

ITEQ CORPORATION AND SUBSIDIARIES**CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2025 and 2024**

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

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Independent Auditors' Review Report

To the Board of Directors ITEQ Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of ITEQ Corporation and its subsidiaries as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 2025 and 2024, 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 \$637,783 thousand and \$864,123 thousand, constituting 1.83% and 2.32% of consolidated total assets as of June 30, 2025 and 2024, respectively, total liabilities amounting to \$474,355 thousand and \$967,216 thousand, constituting 2.87% and 5.69% of consolidated total liabilities at June 30, 2025 and 2024, respectively, and total comprehensive income (loss) amounting to \$(11,330) thousand, \$(9,061) thousand, \$(18,457) thousand and \$(25,088) thousand, constituting 0.50%, (2.19)%, 1.14% and (1.80)% of consolidated total comprehensive income for the three months and six months ended June 30, 2025 and 2024, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of ITEQ Corporation and its subsidiaries in its investee companies of \$34,038 thousand and \$39,339 thousand as of June 30, 2025 and 2024, respectively, and the share of loss of associates and joint ventures accounted for using equity method of \$(1,950) thousand, \$(1,293) thousand, \$(2,858) thousand and \$(2,783) thousand for the three months and six months ended June 30, 2025 and 2024, 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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 2025 and 2024 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)
August 8, 2025

