-	-	-	-	353,799	18,085	371,884	371,884
Total comprehensive income	-	-	-	-	350,195	350,195	353,799	18,085	371,884	722,079
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	186,139	-	(186,139)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(1,088,872)	(1,088,872)	-	-	-	(1,088,872)
Reversal of special reserve	-	-	-	(232,843)	232,843	-	-	-	-	-
Share-based payments	-	10,416	-	-	-	-	-	-	-	10,416
Balance on September 30, 2023	\$ 3,629,572	9,212,082	2,386,002	281,338	4,155,069	6,822,409	78,944	11,602	90,546	19,754,609
Balance on January 1, 2024	\$ 3,629,572	9,214,696	2,316,563	281,338	4,550,817	7,148,718	(555,434)	2,296	(553,138)	19,439,848
Profit	-	-	-	-	603,050	603,050	-	-	-	603,050
Other comprehensive income	-	-	-	-	-	-	915,738	2,070	917,808	917,808
Total comprehensive income	-	-	-	-	603,050	603,050	915,738	2,070	917,808	1,520,858
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	67,650	-	(67,650)	-	-	-	-	-
Special reserve appropriated	-	-	-	271,800	(271,800)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(544,436)	(544,436)	-	-	-	(544,436)
Share-based payments	-	9,236	-	-	-	-	-	-	-	9,236
Balance on September 30, 2024	\$ 3,629,572	9,223,932	2,384,213	553,138	4,269,981	7,207,332	360,304	4,366	364,670	20,425,506

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ITEQ CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2024	2023
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,014,126	601,907
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,002,738	797,207
Amortization expense	80,606	58,251
Expected credit loss	2,107	10,847
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	(289)	5,987
Interest expense	126,895	90,457
Interest income	(40,893)	(25,725)
Share-based payments	9,236	10,416
Share of loss of associates and joint ventures accounted for using equity method	4,298	3,662
Losses (gains) on disposal of property, plant and equipment	(9,199)	1,207
Impairment loss on non-financial assets	136,997	59,883
Reversal of impairment loss on non-financial assets	-	(803)
Other adjustments	(2,036)	(9,113)
Total adjustments to reconcile profit (loss)	<u>1,310,460</u>	<u>1,002,276</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	325,027	380,978
Accounts receivable	(1,410,690)	801,632
Other receivable	(88,209)	209,560
Inventories	(1,360,861)	(35,919)
Other current assets	229,408	99,013
Total changes in operating assets	<u>(2,305,325)</u>	<u>1,455,264</u>
Changes in operating liabilities:		
Financial liabilities held for trading	-	(14,228)
Accounts payable	1,245,300	121,879
Other payable	(173,123)	(220,802)
Other current liabilities	(40,320)	(36,799)
Total changes in operating liabilities	<u>1,031,857</u>	<u>(149,950)</u>
Total changes in operating assets and liabilities	<u>(1,273,468)</u>	<u>1,305,314</u>
Total adjustments	<u>36,992</u>	<u>2,307,590</u>
Cash inflow generated from operations	1,051,118	2,909,497
Interest paid	(124,062)	(104,523)
Income taxes paid	(361,897)	(298,832)
Net cash flows from operating activities	<u>565,159</u>	<u>2,506,142</u>
Cash flows from (used in) investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,273	6,666
Acquisition of financial assets at amortised cost	(506,612)	(88,624)
Proceeds from repayments of financial assets at amortised cost	313,932	-
Acquisition of property, plant and equipment	(615,722)	(552,811)
Proceeds from disposal of property, plant and equipment	13,425	2,854
Decrease in refundable deposits	645	14,822
Increase in other non-current assets	(82,741)	(297,404)
Increase in prepayments for business facilities	(694,149)	(413,536)
Interest received	40,039	24,876
Net cash used in investing activities	<u>(1,524,910)</u>	<u>(1,303,157)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	572,402	(15,548)
Decrease in of short-term notes and bills payable	-	(149,915)
Proceeds from long-term borrowings	450,000	5,635,355
Repayments of long-term borrowings	(73,393)	(4,700,000)
Increase in guarantee deposits received	6,274	3,958
Payment of lease liabilities	(47,304)	(47,322)
Distribution of cash dividends	(544,436)	(1,088,872)
Net cash flows from (used in) financing activities	<u>363,543</u>	<u>(362,344)</u>
Effect of exchange rate changes on cash and cash equivalents	274,835	(24,805)
Net (decrease) increase in cash and cash equivalents	<u>(321,373)</u>	<u>815,836</u>
Cash and cash equivalents at beginning of period	<u>5,594,270</u>	<u>5,213,819</u>
Cash and cash equivalents at ending of period	<u>\$ 5,272,897</u>	<u>6,029,655</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
September 30, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history:

ITEQ Corp. (the “Company”) was incorporated on April 10, 1997. ITEQ Corp. and subsidiaries (the Group) engages in the manufacturing and sales of mass lamination boards, copper clad laminates, prepreg products, electronic components, as well as the import and export trade of manufacturing equipment for the aforementioned products.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on November 5, 2024.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

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

- (b) The impact of IFRS issued by the FSC but not yet effective

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

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11

(4) Summary of material accounting policies:

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2023.

(a) Statement of compliance

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
The Company	ITEQ International Ltd. (ITEQ International)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 1)
"	BangMao Investment Co., Ltd. (Bang Mao)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 1)
"	ITEQ Corporation (Thailand) Ltd. (ITEQ (TL))	Manufacturing and sales of prepeg and copper clad lamination	100.00 %	100.00 %	100.00 %	
ITEQ International	ITEQ Holding Ltd. (ITEQ Holding)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 1)
ITEQ Holding	Ever Smart International Co., Ltd. (ESIC)	Investments in Mainland China	100.00 %	100.00 %	100.00 %	(Note 1)

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2024	December 31, 2023	September 30, 2023	
ITEQ Holding	International Partners Ltd. (IPL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inspire Investments Limited (IIL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 1)
"	Eagle Great Investments Ltd. (Eagle Great)	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 1)
"	ITEQ (Hong Kong) Limited (ITEQ (HK))	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 1)
ESIC	ITEQ (Dongguan) Corporation (ITEQ (DG))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
"	ITEQ (Jiangxi) Electronic Technology Co., Ltd. (ITEQ (JX))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	(Note 2)
ITEQ(HK)	ITEQ (Wuxi) Corporation (ITEQ (WX))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
"	ITEQ (Guangzhou) Corporation (ITEQ (GZ))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
Eagle Great	ITEQ (Huangjiang) Corporation (ITEQ (HJ))	Manufacturing and sales of mass lamination	100.00 %	100.00 %	100.00 %	(Note 1)

Note 1: This Company is a non-significant subsidiary and its financial statement have not been reviewed by independent auditor.

Note 2: The Group holds a comprehensive shareholding, with 50% held by ESIC, 25% held by ITEQ (DG) and 25% held by ITEQ (WX).

(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 and disclosed 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 curtailment, settlements, or other significant one-off events.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 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.

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.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 IFRS Accounting Standards (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated 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, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

(6) Explanation of significant accounts:

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2023 consolidated financial statements. Please refer to the 2023 annual consolidated financial statements.

(a) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 340	221	239
Cash in bank	2,318,574	4,169,113	3,632,479
Bank acceptances	1,562,720	1,424,936	2,396,937
Time deposits	<u>1,391,263</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u><u>\$ 5,272,897</u></u>	<u><u>5,594,270</u></u>	<u><u>6,029,655</u></u>

Please refer to note 6(u) for the exchange rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities

(i) Financial assets at fair value through profit or loss

	September 30, 2024	December 31, 2023	September 30, 2023
Stock listed on domestic emerging markets	<u><u>\$ 3,943</u></u>	<u><u>3,654</u></u>	<u><u>3,833</u></u>

Please refer to note 6(t) for the measurement of fair value recognized in profit or loss.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Financial assets at fair value through other comprehensive income

	September 30, 2024	December 31, 2023	September 30, 2023
Domestic unlisted common shares	\$ 6,194	5,221	3,000
Unlisted fund	25,882	31,058	41,103
	<u>\$ 32,076</u>	<u>36,279</u>	<u>44,103</u>

The Group designated the investments shown above as equity instruments as at fair value through other comprehensive income because these equity instruments represent those investments that the Group intends to hold for long-term for strategic purposes.

(iii) Financial assets measured at amortized cost

	September 30, 2024	December 31, 2023	September 30, 2023
Time deposits	<u>\$ 284,549</u>	<u>86,704</u>	<u>89,891</u>

(iv) For credit risks, please refer to note 6(u).

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 728,822	1,019,692	1,491,391
Accounts receivable	12,203,642	10,498,105	9,997,576
Less: loss allowance	(23,017)	(20,078)	(19,167)
	<u>\$ 12,909,447</u>	<u>11,497,719</u>	<u>11,469,800</u>

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, accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance were determined as follows:

	September 30, 2024		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	\$ 12,832,146	0.00%	-
Past due 1 to 30 days	64,727	0.00%~17.00%	250
Past due 31 to 90 days	16,137	0.00%~49.20%	3,313
Past due more the 91 days	19,454	100%	19,454
	<u>\$ 12,932,464</u>		<u>23,017</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	\$ 11,259,512	0.00%	-
Past due 1 to 30 days	211,623	0.00%~17.00%	2,176
Past due 31 to 90 days	26,065	0.00%~56.00%	983
Past due more the 91 days	20,597	0.00%~100%	16,919
	\$ 11,517,797		20,078
	September 30, 2023		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	\$ 11,442,033	0.00%	-
Past due 1 to 30 days	21,808	0.00%~17.00%	920
Past due 31 to 90 days	11,246	16.00%~45.60%	4,367
Past due more the 91 days	13,880	100%	13,880
	\$ 11,488,967		19,167

The movement in the allowance for receivables were as follows:

	For the nine months ended	
	September 30	
	2024	2023
Balance on January 1, 2024	\$ 20,078	7,967
Impairment loss recognized	2,107	10,847
Effect of changes in exchange rates	832	353
Balance on September 30, 2024	\$ 23,017	19,167

As of September 30, 2024, December 31 and September 30, 2023, the aforementioned financial assets were not pledged.

The Group entered into separate factoring agreements with financial institutions to sell its account receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred accounts receivable but is liable for the losses incurred on any business dispute (such as sales returns and discounts). The Group derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The accounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those accounts receivable. As of December 31 and September 30, 2023, the Group sold its accounts receivable without recourse as follows:

	December 31, 2023				
Purchaser	Amount derecognized	Amount advances unpaid	Advances paid	Amount recognized in other receivables	Range of interest rate
KGI Commercial Bank	\$ 949	854	-	949	-

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2023					
Purchaser	Amount derecognized	Amount advances unpaid	Advances paid	Amount recognized in other receivables	Range of interest rate
KGI Commercial Bank	\$ 1,009	908	-	1,009	

As of December 31 and September 30, 2023, the Group provided promissory notes, pledged as collaterals to the bank, each amounted to \$9,300 thousand, for both periods.

There was no such transaction on September 30, 2024.

(d) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 3,466,685	2,252,156	2,077,099
Work in progress	171,754	155,570	186,156
Finished goods	648,870	568,128	544,302
Inventories in transit	20,973	38,389	26,330
	\$ 4,308,282	3,014,243	2,833,887

Except cost of goods sold and inventories recognized as expenses, the remaining gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Losses on valuation of inventories	\$ 48,022	18,010	136,997	59,883
Scrap income	(128,278)	(107,712)	(374,294)	(312,307)
	\$ (80,256)	(89,702)	(237,297)	(252,424)

As of September 30, 2024, December 31 and September 30, 2023, the inventories were not pledged.

(e) Investments accounted for using the equity method

The components of investments accounted for using the equity method at the reporting date were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Joint venture	\$ 37,824	42,122	43,941

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Joint venture

To expand the manufacturing and sales of materials for laminate substrates in semiconductor packaging, the Group established MGC-ITEQ Technology Co., Ltd. as a joint venture with Mitsubishi Gas Chemical Company, Inc. on March 31, 2022. According to the agreement, both parties have the power to veto any major resolutions at the Board meetings, so the Group has no control over the joint venture; therefore, the Group classified the agreement as a joint venture and treated it by using the equity method. The Group's share of profit or loss and other comprehensive income of such investments were recognized based on the unaudited financial statements by the certified public accountant.

The Group's financial information for investments in individually insignificant joint venture accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements.

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Carrying amount of individually insignificant joint venture	<u>\$ 37,824</u>	<u>42,122</u>	<u>43,941</u>
	<u>For the three months ended September 30</u>	<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>
Attributable to the Group:			
Loss from continuing operations	<u>\$ (1,515)</u>	<u>(1,500)</u>	<u>(4,298)</u>
		<u>(4,298)</u>	<u>(3,662)</u>

(ii) Pledge to secure

As of September 30, 2024, December 31 and September 30, 2023, the investments accounted for using equity method were not pledged.

(f) Property, plant and equipment

The movements in property, plant and equipment of the Group were as follows:

	<u>Land</u>	<u>Buildings and structure</u>	<u>Machinery and equipment</u>	<u>Transport equipment</u>	<u>Facilities</u>	<u>Other equipment</u>	<u>Leased improvements</u>	<u>Total</u>
Costs:								
Balance on January 1, 2024	\$ 193,985	3,957,921	8,397,236	45,932	417,703	1,777,161	406,239	15,196,177
Additions	-	7,660	323,919	7,165	335	81,304	2,392	422,775
Disposals	-	-	(37,214)	(3,666)	(2,698)	(5,720)	-	(49,298)
Reclassification (Note)	-	22,107	1,681,474	7,307	676	22,493	-	1,734,057
Effects of changes in exchange rates	15,932	165,711	307,270	1,246	16,878	50,316	-	557,353
Balance on September 30, 2024	<u>\$ 209,917</u>	<u>4,153,399</u>	<u>10,672,685</u>	<u>57,984</u>	<u>432,894</u>	<u>1,925,554</u>	<u>408,631</u>	<u>17,861,064</u>
Balance on January 1, 2023	\$ -	3,053,809	7,773,750	41,192	424,837	1,539,403	405,623	13,238,614
Additions	-	12,835	198,628	1,142	1,101	104,658	1,205	319,569
Disposals	-	(23,255)	(49,221)	(2,149)	(2,387)	(25,589)	(10,280)	(112,881)
Reclassification (Note)	-	19,516	133,016	-	3,267	80,742	26,391	262,932
Effects of changes in exchange rates	-	59,112	134,363	581	7,811	21,757	-	223,624
Balance on September 30, 2023	<u>\$ -</u>	<u>3,122,017</u>	<u>8,190,536</u>	<u>40,766</u>	<u>434,629</u>	<u>1,720,971</u>	<u>422,939</u>	<u>13,931,858</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings and structure</u>	<u>Machinery and equipment</u>	<u>Transport equipment</u>	<u>Facilities</u>	<u>Other equipment</u>	<u>Leased improvements</u>	<u>Total</u>
Depreciation and impairment loss:								
Balance on January 1, 2024	\$ -	994,628	4,827,579	30,695	346,152	1,013,671	207,536	7,420,261
Depreciation	-	147,409	600,001	3,040	13,801	161,121	28,046	953,418
Disposals	-	-	(33,209)	(3,625)	(2,588)	(5,650)	-	(45,072)
Effects of changes in exchange rates	-	42,291	174,768	939	14,416	29,459	-	261,873
Balance on September 30, 2024	<u>\$ -</u>	<u>1,184,328</u>	<u>5,569,139</u>	<u>31,049</u>	<u>371,781</u>	<u>1,198,601</u>	<u>235,582</u>	<u>8,590,480</u>
Balance on January 1, 2023	\$ -	887,562	4,365,164	30,378	334,034	864,371	200,388	6,681,897
Depreciation	-	110,882	447,143	2,103	17,355	141,474	29,100	748,057
Disposals	-	(23,255)	(41,056)	(1,955)	(2,470)	(26,997)	(13,087)	(108,820)
Reversal of losses on impairment	-	(373)	(362)	-	-	(68)	-	(803)
Effects of changes in exchange rates	-	18,896	79,202	431	6,650	13,020	-	118,199
Balance on September 30, 2023	<u>\$ -</u>	<u>993,712</u>	<u>4,850,091</u>	<u>30,957</u>	<u>355,569</u>	<u>991,800</u>	<u>216,401</u>	<u>7,438,530</u>
Carrying amount:								
Balance on January 1, 2024	<u>\$ 193,985</u>	<u>2,963,293</u>	<u>3,569,657</u>	<u>15,237</u>	<u>71,551</u>	<u>763,490</u>	<u>198,703</u>	<u>7,775,916</u>
Balance on September 30, 2024	<u>\$ 209,917</u>	<u>2,969,071</u>	<u>5,103,546</u>	<u>26,935</u>	<u>61,113</u>	<u>726,953</u>	<u>173,049</u>	<u>9,270,584</u>
Balance on January 1, 2023	<u>\$ -</u>	<u>2,166,247</u>	<u>3,408,586</u>	<u>10,814</u>	<u>90,803</u>	<u>675,032</u>	<u>205,235</u>	<u>6,556,717</u>
Balance on September 30, 2023	<u>\$ -</u>	<u>2,128,305</u>	<u>3,340,445</u>	<u>9,809</u>	<u>79,060</u>	<u>729,171</u>	<u>206,538</u>	<u>6,493,328</u>

(Note): Reclassified from the prepayments for business facilities.