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

June 30, 2025, December 31, 2024, and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2025		December 31, 2024		June 30, 2024		Liabilities and Equity		June 30, 2025		December 31, 2024		June 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$ 3,347,684	10	4,583,412	13	5,138,668	14	2100	Short-term borrowings (note 6(j))	\$ 2,958,917	8	2,719,387	8	2,799,507	8
	Current financial assets at fair value through profit or loss (note 6(b))	3,501	-	3,387	-	4,606	-	2170	Accounts payable	8,000,285	23	6,285,846	18	8,003,498	22
1136	Current financial assets at amortised cost (note 6(b))	1,555,332	5	60,791	-	514,516	1	2216	Dividends payable (notes 6(o) and 7)	653,323	2	-	-	544,436	1
1170	Accounts and notes receivable, net (notes 6(c) and (s))	13,537,181	39	12,789,713	37	13,281,689	36	2219	Other payables (note 6(r))	713,051	2	871,798	3	1,045,618	3
1200	Other receivables	88,689	-	132,102	-	65,808	-	2230	Current tax liabilities	399,895	1	162,129	-	362,149	1
1220	Current tax assets	78,953	-	78,953	-	30	-	2250	Current provisions	2,308	-	3,608	-	3,602	-
130X	Inventories (note 6(d))	4,285,188	12	3,763,259	11	4,537,386	12	2280	Current lease liabilities (notes 6(l) and 7)	64,841	-	65,575	-	64,111	-
1470	Other current assets (note 6(h))	759,135	2	846,974	2	1,028,507	3	2320	Long-term liabilities, current portion (notes 6(k) and 8)	1,078,837	3	1,263,581	4	407,159	1
	Total current assets	<u>23,655,663</u>	<u>68</u>	<u>22,258,591</u>	<u>63</u>	<u>24,571,210</u>	<u>66</u>	2399	Other current liabilities (note 6(s))	16,479	-	13,130	-	39,201	-
	Non-current assets:								Total current liabilities	<u>13,887,936</u>	<u>39</u>	<u>11,385,054</u>	<u>33</u>	<u>13,269,281</u>	<u>36</u>
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	51,013	-	30,099	-	40,456	-		Non-current liabilities:						
1550	Investments accounted for using equity method (note 6(e))	34,038	-	36,896	-	39,339	-	2540	Long-term borrowings (notes 6(k) and 8)	1,496,113	5	1,592,257	5	2,678,961	7
1600	Property, plant and equipment (notes 6(f), 8 and 9)	8,858,050	25	9,649,449	28	9,134,667	24	2570	Deferred tax liabilities	1,020,259	3	1,025,070	3	803,184	2
1755	Right-of-use assets (notes 6(g), 7 and 8)	202,965	1	240,753	1	273,404	1	2580	Non-current lease liabilities (notes 6(l) and 7)	111,179	-	147,937	-	181,065	1
1780	Intangible assets (note 6(i))	8,638	-	9,664	-	9,566	-	2645	Guarantee deposits received	36,708	-	47,924	-	51,242	-
1840	Deferred tax assets	208,787	1	215,557	1	379,477	1		Total non-current liabilities	<u>2,664,259</u>	<u>8</u>	<u>2,813,188</u>	<u>8</u>	<u>3,714,452</u>	<u>10</u>
1900	Other non-current assets (notes 6(h), 7 and 8)	1,920,385	5	2,403,180	7	2,830,185	8		Total liabilities	<u>16,552,195</u>	<u>47</u>	<u>14,198,242</u>	<u>41</u>	<u>16,983,733</u>	<u>46</u>
	Total non-current assets	<u>11,283,876</u>	<u>32</u>	<u>12,585,598</u>	<u>37</u>	<u>12,707,094</u>	<u>34</u>		Equity attributable to owners of parent (notes 6(b), (o), (q) and 7):						
	Total assets	<u>\$ 34,939,539</u>	<u>100</u>	<u>34,844,189</u>	<u>100</u>	<u>37,278,304</u>	<u>100</u>	3100	Ordinary shares	3,629,572	10	3,629,572	10	3,629,572	10
								3200	Capital surplus	9,232,606	27	9,227,074	27	9,220,907	24
								3300	Retained earnings	7,534,572	22	7,430,650	21	6,958,132	19
								3400	Other equity interest	(2,009,406)	(6)	358,651	1	485,960	1
									Total equity	<u>18,387,344</u>	<u>53</u>	<u>20,645,947</u>	<u>59</u>	<u>20,294,571</u>	<u>54</u>
									Total liabilities and equity	<u>\$ 34,939,539</u>	<u>100</u>	<u>34,844,189</u>	<u>100</u>	<u>37,278,304</u>	<u>100</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 Comprehensive Income
For the three months and six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended June 30				For the six months ended June 30					
	2025		2024		2025		2024			
	Amount	%	Amount	%	Amount	%	Amount	%		
4000	Operating revenue (note 6(s))		\$ 8,877,144	100	7,595,918	100	16,457,210	100	13,750,603	100
5000	Operating costs (notes 6(d), (f), (g), (m), (r), 7 and 12)		7,493,570	84	6,646,609	88	13,994,013	85	12,017,230	88
	Gross profit from operations		1,383,574	16	949,309	12	2,463,197	15	1,733,373	12
	Operating expenses (notes 6(c), (f), (g), (l), (m), (q), (r), 7 and 12):									
6100	Selling expenses		202,612	2	221,241	3	380,122	2	414,793	3
6200	Administrative expenses		216,786	3	217,338	3	427,347	3	416,720	3
6300	Research and development expenses		184,877	2	169,925	2	360,434	2	308,471	2
6450	Expected credit loss		(8,762)	-	2,748	-	(14,232)	-	8,884	-
	Total operating expenses		595,513	7	611,252	8	1,153,671	7	1,148,868	8
	Net operating income		788,061	9	338,057	4	1,309,526	8	584,505	4
	Non-operating income and expenses (notes 6(b), (e), (f), (g), (l), (t), (u) and 7):									
7100	Interest income		8,890	-	12,062	-	17,411	-	26,978	-
7060	Share of loss of associates and joint ventures accounted for using equity method		(1,950)	-	(1,293)	-	(2,858)	-	(2,783)	-
7010	Other income		32,768	-	51,138	1	74,089	1	95,217	1
7020	Other gains and losses		(118,632)	(1)	(33,503)	-	(110,334)	(1)	(26,981)	-
7050	Finance costs		(39,033)	-	(40,456)	(1)	(83,182)	(1)	(79,521)	(1)
	Total non-operating income and expenses		(117,957)	(1)	(12,052)	-	(104,874)	(1)	12,910	-
7900	Profit before tax		670,104	8	326,005	4	1,204,652	7	597,415	4
7950	Tax expenses (note 6(n))		249,661	3	125,767	2	447,407	2	243,565	1
	Profit		420,443	5	200,238	2	757,245	5	353,850	3
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	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		(2,000)	-	3,324	-	20,914	-	4,177	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss		(2,000)	-	3,324	-	20,914	-	4,177	-
8360	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation of foreign financial statements		(2,702,112)	(31)	210,646	3	(2,388,971)	(15)	1,034,921	7
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss		(2,702,112)	(31)	210,646	3	(2,388,971)	(15)	1,034,921	7
8300	Other comprehensive income (net of tax)		(2,704,112)	(31)	213,970	3	(2,368,057)	(15)	1,039,098	7
	Total comprehensive income		\$ (2,283,669)	(26)	414,208	5	(1,610,812)	(10)	1,392,948	10
	Profit attributable to:									
	Owners of parent		\$ 420,443	5	200,238	2	757,245	5	353,850	3
	Comprehensive income attributable to:									
	Owners of parent		\$ (2,283,669)	(26)	414,208	5	(1,610,812)	(10)	1,392,948	10
	Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))		\$ 1.16		0.55		2.09		0.97	
	Diluted earnings per share (expressed in New Taiwan dollars) (note 6(p))		\$ 1.16		0.55		2.08		0.97	

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 six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Other equity		Total	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	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, 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	-	-	-	-	353,850	353,850	-	-	-	353,850
Other comprehensive income	-	-	-	-	-	-	1,034,921	4,177	1,039,098	1,039,098
Total comprehensive income	-	-	-	-	353,850	353,850	1,034,921	4,177	1,039,098	1,392,948
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	67,650	-	(67,650)	-	-	-	-	-
Special reserve appropriated	-	-	-	271,800	(271,800)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(544,436)	(544,436)	-	-	-	(544,436)
Share-based payments	-	6,211	-	-	-	-	-	-	-	6,211
Balance on June 30, 2024	\$ 3,629,572	9,220,907	2,384,213	553,138	4,020,781	6,958,132	479,487	6,473	485,960	20,294,571
Balance on January 1, 2025	\$ 3,629,572	9,227,074	2,384,213	553,138	4,493,299	7,430,650	356,216	2,435	358,651	20,645,947
Profit	-	-	-	-	757,245	757,245	-	-	-	757,245
Other comprehensive income	-	-	-	-	-	-	(2,388,971)	20,914	(2,368,057)	(2,368,057)
Total comprehensive income	-	-	-	-	757,245	757,245	(2,388,971)	20,914	(2,368,057)	(1,610,812)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	82,637	-	(82,637)	-	-	-	-	-
Special reserve appropriated	-	-	-	(553,138)	553,138	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(653,323)	(653,323)	-	-	-	(653,323)
Share-based payments	-	5,532	-	-	-	-	-	-	-	5,532
Balance on June 30, 2025	\$ 3,629,572	9,232,606	2,466,850	-	5,067,722	7,534,572	(2,032,755)	23,349	(2,009,406)	18,387,344

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 six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,204,652	597,415
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	753,751	649,229
Amortization expense	38,077	53,684
Expected credit loss (gain)	(14,232)	8,884
Net gains on financial assets or liabilities at fair value through profit or loss	(114)	(952)
Interest expense	83,182	79,521
Interest income	(17,411)	(26,978)
Share-based payments	5,532	6,211
Share of loss of associates and joint ventures accounted for using equity method	2,858	2,783
Losses (gains) on disposal of property, plant and equipment	394	(12,458)
Impairment loss (gains) on non-financial assets	(5,940)	88,975
Other adjustments	-	(2,006)
Total adjustments to reconcile profit (loss)	<u>846,097</u>	<u>846,893</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(125,121)	(888,169)
Accounts receivable	(2,101,657)	(254,179)
Other receivable	36,873	(12,035)
Inventories	(946,029)	(1,434,010)
Other current assets	6,242	77,310
Other operating assets	(288)	(230)
Total changes in operating assets	<u>(3,129,980)</u>	<u>(2,511,313)</u>
Changes in operating liabilities:		
Accounts payable	2,525,968	1,652,611
Other payable	(10,438)	(120,332)
Decrease in provisions	(1,007)	-
Other current liabilities	5,276	(20,115)
Total changes in operating liabilities	<u>2,519,799</u>	<u>1,512,164</u>
Total changes in operating assets and liabilities	<u>(610,181)</u>	<u>(999,149)</u>
Total adjustments	<u>235,916</u>	<u>(152,256)</u>
Cash inflow generated from operations	1,440,568	445,159
Interest paid	(82,457)	(80,841)
Income taxes paid	(188,380)	(167,987)
Net cash flows from operating activities	<u>1,169,731</u>	<u>196,331</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(1,726,602)	(506,612)
Proceeds from repayments of financial assets at amortised cost	59,597	88,542
Acquisition of property, plant and equipment	(164,612)	(404,954)
Proceeds from disposal of property, plant and equipment	485	16,391
Decrease in refundable deposits	1,127	806
Increase in other non-current assets	(58,208)	(55,225)
Increase in prepayments for business facilities	(319,547)	(459,989)
Interest received	16,834	26,408
Net cash used in investing activities	<u>(2,190,926)</u>	<u>(1,294,633)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	268,196	145,336
Proceeds from long-term borrowings	-	450,000
Repayments of long-term borrowings	(170,130)	(55,712)
Increase (decrease) in guarantee deposits received	(6,848)	5,894
Payment of lease liabilities	(32,149)	(31,476)
Net cash flows from financing activities	<u>59,069</u>	<u>514,042</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(273,602)</u>	<u>128,658</u>
Net decrease in cash and cash equivalents	<u>(1,235,728)</u>	<u>(455,602)</u>
Cash and cash equivalents at beginning of period	<u>4,583,412</u>	<u>5,594,270</u>
Cash and cash equivalents at ending of period	<u>\$ 3,347,684</u>	<u>5,138,668</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
June 30, 2025 and 2024
(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 August 8, 2025.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS 21 “Lack of Exchangeability”