As of September 30, 2024, December 31 and September 30, 2023, the property, plant and equipment of the Group had been pledged as collateral, please refer to note 8.

(g) Right-of-use assets

The cost and accumulated depreciation of the Group leases lands and buildings were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2024	<u>\$ 36,339</u>	<u>261,974</u>	<u>298,313</u>
Balance on September 30, 2024	<u>\$ 36,736</u>	<u>219,221</u>	<u>255,957</u>
Balance on January 1, 2023	<u>\$ 38,425</u>	<u>259,949</u>	<u>298,374</u>
Balance on September 30, 2023	<u>\$ 38,049</u>	<u>282,489</u>	<u>320,538</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of right-of-use assets for the nine months ended September 30, 2024 and 2023. Please refer to note 6(g) to the 2023 annual consolidated financial statements for other related information.

As of September 30, 2024, December 31 and September 30, 2023, the right-of-use assets of the Group had been pledged as collateral, please refer to note 8.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(i) The other current assets of the Group were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Net input VAT	\$ 712,581	856,830	848,209
Prepayments for suppliers	14,837	19,065	16,162
Prepaid expense and others	126,506	174,462	182,856
	<u>\$ 853,924</u>	<u>1,050,357</u>	<u>1,047,227</u>

(ii) The other non-current assets of the Group were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Prepayments for business facilities	\$ 2,205,325	3,106,153	4,573,598
Long-term prepaid expenses	193,290	184,579	215,435
Materials and supplies	76,706	76,254	79,980
Net defined benefit plan assets	29,138	28,793	28,800
Refundable deposits	133,176	132,179	132,947
Computer software	12,386	12,486	12,243
	<u>\$ 2,650,021</u>	<u>3,540,444</u>	<u>5,043,003</u>

(i) Intangible assets

	September 30, 2024	December 31, 2023	September 30, 2023
Goodwill	<u>\$ 9,330</u>	<u>9,052</u>	<u>9,513</u>

Goodwill refers to the excess of net equity value from the subsidiary, ESIC, whose equity cost was acquired by ITEQ Holdings.

(j) Short-term borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank borrowings (currency: NTD and USD)	<u>\$ 3,230,521</u>	<u>2,646,225</u>	<u>2,463,478</u>
Unused credit lines	<u>\$ 8,437,056</u>	<u>8,682,002</u>	<u>8,755,869</u>
Interest rate collars	<u>1.85%~5.76%</u>	<u>1.66%~5.99%</u>	<u>1.65%~6.03%</u>

The Group has not pledged the asset as collateral for its short-term bank borrowings.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term borrowings

September 30, 2024			
Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	NTD and RMB	1.73%~3.45% 2025.9~2029.3	\$ 2,447,188
Secured bank borrowing	RMB	3.70% 2028.1	609,891
Less: current portion			<u>(1,314,903)</u>
Total			<u>\$ 1,742,176</u>
Unused credit lines			<u>\$ 1,512,971</u>
December 31, 2023			
Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	NTD and RMB	1.61%~5.58% 2025.5~2027.7	\$ 2,015,562
Secured bank borrowing	RMB	3.90% 2028.1	605,575
Less: current portion			<u>(274,947)</u>
Total			<u>\$ 2,346,190</u>
Unused credit lines			<u>\$ 983,573</u>
September 30, 2023			
Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	NTD and RMB	1.61%~5.63% 2025.5~2027.7	\$ 2,042,026
Secured bank borrowing	RMB	3.90% 2028.1	648,761
Less: current portion			<u>(90,593)</u>
Total			<u>\$ 2,600,194</u>
Unused credit lines			<u>\$ 1,014,035</u>

For details of interest expenses, please refer to note 6(t). The Group had pledged the asset as collateral for long-term borrowings, please refer to note 8.

(l) Lease liabilities

Lease liabilities of the Group were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Current	<u>\$ 64,313</u>	<u>61,884</u>	<u>63,015</u>
Non-current	<u>\$ 164,221</u>	<u>210,116</u>	<u>229,388</u>

For the maturity analysis, please refer to note 6(u) financial instruments.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Amount recognized in profit or loss were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest expenses on lease liabilities	\$ <u>1,612</u>	<u>2,076</u>	<u>5,216</u>	<u>6,332</u>
Expenses relating to short-term leases and leases of low-value asset	\$ <u>9,027</u>	<u>11,428</u>	<u>30,088</u>	<u>35,636</u>

Amount recognized in the statement of cash flow were as follows:

	<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>82,608</u>	<u>89,290</u>

(i) Leases of lands and buildings

The Group leases lands and buildings for its factory and office space. The leases run for a period of 2 to 50 years. Some leases include an option to renew the leases for an additional period of the same duration after the end of the contract term.

(ii) The Group also leases machinery with contract terms within a year. These leases are short-term leases or leases of low-value items. The Group has selected not to recognize right-of-use assets and lease liabilities for these leases.

(m) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2023 and 2022.

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Operating expenses	\$ <u>(116)</u>	<u>(114)</u>	<u>(346)</u>	<u>(342)</u>

(ii) Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,355 thousand, \$3,289 thousand, \$10,084 thousand and \$10,131 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

The Group's subsidiaries including ITEQ (DG), ITEQ (JX), ITEQ (WX), ITEQ (GZ) and ITEQ (HJ), adopted the defined contribution plans, with the pension costs of \$38,119 thousand, \$37,469 thousand, \$116,095 thousand and \$118,284 thousand for the three months and nine months ended September 30, 2024 and 2023, respectively.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Income taxes

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Current tax expense	\$ 167,511	151,787	411,076	307,813
Deferred tax benefit	-	-	-	(56,101)
Income tax expense	<u>\$ 167,511</u>	<u>151,787</u>	<u>411,076</u>	<u>251,712</u>

(ii) There were no income tax expense recognized in other comprehensive income for the nine months ended September 30, 2024 and 2023.

(iii) Assessment of tax

The Company and subsidiary BangMao's income tax returns for the years through 2021 and 2022 were assessed and approved by the local tax authorities.

(o) Capital and other equity

There was no significant change in capital and other equity for the periods from January 1 to September 30, 2024 and 2023. For the related information, please refer to note 6(o) to the consolidated financial statements for the year ended December 31, 2023.

(i) Retained earnings

The Company's Article of Incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

- A. 10% is to be appropriated as legal reserve
- B. Special reserve should be appropriated (reversed) in according to relevant laws and regulations.
- C. If there is any remaining amount, combine it with the cumulative undistributed earnings, the Board of Directors shall propose for the distribution of earnings subject to the final approval of the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Where the earnings, mentioned above is paid out in cash, the Board of Directors shall be authorized to adopt a supermajority resolution for the payout and report it to the shareholders' meeting, whereas if it is paid out by issuing new shares, it shall be carried out after a resolution is adopted by the shareholders' meeting in accordance with the regulations.

The Company is currently in its growth stage; thus, the policy for distribution of dividends should reflect factors such as the current and future investment environment, fund requirements, domestic competition and capital budget, as well as benefits to be given out, balance in the distribution of shares and cash bonuses and long-term financial planning. The Company's Articles of Incorporation stipulate that at least 20% of dividends to shareholders shall be distributed in cash.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Legal reserve

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. 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

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) Appropriation of earnings

The amounts of cash dividends on the 2023 and 2022 earnings distribution had been approved during the board meeting on February 27, 2024 and March 7, 2023, respectively, the relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share (in dollars)	Amount	Amount per share (in dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.5	\$ <u>544,436</u>	3.0	<u>1,088,872</u>

The related information mentioned above would be available at the Market Observation Post System website.

(ii) Other equity (net after tax)

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2024	\$ (555,434)	2,296	(553,138)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	2,070	2,070
Exchange difference on translation of foreign financial statements	915,738	-	915,738
Balance on September 30, 2024	<u>\$ 360,304</u>	<u>4,366</u>	<u>364,670</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	\$ (274,855)	(6,483)	(281,338)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	18,085	18,085
Exchange difference on translation of foreign financial statements	353,799	-	353,799
Balance on September 30, 2023	<u>\$ 78,944</u>	<u>11,602</u>	<u>90,546</u>

(p) Earnings per share

The calculation for the basic earnings per share and diluted earnings per share of the Group were as follows:

Unit: thousand shares

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2024	2023	2024	2023
Basic earnings per share				
Profit attributable to common shareholders of the Company	<u>\$ 249,200</u>	<u>234,624</u>	<u>603,050</u>	<u>350,195</u>
Weighted average number of common shares	<u>362,957</u>	<u>362,957</u>	<u>362,957</u>	<u>362,957</u>
Basic earnings per share (express in New Taiwan dollars)	<u>\$ 0.69</u>	<u>0.65</u>	<u>1.66</u>	<u>0.96</u>
Diluted earnings per share				
Profit attributable to common shareholders of the Company	<u>\$ 249,200</u>	<u>234,624</u>	<u>603,050</u>	<u>350,195</u>
Weighted average number of common shares (basic)	362,957	362,957	362,957	362,957
Effect of employee compensation	180	277	555	513
Weighted average number of common shares (diluted)	<u>363,137</u>	<u>363,234</u>	<u>363,512</u>	<u>363,470</u>
Diluted earnings per share (express in New Taiwan dollars)	<u>\$ 0.69</u>	<u>0.65</u>	<u>1.66</u>	<u>0.96</u>

(q) Share-based payment

There were no significant changes in share-based payment during the periods from January 1 to September 30, 2024 and 2023. For the related information, please refer to note 6(q) to the consolidated financial statements for the year ended December 31, 2023.

For the three months and nine months ended September 30, 2024 and 2023, the Group recognized the employee stock option compensation cost (attributable to subsidiaries employee) were \$3,025 thousand, \$3,376 thousand, \$9,236 thousand and \$10,416 thousand, respectively, and recorded under capital surplus-employee stock options.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Employees' compensation and Directors' remuneration

In accordance with the Articles of Incorporation, the Company should contribute no less than 2% of the profit as employee compensation and less than 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The distribution of shares and cash of the abovementioned employee compensation is approved by the Board of Directors, the recipients may include the employees' of the Company's subsidiaries who meet certain conditions, the conditions and distribution methods are determined by the Board of Directors.

The Company accrued its employees' compensation and directors' remuneration were as follows:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Employees' compensation	\$ 13,579	11,957	32,247	25,257
Directors' remuneration	3,395	2,597	8,062	5,959
	<u>\$ 16,974</u>	<u>14,554</u>	<u>40,309</u>	<u>31,216</u>

The abovementioned amount of employees' compensation and remuneration of Directors were estimating based on profit before tax, with deducted multiplied by the distribution ratio of employees' compensation and remuneration of Directors set out in the Articles of Incorporation as the estimation basis and presented as the operating costs or operating expenses of the period. If there is any difference between the actual distribution amount in the following year and the estimated amount, it shall be treated as changes in accounting estimates, and the difference is recognized as the profit or loss of the following year.

For the years ended December 31, 2023 and 2022, the employees' compensation amounting to \$47,308 thousand and \$78,837 thousand, respectively, and directors' remuneration amounting to \$11,827 thousand and \$19,709 thousand, respectively. There was no difference between the actual distributed amounts as determined by the Board of Directors and those recognized in the financial statements. The related information would be available at the Market Observation Post System website.

(s) Revenue from contracts with customers

(i) Details of revenue

	<u>For the three months ended September 30, 2024</u>					
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Primary geographical markets:						
Asia	\$ 232,090	3,343,593	1,095,012	2,579,098	669,705	7,919,498
Europe	22,757	3	-	-	3,280	26,040
Other	16,012	-	-	-	1,313	17,325
	<u>\$ 270,859</u>	<u>3,343,596</u>	<u>1,095,012</u>	<u>2,579,098</u>	<u>674,298</u>	<u>7,962,863</u>
Major products:						
Copper clad laminate	\$ 190,286	2,283,937	767,254	1,769,762	639,527	5,650,766
Prepreg	80,573	1,059,659	327,758	809,336	21,501	2,298,827
Other	-	-	-	-	13,270	13,270
	<u>\$ 270,859</u>	<u>3,343,596</u>	<u>1,095,012</u>	<u>2,579,098</u>	<u>674,298</u>	<u>7,962,863</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended September 30, 2023						
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Primary geographical markets:						
Asia	\$ 238,206	2,560,560	1,971,168	1,272,946	558,174	6,601,054
Europe	27,218	1,132	8	-	4,694	33,052
Other	10,690	-	-	-	49	10,739
	<u>\$ 276,114</u>	<u>2,561,692</u>	<u>1,971,176</u>	<u>1,272,946</u>	<u>562,917</u>	<u>6,644,845</u>
Major products:						
Copper clad laminate	\$ 189,312	1,791,959	1,376,514	930,045	541,430	4,829,260
Prepreg	86,418	769,722	594,662	342,901	286	1,793,989
Other	384	11	-	-	21,201	21,596
	<u>\$ 276,114</u>	<u>2,561,692</u>	<u>1,971,176</u>	<u>1,272,946</u>	<u>562,917</u>	<u>6,644,845</u>
For the nine months ended September 30, 2024						
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Primary geographical markets:						
Asia	\$ 682,585	8,937,425	4,093,336	6,009,829	1,828,685	21,551,860
Europe	95,125	656	5	-	13,378	109,164
Other	49,885	-	-	-	2,557	52,442
	<u>\$ 827,595</u>	<u>8,938,081</u>	<u>4,093,341</u>	<u>6,009,829</u>	<u>1,844,620</u>	<u>21,713,466</u>
Major products:						
Copper clad laminate	\$ 585,948	6,152,619	2,890,784	4,233,017	1,782,430	15,644,798
Prepreg	241,625	2,785,462	1,202,557	1,776,801	22,044	6,028,489
Other	22	-	-	11	40,146	40,179
	<u>\$ 827,595</u>	<u>8,938,081</u>	<u>4,093,341</u>	<u>6,009,829</u>	<u>1,844,620</u>	<u>21,713,466</u>
For the nine months ended September 30, 2023						
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Primary geographical markets:						
Asia	\$ 651,846	6,779,227	5,983,864	3,195,398	1,568,430	18,178,765
Europe	94,655	6,911	8	-	18,188	119,762
Other	32,913	-	-	-	3,378	36,291
	<u>\$ 779,414</u>	<u>6,786,138</u>	<u>5,983,872</u>	<u>3,195,398</u>	<u>1,589,996</u>	<u>18,334,818</u>
Major products:						
Copper clad laminate	\$ 532,424	4,761,829	4,226,747	2,359,356	1,519,808	13,400,164
Prepreg	244,365	2,023,919	1,757,125	836,042	286	4,861,737
Other	2,625	390	-	-	69,902	72,917
	<u>\$ 779,414</u>	<u>6,786,138</u>	<u>5,983,872</u>	<u>3,195,398</u>	<u>1,589,996</u>	<u>18,334,818</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balance

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Notes receivable	\$ 728,822	1,019,692	1,491,391
Accounts receivable	12,203,642	10,498,105	9,997,576
Less: loss allowance	<u>(23,017)</u>	<u>(20,078)</u>	<u>(19,167)</u>
Total	<u>\$ 12,909,447</u>	<u>11,497,719</u>	<u>11,469,800</u>

As of September 30, 2024, December 31 and September 30, 2023, the balance of contract liabilities from sales of products were amounted to \$5,448 thousand, \$43,400 thousand and \$12,283 thousand (accounted for other current liabilities), respectively. The amount of revenue recognized for the nine months ended September 30, 2024 and 2023 that were included in the contract liabilities at the beginning of the period amounted to \$43,260 thousand and \$12,283 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.

(t) Non-operating income and expenses

(i) Interest income

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	<u>\$ 13,915</u>	<u>7,494</u>	<u>40,893</u>	<u>25,725</u>

(ii) Other income

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Government grant income	\$ 11,031	13,524	101,821	28,983
Other income	19,703	2,237	24,130	29,632
	<u>\$ 30,734</u>	<u>15,761</u>	<u>125,951</u>	<u>58,615</u>

(iii) Other gains and losses

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Foreign exchange losses	\$ 42,814	13,076	14,019	(62,680)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	(663)	137	289	(5,987)
Reversal of impairment losses on property, plant and equipment facilities	-	-	-	803
Gains (losses) on disposals of property, plant and equipment	(3,259)	(160)	9,199	(1,207)
Insurance claim income	-	-	-	118,340
Others	2,071	(8,228)	(9,525)	(14,046)
	<u>\$ 40,963</u>	<u>4,825</u>	<u>13,982</u>	<u>35,223</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Financial costs

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2024	2023	2024	2023
Interest expenses	<u>\$ 47,374</u>	<u>30,239</u>	<u>126,895</u>	<u>90,457</u>

(u) Disclosures for financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For related information, please refer to note 6(u) to the consolidated financial statements for the year ended December 31, 2023.