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

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

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards 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

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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 19 “Subsidiaries without Public Accountability: Disclosures”

(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, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(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
			June 30, 2025	December 31, 2024	June 30, 2024	
The Company	ITEQ International Ltd. (ITEQ International)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 2)
"	BangMao Investment Co., Ltd. (Bang Mao)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 2)
"	ITEQ Corporation (Thailand) Ltd. (ITEQ (TL))	Manufacturing and sales of prepreg 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 2)
ITEQ Holding	Ever Smart International Corporation (ESIC)	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 2)
"	International Partners Ltd. (IPL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 2)
"	Inspire Investments Limited (IIL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 2)
"	Eagle Great Investments Ltd. (Eagle Great)	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 2)
"	ITEQ (Hong Kong) Limited (ITEQ (HK))	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 2)

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			June 30, 2025	December 31, 2024	June 30, 2024	
ESIC	ITEQ (Dongguan) Corporation (ITEQ (DG))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
"	ITEQ (Jiangxi) Electronic Technologies Co., Ltd. (ITEQ (JX))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	(Note 1)
ITEQ(HK)	ITEQ (Wuxi) Electronic Technologies Co., Ltd. (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 2)

Note 1: The Group holds a comprehensive shareholding, with 50% held by ESIC, 25% held by ITEQ (DG) and 25% held by ITEQ (WX).

Note 2: This company's financial statements have not been reviewed by independent auditors.

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

(c) Employee benefits

The pension cost in the interim period was calculated 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.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 "Interim Financial Reporting" endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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ITEQ CORPORATION AND SUBSIDIARIES
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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, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

(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 2024 consolidated financial statements. Please refer to the 2024 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 208	343	354
Cash in bank	1,851,158	1,935,333	2,828,192
Bank acceptances	1,121,774	1,962,741	1,724,998
Time deposits	<u>374,544</u>	<u>684,995</u>	<u>585,124</u>
Cash and cash equivalents	<u>\$ 3,347,684</u>	<u>4,583,412</u>	<u>5,138,668</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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Stock listed on domestic emerging markets	<u>\$ 3,501</u>	<u>3,387</u>	<u>4,606</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
Stock listed on domestic emerging markets	\$ 28,182	-	-
Domestic unlisted common shares	-	5,546	6,672
Unlisted fund	<u>22,831</u>	<u>24,553</u>	<u>33,784</u>
	<u>\$ 51,013</u>	<u>30,099</u>	<u>40,456</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.

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Financial assets measured at amortized cost

	June 30, 2025	December 31, 2024	June 30, 2024
Time deposits	<u>\$ 1,555,332</u>	<u>60,791</u>	<u>514,516</u>

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

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 821,129	787,328	1,979,266
Accounts receivable	12,759,206	12,064,898	11,332,508
Less: loss allowance	<u>(43,154)</u>	<u>(62,513)</u>	<u>(30,085)</u>
	<u>\$ 13,537,181</u>	<u>12,789,713</u>	<u>13,281,689</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:

	June 30, 2025		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	\$ 13,395,025	0.00%	-
Past due 1 to 30 days	29,136	0.00%~12.00%	232
Past due 31 to 90 days	1,576	0.00%~80.00%	952
Past due more the 91 days	<u>154,598</u>	20%~100%	<u>41,970</u>
	<u>\$ 13,580,335</u>		<u>43,154</u>
	December 31, 2024		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	\$ 12,461,691	0.00%	-
Past due 1 to 30 days	223,186	0.00%~18.60%	21,430
Past due 31 to 90 days	89,400	0.00%~66.8%	17,783
Past due more the 91 days	<u>77,949</u>	20%~100%	<u>23,300</u>
	<u>\$ 12,852,226</u>		<u>62,513</u>

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2024		
	Gross carrying amount	Weight- average loss rate	Loss allowance
Current	\$ 13,221,800	0.00%	-
Past due 1 to 30 days	43,484	0.00%~17.00%	437
Past due 31 to 90 days	26,152	0.60%~56.00%	9,310
Past due more the 91 days	<u>20,338</u>	100%	<u>20,338</u>
	<u>\$ 13,311,774</u>		<u>30,085</u>

The movement in the allowance for receivables were as follows:

	For the six months ended June 30	
	2025	2024
Balance on January 1	\$ 62,513	20,078
Impairment loss recognized (reversed)	(14,232)	8,884
Effect of changes in exchange rates	<u>(5,127)</u>	<u>1,123</u>
Balance on June 30	<u>\$ 43,154</u>	<u>30,085</u>

As of June 30, 2025, December 31 and June 30, 2024, the aforementioned financial assets were not pledged.

(d) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 3,330,606	2,811,674	3,423,036
Work in progress	87,632	120,600	215,144
Finished goods	832,472	803,070	811,173
Inventories in transit	<u>34,478</u>	<u>27,915</u>	<u>88,033</u>
	<u>\$ 4,285,188</u>	<u>3,763,259</u>	<u>4,537,386</u>

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 June 30		For the six months ended June 30	
	2025	2024	2025	2024
Losses (gains) on valuation of inventories	\$ 30,697	46,658	(5,940)	88,975
Scrap income	<u>(148,875)</u>	<u>(141,945)</u>	<u>(279,557)</u>	<u>(246,016)</u>
	<u>\$ (118,178)</u>	<u>(95,287)</u>	<u>(285,497)</u>	<u>(157,041)</u>

The aforementioned losses on valuation of inventories were due to the reduction to net realizable value and recognition of losses on valuation of inventories, the gains on reversal valuation of inventories were due to the disposal of inventories which had been recognized as loss on valuation.

As of June 30, 2025, December 31 and June 30, 2024, the inventories were not pledged.

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

	June 30, 2025	December 31, 2024	June 30, 2024
Joint venture	\$ <u>34,038</u>	<u>36,896</u>	<u>39,339</u>

(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.

	June 30, 2025	December 31, 2024	June 30, 2024
Carrying amount of individually insignificant joint venture	\$ <u>34,038</u>	<u>36,896</u>	<u>39,339</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	2025	2024	2025 2024
Attributable to the Group:			
Loss from continuing operations	\$ <u>(1,950)</u>	<u>(1,293)</u>	<u>(2,858)</u> <u>(2,783)</u>

(ii) Pledge to secure

As of June 30, 2025, December 31 and June 30, 2024, the investments accounted for using equity method were not pledged.