(i) Credit risk

1) Concentration of credit risk

As of September 30, 2024, December 31 and September 30, 2023, 54%, 48% and 50%, respectively, of accounts receivable were concentrated on the Group's ten major customers. Thus, the Group's credit risk is significantly centralized.

2) Credit risk of receivables

For credit risk exposure of receivables, please refer to note 6(c).

Other financial assets at amortized cost includes time deposits, other receivables and guarantee deposits received, there were no loss allowance for the nine months ended September 30, 2024 and 2023.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
September 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 3,230,521	3,239,238	3,239,238	-	-	-
Accounts payable	7,391,791	7,391,791	7,391,791	-	-	-
Other payables	865,493	865,493	865,493	-	-	-
Lease liabilities	228,534	238,879	69,529	72,221	97,129	-
Long-term borrowings (including current portion)	3,057,079	3,114,626	1,344,107	943,608	826,911	-
Guarantee deposits received	50,362	50,362	-	50,362	-	-
	<u>\$ 14,823,780</u>	<u>14,900,389</u>	<u>12,910,158</u>	<u>1,066,191</u>	<u>924,040</u>	<u>-</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,646,225	2,652,176	2,652,176	-	-	-
Accounts payable	5,991,383	5,991,383	5,991,383	-	-	-
Other payables	1,178,211	1,178,211	1,178,211	-	-	-
Lease liabilities	272,000	287,360	68,463	68,770	150,127	-
Long-term borrowings (including current portion)	2,621,137	2,769,145	353,382	1,974,964	440,799	-
Guarantee deposits received	42,895	42,895	-	42,895	-	-
	<u>\$ 12,751,851</u>	<u>12,921,170</u>	<u>10,243,615</u>	<u>2,086,629</u>	<u>590,926</u>	<u>-</u>
September 30, 2023						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,463,478	2,467,164	2,467,164	-	-	-
Accounts payable	6,332,437	6,332,437	6,332,437	-	-	-
Other payables	1,229,990	1,229,990	1,229,990	-	-	-
Lease liabilities	292,403	310,084	70,230	70,002	162,118	7,734
Long-term borrowings (including current portion)	2,690,787	2,848,414	164,923	2,070,118	613,373	-
Guarantee deposits	43,967	43,967	-	43,967	-	-
	<u>\$ 13,053,062</u>	<u>13,232,056</u>	<u>10,264,744</u>	<u>2,184,087</u>	<u>775,491</u>	<u>7,734</u>

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

(iii) Foreign currency risk

1) Exposure to currency risk

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

	<u>September 30, 2024</u>			<u>December 31, 2023</u>			<u>September 30, 2023</u>			
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	47,592	31.65	1,506,287	47,177	30.71	1,448,806	45,341	32.27	1,463,154
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		103,442	31.65	3,273,939	75,098	30.71	2,306,260	67,548	32.27	2,179,774

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

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, accounts receivable and accounts payable and etc. that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of September 30, 2024 and 2023 would have increased (decreased) the profit before tax by \$17,677 thousand and \$7,166 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and performed on the same basis for 2024 and 2023.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$42,814 thousand, \$13,076 thousand, \$14,019 thousand and \$(62,680) thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group's management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Group's profit before tax would have increased / decreased by \$47,157 thousand and \$38,657 thousand, respectively, for the nine months ended September 30, 2024 and 2023, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other market price risk

For the nine months ended September 30, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities on the reporting date	For the nine months ended September 30			
	2024		2023	
	Other comprehensive income after tax	Profit	Other comprehensive income after tax	Profit
Increasing 1%	\$ 321	39	441	38
Decreasing 1%	\$ (321)	(39)	(441)	(38)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

	September 30, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,943	-	-	3,943	3,943
Financial assets at fair value through other comprehensive income					
Unlisted fund	25,882	-	-	25,882	25,882
Domestic unlisted common shares	6,194	-	-	6,194	6,194
Subtotal	32,076	-	-	32,076	32,076
Financial assets measured at amortized cost					
Cash and equivalents	\$ 5,272,897	-	-	-	-
Financial assets measured at amortized cost	284,549	-	-	-	-
Notes receivable and accounts receivable	12,909,447	-	-	-	-
Other receivables	140,384	-	-	-	-
Refundable deposits	133,176	-	-	-	-
Subtotal	18,740,453	-	-	-	-
Total	\$ 18,776,472	-	-	36,019	36,019

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,833	-	-	3,833	3,833
Financial assets at fair value through other comprehensive income					
Unlisted fund	41,103	-	-	41,103	41,103
Domestic unlisted common shares	3,000	-	-	3,000	3,000
Subtotal	44,103	-	-	44,103	44,103
Financial assets measured at amortized cost					
Cash and equivalents	\$ 6,029,655	-	-	-	-
Financial assets measured at amortized cost	89,891	-	-	-	-
Notes receivable and accounts receivable	11,469,800	-	-	-	-
Other receivables	57,676	-	-	-	-
Refundable deposits	132,947	-	-	-	-
Subtotal	17,779,969	-	-	-	-
Total	<u>\$ 17,827,905</u>	<u>-</u>	<u>-</u>	<u>47,936</u>	<u>47,936</u>
Financial liabilities at amortized cost					
Bank borrowings	\$ 5,154,265	-	-	-	-
Accounts payable	6,332,437	-	-	-	-
Lease liabilities	292,403	-	-	-	-
Other payables	1,229,990	-	-	-	-
Guarantee deposits received	43,967	-	-	-	-
Total	<u>\$ 13,053,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instrument traded in an active market is based on the quoted market prices. The quotations, which is published by the main exchange center, is included in the fair value of the listed securities instruments in an active market open bid.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry company, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive as follows:

- i) the bid-ask spread is increasing; or
- ii) the bid-ask spread varies significantly; or
- iii) there has been a significant decline in trading volume.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value of stocks listed on domestic and foreign markets, which are the financial assets with standard terms and conditions and traded in an active market, are based on the market closing prices.

Except the aforementioned financial instruments traded in an active market, measurements of fair value of financial instruments were based on a valuation technique. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

When the financial instrument of the Group is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

- Unquoted equity instruments: the fair value of financial instruments transactions in an inactive market, which is valued by comparable method. The main hypothesis is referred from the quotations of comparable listed companies and earning multiplies of price-book ratio proportion as basic, which is adjusted by the discount affections of equity securities lacking market liquidity.

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the nine months ended September 30, 2024 and 2023.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Unquoted equity instruments	Unquoted equity instruments	Total
Balance on January 1, 2024	\$ 3,654	36,279	39,933
Total gains or losses:			
Recognized in profit or loss	289	-	289
Recognized in other comprehensive income	-	2,070	2,070
Capital reduction	-	(6,273)	(6,273)
Balance on September 30, 2024	<u>\$ 3,943</u>	<u>32,076</u>	<u>36,019</u>

	Fair value through profit or loss	Fair value through other comprehensive income	
	Unquoted equity instruments	Unquoted equity instruments	Total
Balance on January 1, 2023	\$ 3,273	32,684	35,957
Total gains or losses:			
Recognized in profit or loss	560	-	560
Recognized in other comprehensive income	-	18,085	18,085
Capital reduction	-	(6,666)	(6,666)
Balance on September 30, 2023	<u>\$ 3,833</u>	<u>44,103</u>	<u>47,936</u>

The aforementioned total gains and losses that were included in “other gains and losses” and “unrealized gains and losses on fair value through other comprehensive income-equity investments”, which related to holding assets on September 30, 2024 and 2023 were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2024	2023	2024	2023
Recognized in profit or loss	<u>\$ (663)</u>	<u>137</u>	<u>289</u>	<u>560</u>
Recognized in other comprehensive income	<u>\$ (2,107)</u>	<u>11,351</u>	<u>2,070</u>	<u>18,085</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through profit or loss-equity investments" and "fair value through other comprehensive income-equity investments".