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2025	\$ 204,705	4,467,909	10,975,749	62,250	425,417	2,054,920	436,701	18,627,651
Additions	-	-	68,808	-	-	8,803	129	77,740
Disposals	-	(421)	(1,208)	-	(408)	(3,131)	-	(5,168)
Reclassification (Note)	-	4,004	593,788	4,313	294	65,824	20,809	689,032
Effects of changes in exchange rates	(11,785)	(467,045)	(999,168)	(3,454)	(43,327)	(139,206)	-	(1,663,985)
Balance on June 30, 2025	<u>\$ 192,920</u>	<u>4,004,447</u>	<u>10,637,969</u>	<u>63,109</u>	<u>381,976</u>	<u>1,987,210</u>	<u>457,639</u>	<u>17,725,270</u>
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	-	6,685	265,867	7,469	248	28,580	1,295	310,144
Disposals	-	-	(33,726)	(3,238)	(2,623)	(4,751)	-	(44,338)
Reclassification (Note)	-	16,445	1,294,842	2,925	534	11,227	-	1,325,973
Effects of changes in exchange rates	(3,227)	199,374	383,566	1,557	20,259	60,892	-	662,421
Balance on June 30, 2024	<u>\$ 190,758</u>	<u>4,180,425</u>	<u>10,307,785</u>	<u>54,645</u>	<u>436,121</u>	<u>1,873,109</u>	<u>407,534</u>	<u>17,450,377</u>
Depreciation and impairment loss:								
Balance on January 1, 2025	\$ -	1,238,421	5,824,074	33,525	385,499	1,261,222	235,461	8,978,202
Depreciation	-	99,673	487,298	2,687	6,351	106,462	21,696	724,167
Disposals	-	(112)	(714)	-	(344)	(3,119)	-	(4,289)
Effects of changes in exchange rates	-	(136,440)	(558,214)	(2,845)	(39,082)	(94,279)	-	(830,860)
Balance on June 30, 2025	<u>\$ -</u>	<u>1,201,542</u>	<u>5,752,444</u>	<u>33,367</u>	<u>352,424</u>	<u>1,270,286</u>	<u>257,157</u>	<u>8,867,220</u>
Balance on January 1, 2024	\$ -	994,628	4,827,579	30,695	346,152	1,013,671	207,536	7,420,261
Depreciation	-	98,556	379,406	1,801	9,929	107,999	18,643	616,334
Disposals	-	-	(29,951)	(3,238)	(2,518)	(4,698)	-	(40,405)
Effects of changes in exchange rates	-	51,847	212,997	1,147	17,400	36,129	-	319,520
Balance on June 30, 2024	<u>\$ -</u>	<u>1,145,031</u>	<u>5,390,031</u>	<u>30,405</u>	<u>370,963</u>	<u>1,153,101</u>	<u>226,179</u>	<u>8,315,710</u>
Carrying amount:								
Balance on January 1, 2025	<u>\$ 204,705</u>	<u>3,229,488</u>	<u>5,151,675</u>	<u>28,725</u>	<u>39,918</u>	<u>793,698</u>	<u>201,240</u>	<u>9,649,449</u>
Balance on June 30, 2025	<u>\$ 192,920</u>	<u>2,802,905</u>	<u>4,885,525</u>	<u>29,742</u>	<u>29,552</u>	<u>716,924</u>	<u>200,482</u>	<u>8,858,050</u>
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 June 30, 2024	<u>\$ 190,758</u>	<u>3,035,394</u>	<u>4,917,754</u>	<u>24,240</u>	<u>65,158</u>	<u>720,008</u>	<u>181,355</u>	<u>9,134,667</u>

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

As of June 30, 2025, December 31 and June 30, 2024, the property, plant and equipment of the Group had been pledged as collateral, please refer to note 8.

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2025	\$ <u>36,717</u>	<u>204,036</u>	<u>240,753</u>
Balance on June 30, 2025	\$ <u>32,271</u>	<u>170,694</u>	<u>202,965</u>
Balance on January 1, 2024	\$ <u>36,339</u>	<u>261,974</u>	<u>298,313</u>
Balance on June 30, 2024	\$ <u>37,412</u>	<u>235,992</u>	<u>273,404</u>

There were no significant additions, disposal or recognition and revisal of impairment losses of right-of-use assets for the six months ended June 30, 2025 and 2024. Please refer to note 6(g) to the 2024 annual consolidate financial statements for other related information.

As of June 30, 2025, December 31 and June 30, 2024, the right-of-use assets of the Group had been pledged as collateral, please refer to note 8.

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

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Net input VAT	\$ 645,850	717,673	879,124
Prepayments for suppliers	3,387	15,663	11,821
Prepaid expense and others	<u>109,898</u>	<u>113,638</u>	<u>137,562</u>
	<u>\$ 759,135</u>	<u>846,974</u>	<u>1,028,507</u>

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Prepayments for business facilities	\$ 1,551,493	1,971,926	2,360,197
Long-term prepaid expenses	121,559	175,572	215,804
Materials and supplies	64,676	74,427	79,425
Net defined benefit plan assets	34,123	33,835	29,023
Refundable deposits	134,970	136,460	133,464
Computer software	<u>13,564</u>	<u>10,960</u>	<u>12,272</u>
	<u>\$ 1,920,385</u>	<u>2,403,180</u>	<u>2,830,185</u>

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Goodwill	<u>\$ 8,638</u>	<u>9,664</u>	<u>9,566</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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Unsecured bank borrowings (currency: NTD, THB and USD)	<u>\$ 2,958,917</u>	<u>2,719,387</u>	<u>2,799,507</u>
Unused credit lines	<u>\$ 8,317,277</u>	<u>8,908,660</u>	<u>8,601,850</u>
Interest rate collars	<u>1.80%~4.98%</u>	<u>1.81%~5.39%</u>	<u>1.71%~6.11%</u>