Most of the Group's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

<u>Items</u>	<u>Evaluation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> • Price-book ratio (as of September 30, 2024, December 31 and September 30, 2023 were 1.65, 1.55 and 1.41, respectively) • Market liquidity discount rate (as of September 30, 2024, December 31 and September 30, 2023 were all 20%) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> • Price-book ratio (as of September 30, 2024, December 31 and September 30, 2023 were 4.06, 3.24 and 3.39, respectively) • Market liquidity discount rate (as of September 30, 2024, December 31 and September 30, 2023 were all 25%) 	<ul style="list-style-type: none"> • The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income-unlisted fund	Net asset value method	<ul style="list-style-type: none"> • Net asset value 	Not applicable

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of September 30, 2024, December 31 and September 30, 2023, for value measurements in Level 3, if changing valuation variables, would have the following effects on the other comprehensive income were as follows:

Input	Upwards or downward changes	Fair value variation on profit or loss					
		Favorable			Unfavorable		
		September 30, 2024	December 31, 2023	September 30, 2023	September 30, 2024	December 31, 2023	September 30, 2023
Price-book ratio	5%	103	114	99	(103)	(114)	(99)
Market liquidity discount rate	5%	50	46	57	(50)	(46)	(57)

Input	Upwards or downward changes	Fair value variation on other comprehensive income					
		Favorable			Unfavorable		
		September 30, 2024	December 31, 2023	September 30, 2023	September 30, 2024	December 31, 2023	September 30, 2023
Price-book ratio	5%	274	211	93	(274)	(211)	(93)
Market liquidity discount rate	5%	104	82	50	(104)	(82)	(50)

The favorable and unfavorable effects represent the change in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects from changes in a single input, and it does not include the inter-relationships with another input.

- (v) Financial risk management

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

- (w) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the nine months ended September 30, 2024 and 2023 was the same as the consolidated financial statements for the year ended December 31, 2023. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2023.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Investing and financing activities not affecting cash flow

The reconciliation of liabilities arising from financing activities of the Group were as follows:

	January 1, 2024	Cash flows	Non-cash changes		September 30, 2024
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,646,225	572,402	11,894	-	3,230,521
Long-term borrowings	2,621,137	376,607	59,335	-	3,057,079
Lease liabilities	272,000	(47,304)	5,108	(1,270)	228,534
Guarantee deposits received	42,895	6,274	1,193	-	50,362
Total liabilities from financing activities	<u>\$ 5,582,257</u>	<u>907,979</u>	<u>77,530</u>	<u>(1,270)</u>	<u>6,566,496</u>

	January 1, 2023	Cash flows	Non-cash changes		September 30, 2023
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,465,577	(15,548)	13,449	-	2,463,478
Short-term notes and bills payable	149,915	(149,915)	-	-	-
Long-term borrowings	1,693,857	935,355	61,575	-	2,690,787
Lease liabilities	268,981	(47,322)	2,714	68,030	292,403
Guarantee deposits received	37,980	3,958	2,029	-	43,967
Total liabilities from financing activities	<u>\$ 4,616,310</u>	<u>726,528</u>	<u>79,767</u>	<u>68,030</u>	<u>5,490,635</u>

(7) **Related-party transactions:**

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
WIN Semiconductors Corp. (WIN Corporation)	The entity's Chairman is the Company's Chairman
MGC-ITEQ Technology Co., Ltd. (MGC Corporation)	Affiliate
Tian He Int'l Enterprise Co., Ltd. (Tian He Corporation)	Other related party
Fu Cun Construction Co. (Fu Cun Corporation)	Other related party

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant transactions with related parties

(i) Leases

The Group signed an operating lease contract for its land and factory with WIN Corporation in January 2013, with a leasing period from January 2013 to December 2028, and the rental paid on a monthly basis, relevant right-of-use assets, lease liabilities and profit or loss were as follows:

<u>Account items</u>	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Right-of-use assets	\$ <u>129,666</u>	<u>148,833</u>	<u>156,275</u>
Refundable deposits (under other non-current assets)	\$ <u>104,999</u>	<u>104,145</u>	<u>103,860</u>
Lease liabilities-current	\$ 29,858	28,785	28,671
Lease liabilities-non-current	<u>100,381</u>	<u>119,820</u>	<u>127,059</u>
	<u>\$ 130,239</u>	<u>148,605</u>	<u>155,730</u>

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Financial cost	\$ <u>540</u>	<u>637</u>	<u>1,701</u>	<u>1,996</u>
Depreciation expense	\$ <u>7,627</u>	<u>7,442</u>	<u>22,882</u>	<u>22,325</u>
Interest income	\$ <u>284</u>	<u>284</u>	<u>854</u>	<u>849</u>

(ii) Rental agreement

The Group leased the office to MGC Corporation as an operating lease for a period in one year. For the nine months ended September 30, 2023, the rental income recognized were \$24 thousand.

There was no such transaction for the nine months ended September 30, 2024.

(iii) Other income

The Group provide human support to MGC Corporation, for the three months and nine months ended September 30, 2024 and 2023, the revenue recognized was \$196 thousand, \$452 thousand, \$903 thousand and \$607 thousand, respectively.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other

The Group dividends payable to related parties were included in other payables as follows:

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
WIN Corporation	\$ 98,113	196,226	196,226
Tian He Corporation	64,552	127,304	127,304
Other related party	-	87,920	87,920
	<u>\$ 162,665</u>	<u>411,450</u>	<u>411,450</u>

(c) Key management personnel compensation

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ 10,463	26,462	21,749	41,910
Post-employment benefits	131	148	397	444
	<u>\$ 10,594</u>	<u>26,610</u>	<u>22,146</u>	<u>42,354</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Property, plant and equipment	Long-term borrowings	\$ 1,125,798	579,838	629,635
Right-of-use assets	Long-term borrowings	59,739	58,328	61,497
Other non-current assets	Gas deposits	3,952	3,952	-
		<u>\$ 1,189,489</u>	<u>642,118</u>	<u>691,132</u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Acquisition of property, plant and equipment	\$ <u>3,354,417</u>	<u>4,725,786</u>	<u>3,939,763</u>

(b) The Group's unused letters of credit

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
Unused letters of credit	\$ <u>424,294</u>	<u>399,711</u>	<u>455,508</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Other:

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

By item	By function	For the three months ended September 30					
		2024			2023		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		244,310	118,905	363,215	233,739	134,130	367,869
Labor and health insurance		18,401	9,827	28,228	25,277	13,967	39,244
Pension		29,935	11,423	41,358	16,180	10,336	26,516
Remuneration of directors		-	3,699	3,699	-	2,632	2,632
Others		24,050	11,202	35,252	30,229	15,388	45,617
Depreciation		289,800	63,709	353,509	227,554	42,540	270,094
Amortization		24,088	2,834	26,922	15,638	1,854	17,492

By item	By function	For the nine months ended September 30					
		2024			2023		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		932,751	333,448	1,266,199	689,285	450,972	1,140,257
Labor and health insurance		61,515	36,872	98,387	57,906	36,512	94,418
Pension		83,072	42,761	125,833	83,215	44,858	128,073
Remuneration of directors		-	8,541	8,541	-	6,099	6,099
Others		60,337	45,891	106,228	78,061	36,566	114,627
Depreciation		816,928	185,810	1,002,738	669,972	127,235	797,207
Amortization		72,362	8,244	80,606	50,606	7,645	58,251

(b) Seasonality of operations

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

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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" of the Company for the nine months ended September 30, 2024:

i. Loans to other parties:

(In Thousands of Shares/New Taiwan Dollar)

Number	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	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 1)(Note 2)	Maximum limit of fund financing (Note 1)(Note 2)
													Item	Value		
1	IIL	ITEQ (WX)	Account receivables - related parties and other receivables - related parties	Yes	124,033	-	-	-	2	-	Operating Capital	-	None	-	457,332	457,332
2	ITEQ (WX)	IIL	Account receivables - related parties and other receivables - related parties	Yes	175,618	44,831	44,831	-	2	-	Operating Capital	-	None	-	4,085,101	4,085,101
2	"	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	690,330	677,505	677,505	1.5	2	-	Operating Capital	-	None	-	4,085,101	4,085,101
2	"	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	1,333,680	-	-	1.5	2	-	Operating Capital	-	None	-	4,085,101	4,085,101
2	"	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	1,380,660	1,355,010	1,355,010	1.5	2	-	Operating Capital	-	None	-	4,085,101	4,085,101
3	ITEQ Holding	ITEQ (TL)	Account receivables - related parties and other receivables - related parties	Yes	594,084	588,690	94,950	-	2	-	Operating Capital	-	None	-	4,085,101	4,085,101

Note 1 : The Company's "Procedures for Lending Fund to Others Parties" states that the limit amount and the total limit for lending to a company is 20% and 40% of the Company's net worth based on the most recent financial statements audited or reviewed by the Certified Public Accountants.

Note 2 : The total limit for lending funds to a single entity for the Company's 100% owned subsidiaries is subject to 600% of the Company's net worth based on the most recent statements of each counterparty audited or reviewed by the Certified Public Accountants. However, if the maximum amount of the capital accommodation exceeds 20% of the net worth of the Company's most recent financial statements audited or reviewed, the limit shall be subject to 20% of the Company's net worth based on the most recent financial statements.

Note 3 : Nature of financing:

1. For entities that the Company has business transactions with.
2. For entities with short-term financing needs.

Note 4 : The aforementioned transactions have been eliminated in the consolidated financial statements.

ii. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)(Note 2)	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)(Note 2)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to companies in Mainland China
		Name	Relationship with the Company (Note 4)										
0	The Company	IIL	2	20,425,506	736,000(Note 3)	569,700	45,586	-	2.79%	20,425,506	Yes	No	No
0	"	IPL	2	20,425,506	3,710,650(Note 3)	3,307,425	907,601	-	16.19%	20,425,506	Yes	No	No
0	"	ITEQ (DG)	2	20,425,506	492,525(Note 3)	-	-	-	0.00%	20,425,506	Yes	No	Yes
0	"	ITEQ (JX)	2	20,425,506	3,043,445(Note 3)	2,508,920	797,198	-	12.28%	20,425,506	Yes	No	Yes
0	"	ITEQ (TL)	2	20,425,506	1,501,180(Note 3)	1,487,550	208,847	-	7.28%	20,425,506	Yes	No	No

Note 1 : The total amount of the guarantee provided to a single-party and aggregate limits shall not exceed 100% of the Company's net worth based on the most recent financial statements audited or reviewed by the Certified Public Accountants.

Note 2 : Single-party and aggregate limits on guarantees provided to 100%-owned subsidiaries are capped at 300% of each subsidiary's net worth based on the most recent financial statements audited or reviewed by the Certified Public Accountants.

Note 3 : Bank guarantee amount obtained by jointly issuing bills.

Note 4 : Relationship with the Company:

1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the guarantor.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 90% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre - construction homes pursuant to the Consumer Protection Act for each other.

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

iii. Securities held as of September 30, 2024 (excluding investment in subsidiaries, associates and joint ventures) :

(In Thousands of Shares/New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	Pan Win Biotechnology Inc.	-	Current financial assets at fair value through profit or loss	100	-	5.0%	-	
"	TMY Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	357	6,194	0.8%	6,194	
Bang Mao	Mortech Corporation	-	Current financial assets at fair value through profit or loss	381	3,943	1.0%	3,943	
"	Big Sun Energy Technology Inc.	-	Non-current financial assets at fair value through profit or loss	1,736	-	0.4%	-	
"	Ding Mou Corporation	-	Non-current financial assets at fair value through profit or loss	100	-	0.4%	-	
"	THEF FUND, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	25,882	4.8%	25,882	

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTS 300 million or 20% of the paid-in capital : None.

v. Acquisition of individual real estate with amount exceeding the lower of NTS 300 million or 20% of the paid-in capital :

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
ITEQ (TL)	Factory building	2023/10/20	548,046	As of September 30, 2024 the price paid \$423,477 thousand	New Nanyang Construction Co., LTD	-	N/A	N/A	N/A	N/A	Price negotiation	Operating and production purpose	None

vi. Disposal of individual real estate with amount exceeding the lower of NTS 300 million or 20% of the paid-in capital : None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of NTS 100 million or 20% of the paid-in capital :

0%

Name of company	Related party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes receivable/ Accounts receivable (Notes payable/ Accounts payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes receivable/ accounts receivable (Notes payable/ Accounts payable)	
The Company	ITEQ (WX)	The Company holds 100% indirectly	(Sale)	(258,165)	(18.27%)	OA120 days	No material difference with general customers	No material difference with general customers	65,377	9.07%	Note
The Company	ITEQ (JX)	The Company holds 100% indirectly	"	(314,054)	(22.23%)	"	"	"	274,512	38.08%	"
IPL	ITEQ (GZ)	Same parent company	"	(179,600)	(12.05%)	"	"	"	88,747	8.35%	"
IPL	ITEQ (JX)	Same parent company	"	(1,179,421)	(79.14%)	"	"	"	914,708	86.09%	"
IIL	The Company	The Company holds 100% indirectly	"	(243,020)	(40.79%)	"	"	"	146,481	47.52%	"
IIL	ITEQ(WX)	Same parent company	"	(269,669)	(45.27%)	"	"	"	134,032	43.48%	"
ITEQ(GZ)	ITEQ(DG)	Same parent company	"	(122,157)	(6.61%)	"	"	"	32,838	2.58%	"
ITEQ(WX)	IIL	Same parent company	"	(313,098)	(3.20%)	"	"	"	228,977	3.80%	"
ITEQ(WX)	ITEQ(DG)	Same parent company	"	(131,160)	(1.34%)	"	"	"	15,560	0.26%	"
ITEQ(WX)	ITEQ (JX)	Same parent company	"	(399,780)	(4.74%)	"	"	"	391,138	6.49%	"
ITEQ(DG)	ITEQ (JX)	Same parent company	"	(413,609)	(9.09%)	"	"	"	388,683	16.89%	"
ITEQ (JX)	ITEQ(WX)	Same parent company	"	(2,551,991)	(22.61%)	"	"	"	351,959	6.80%	"
ITEQ (JX)	ITEQ(DG)	Same parent company	"	(2,627,812)	(23.29%)	"	"	"	779,350	15.05%	"
ITEQ(WX)	The Company	The Company holds 100% indirectly	Purchase	258,165	3.06%	"	"	"	(65,377)	(2.23%)	"
ITEQ (JX)	The Company	The Company holds 100% indirectly	"	314,054	3.04%	"	"	"	(274,512)	(5.13%)	"
ITEQ (GZ)	IPL	Same parent company	"	179,600	10.72%	"	"	"	(88,747)	(29.76%)	"
ITEQ (JX)	IPL	Same parent company	"	1,179,421	11.41%	"	"	"	(914,708)	(17.08%)	"
The Company	IIL	The Company holds 100% indirectly	"	243,020	15.96%	"	"	"	(146,481)	(20.28%)	"
ITEQ(WX)	IIL	Same parent company	"	269,669	3.19%	"	"	"	(134,032)	(4.57%)	"
ITEQ(DG)	ITEQ (GZ)	Same parent company	"	122,157	2.87%	"	"	"	(32,838)	(2.79%)	"
IIL	ITEQ(WX)	Same parent company	"	313,098	52.64%	"	"	"	(228,977)	(89.10%)	"
ITEQ(DG)	ITEQ(WX)	Same parent company	"	131,160	3.08%	"	"	"	(15,560)	(1.32%)	"
ITEQ (JX)	ITEQ(WX)	Same parent company	"	399,780	3.87%	"	"	"	(391,138)	(7.31%)	"
ITEQ (JX)	ITEQ(DG)	Same parent company	"	413,609	4.00%	"	"	"	(388,683)	(7.26%)	"
ITEQ(WX)	ITEQ (JX)	Same parent company	"	2,551,991	30.23%	"	"	"	(351,959)	(11.99%)	"
ITEQ (DG)	ITEQ (JX)	Same parent company	"	2,627,812	61.73%	"	"	"	(779,350)	(66.31%)	"

Note: The amount of the transaction have been eliminated in the consolidated financial statements.

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

viii.Receivables from related parties with amounts exceeding the lower of NTS 100 million or 20% of paid-in capital :

Name of company	Related party	Nature of relationship	Ending balance (Note)	Turnover Rate	Overdue		Amounts received in subsequent period (As of November 5, 2024)	Loss allowance
					Amount	Action taken		
The Company	ITEQ (JX)	The Company holds 100% indirectly	274,512	1.97	-	-	14,522	-
IPL	ITEQ (JX)	Same parent company	914,708	2.30	-	-	159,461	-
IIL	The Company	Same parent company	146,481	2.25	-	-	34,017	-
IIL	ITEQ (WX)	Same parent company	134,032	1.75	-	-	17,569	-
ITEQ (DG)	ITEQ (JX)	Same parent company	388,683	1.80	-	-	27,728	-
ITEQ (JX)	ITEQ (DG)	Same parent company	779,350	3.30	-	-	-	-
ITEQ (JX)	ITEQ (WX)	Same parent company	351,959	9.70	-	-	344,714	-
ITEQ (WX)	IIL	Same parent company	228,977	1.42	-	-	39,714	-
ITEQ (WX)	ITEQ (JX)	Same parent company	391,138	2.32	-	-	41,554	-

Note: The amount of the transaction have been eliminated in the consolidated financial statements.

ix.Trading in derivative instruments: None.

x. Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions (Note 3)(Note 5)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	ITEQ (WX)	1	Sale	258,165	Note 4	1.19%
0	The Company	ITEQ (JX)	1	Sale	314,054	Note 4	1.45%
1	IPL	ITEQ (JX)	3	Sale	1,179,421	Note 4	5.43%
2	IIL	The Company	2	Sale	243,020	Note 4	1.12%
2	IIL	ITEQ (WX)	3	Sale	269,669	Note 4	1.24%
4	ITEQ (WX)	IIL	3	Sale	313,098	Note 4	1.44%
4	ITEQ (WX)	ITEQ (JX)	3	Sale	399,780	Note 4	1.84%
5	ITEQ (DG)	ITEQ (JX)	3	Sale	413,609	Note 4	1.90%
6	ITEQ (JX)	ITEQ (WX)	3	Sale	2,551,991	Note 4	11.75%
6	ITEQ (JX)	ITEQ (DG)	3	Sale	2,627,812	Note 4	12.10%
0	The Company	ITEQ (JX)	1	Account receivable	274,512	Note 4	0.75%
1	IPL	ITEQ (JX)	3	Account receivable	914,708	Note 4	2.51%
4	ITEQ (WX)	IIL	3	Account receivable	228,977	Note 4	0.63%
4	ITEQ (WX)	ITEQ (JX)	3	Account receivable	391,138	Note 4	1.07%
5	ITEQ (DG)	ITEQ (JX)	3	Account receivable	388,683	Note 4	1.07%
6	ITEQ (JX)	ITEQ (WX)	3	Account receivable	351,959	Note 4	0.97%
6	ITEQ (JX)	ITEQ (DG)	3	Account receivable	779,350	Note 4	2.14%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivable	2,050,273	Note 4	5.63%
7	ITEQ Holding	ITEQ (HK)	3	Other receivable	863,441	Note 4	2.37%

Note 1: Company numbering as follows:

- 1.Parent company –0
- 2.Subsidiary starts from 1

Note 2: The numbering of the relationship between transaction parties as follows:

- 1.Parent company to subsidiary – 1
- 2.Subsidiary to parent company – 2
- 3.Subsidiary to subsidiary –3

Note 3: The ratio of consolidated revenue or assets depends on the account to which it belongs. The profit and loss account are a percentage of consolidated revenue while the assets or liabilities are a percentage of consolidated total assets.

Note 4: No material difference from non-related parties.

Note 5: These accounts are disclosed based on the amounts exceed NTS 200,000 thousand.

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Information on investees (excluding information on investees in mainland China) :

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2024			Net profits (losses) of investee	Share of profits/losses of investee	Note
				The ending balance at the end	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value			
The Company	ITEQ International	Samoa	Investment activities	1,879,344	1,879,344	18,500	100%	22,289,198	1,438,923	1,438,923	Note 1
"	Bang Mao	Hsinchu	Investment activities	1,000	70,000	100	100%	35,268	1,749	1,749	Note 1
"	MGC	Hsinchu	Electronic parts and components manufacturing	49,000	49,000	4,900	49%	37,824	(8,770)	(4,298)	
"	ITEQ (TL)	Thailand	Manufacturing and sales of prepeg and copper clad lamination	586,083	586,083	6,500	100%	662,874	19,387	19,387	Note 1
ITEQ International	ITEQ Holding	British Cayman Islands	Investment activities	1,879,344	1,879,344	18,500	100%	22,129,870	1,438,923	1,438,923	Note 1
ITEQ Holding	ESIC	The British Virgin Islands	Investments in mainland China	395,850	395,850	10,750	100%	8,856,810	350,001	350,001	Note 1
"	IPL	Samoa	Import and export business	30,450	30,450	1,000	100%	86,289	15,038	15,038	Note 1
"	IIL	Samoa	Import and export business	30,450	30,450	1,000	100%	75,740	(488)	(488)	Note 1
"	Eagle Great	The British Virgin Islands	Investments in mainland China	258,795	258,795	8,499	100%	382,876	(43,645)	(43,645)	Note 1
"	ITEQ (HK)	Hong Kong	Investments in mainland China	736,890	736,890	24,200	100%	11,260,297	1,111,898	1,111,898	Note 1

Note: The amount of the transaction have been eliminated in the consolidated financial statements.

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2024	Net profits (losses) of the investee	Percentage of ownership	Investment profits (losses) (Note 2)	Carrying value at the end of this period	Accumulated remittance of earnings in current period
					Outflow	Inflow						
ITEQ (DG) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	609,000	(Note 1)(Note 4)	395,850	-	-	395,850	172,507	100%	172,507	5,482,648	-
ITEQ (WX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	1,248,450	(Note1)(Note 4)	672,945	-	-	672,945	1,054,447	100%	1,054,447	9,953,307	3,501,517
ITEQ (HJ) (Note 5)	Manufacturing and sales of mass lamination	258,795	(Note1)(Note 4)	252,309	-	-	252,309	(42,847)	100%	(42,847)	374,851	-
ITEQ (GZ) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	721,665	(Note 1)	493,290	-	-	493,290	57,245	100%	57,245	2,145,895	1,675,224
ITEQ (JX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	4,896,360	(Note 1)(Note 4)	-	-	-	-	353,900	100%	353,900	6,797,196	-

ii)Limitation on investment in mainland China:

Accumulated Investment in mainland China as of September 30, 2024	Investment Amount Authorized by Department of Investment Review, MOEA(Note 6)	Upper Limit on Investment (Note 3)
1,814,394 (USD 59,586)	2,544,660 (USD 80,400)	12,255,303

Note1 : Investment in companies in mainland China by incorporating an overseas company.

Note2 : Investment income (loss) was based on financial statements reviewed by the parent company's auditors except for ITEQ (HJ).

Note3 : The Company's amount was based on the regulation issued by the Department of Investment Review under the Ministry of Economic Affairs, 60% of total equity or total consolidated equity, which is higher.

Note4 : ITEQ (JX) is invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies are invested by the Company by incorporating an overseas company.

Note5 : The transactions have been eliminated in the consolidated financial statements.

Note6 : Translated using the exchange rates on September 30, 2024.

iii)Significant transactions

For the nine months ended September 30, 2024, the direct and indirect significant transactions of investees in mainland China have been eliminated in the consolidated financial statements, please refer to note 13(a) "Information on significant transactions" for details.

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d)Major shareholders

(In shares)

Shareholding Shareholder's Name	Shares	Percentage
WIN Semiconductors Corp.	65,408,733	18.02%
Tian He Int'l Enterprise Co., Ltd.	43,034,591	11.85%

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

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

	For the three months ended September 30, 2024					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 270,859	3,343,596	1,095,012	2,579,098	674,298	7,962,863
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 270,859</u>	<u>3,343,596</u>	<u>1,095,012</u>	<u>2,579,098</u>	<u>674,298</u>	<u>7,962,863</u>
Reportable segment profit (loss)	<u>\$ (263,172)</u>	<u>405,751</u>	<u>50,456</u>	<u>149,833</u>	<u>73,843</u>	<u>416,711</u>
	For the three months ended September 30, 2023					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 276,114	2,561,692	1,971,176	1,272,946	562,917	6,644,845
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 276,114</u>	<u>2,561,692</u>	<u>1,971,176</u>	<u>1,272,946</u>	<u>562,917</u>	<u>6,644,845</u>
Reportable segment profit (loss)	<u>\$ (168,048)</u>	<u>334,278</u>	<u>88,256</u>	<u>93,383</u>	<u>38,542</u>	<u>386,411</u>
	For the nine months ended September 30, 2024					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 827,595	8,938,081	4,093,341	6,009,829	1,844,620	21,713,466
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 827,595</u>	<u>8,938,081</u>	<u>4,093,341</u>	<u>6,009,829</u>	<u>1,844,620</u>	<u>21,713,466</u>
Reportable segment profit (loss)	<u>\$ (694,185)</u>	<u>1,105,879</u>	<u>106,906</u>	<u>427,178</u>	<u>68,348</u>	<u>1,014,126</u>
	For the nine months ended September 30, 2023					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 779,414	6,786,138	5,983,872	3,195,398	1,589,996	18,334,818
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 779,414</u>	<u>6,786,138</u>	<u>5,983,872</u>	<u>3,195,398</u>	<u>1,589,996</u>	<u>18,334,818</u>
Reportable segment profit (loss)	<u>\$ (454,229)</u>	<u>789,734</u>	<u>181,660</u>	<u>77,229</u>	<u>7,513</u>	<u>601,907</u>