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

(k) Long-term borrowings

	<u>June 30, 2025</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	NTD and RMB	1.73%~2.42%	2025.7~2029.3	\$ 2,165,204
Secured bank borrowing	RMB	3.35%	2028.1	409,746
Less: current portion				<u>(1,078,837)</u>
Total				<u>\$ 1,496,113</u>
Unused credit lines				<u>\$ 2,152,146</u>
	<u>December 31, 2024</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	NTD and RMB	1.73%~3.76%	2025.2~2029.3	\$ 2,378,020
Secured bank borrowing	RMB	3.70%	2028.1	477,818
Less: current portion				<u>(1,263,581)</u>
Total				<u>\$ 1,592,257</u>
Unused credit lines				<u>\$ 2,349,892</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2024			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	NTD and RMB	1.64%~4.33%	2025.9~2030.1	\$ 2,471,290
Secured bank borrowing	RMB	3.70%	2028.1	614,830
Less: current portion				(407,159)
Total				<u>\$ 2,678,961</u>
Unused credit lines				<u>\$ 1,154,123</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Current	<u>\$ 64,841</u>	<u>65,575</u>	<u>64,111</u>
Non-current	<u>\$ 111,179</u>	<u>147,937</u>	<u>181,065</u>

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

Amount recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest expenses on lease liabilities	<u>\$ 1,209</u>	<u>1,746</u>	<u>2,597</u>	<u>3,604</u>
Expenses relating to short-term leases and leases of low-value asset	<u>\$ 8,043</u>	<u>10,283</u>	<u>16,539</u>	<u>21,061</u>

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

	For the six months ended June 30	
	2025	2024
Total cash outflow for leases	<u>\$ 51,285</u>	<u>56,141</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.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2024 and 2023.

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

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Operating expenses	\$ (144)	(115)	(288)	(230)

(ii) Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,382 thousand, \$3,352 thousand, \$6,765 thousand and \$6,729 thousand for the three months and six months ended June 30, 2025 and 2024, 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 \$34,246 thousand, \$38,821 thousand, \$70,456 thousand and \$77,976 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

(n) Income taxes

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

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Current tax expense	\$ 249,661	125,767	447,407	243,565

(ii) There were no income tax expense recognized in other comprehensive income for the six months ended June 30, 2025 and 2024.

(iii) Assessment of tax

The Company's and subsidiary Bang Mao's income tax returns for the years through 2022 and 2023 were assessed and approved by the local tax authorities, respectively.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Capital and other equity

There was no significant change in capital and other equity for the periods from January 1 to June 30, 2025 and 2024. For the related information, please refer to note 6(o) to the consolidated financial statements for the year ended December 31, 2024.

(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.

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.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 2024 and 2023 earnings distribution had been approved during the board meeting on March 7, 2025 and February 27, 2024, respectively, the relevant dividend distributions to shareholders were as follows:

	2024		2023	
	Amount per share (in dollars)	Amount	Amount per share (in dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.8	\$ <u>653,323</u>	1.5	\$ <u>544,436</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, 2025	\$ 356,216	2,435	358,651
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	20,914	20,914
Exchange difference on translation of foreign financial statements	(2,388,971)	-	(2,388,971)
Balance on June 30, 2025	\$ <u>(2,032,755)</u>	<u>23,349</u>	<u>(2,009,406)</u>
	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	-	4,177	4,177
Exchange difference on translation of foreign financial statements	1,034,921	-	1,034,921
Balance on June 30, 2024	\$ <u>479,487</u>	<u>6,473</u>	<u>485,960</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Basic earnings per share				
Profit attributable to common shareholders of the Company	\$ <u>420,443</u>	<u>200,238</u>	<u>757,245</u>	<u>353,850</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>1.16</u>	<u>0.55</u>	<u>2.09</u>	<u>0.97</u>
Diluted earnings per share				
Profit attributable to common shareholders of the Company	\$ <u>420,443</u>	<u>200,238</u>	<u>757,245</u>	<u>353,850</u>
Weighted average number of common shares (basic)	362,957	362,957	362,957	362,957
Effect of employee compensation	<u>256</u>	<u>161</u>	<u>702</u>	<u>333</u>
Weighted average number of common shares (diluted)	<u>363,213</u>	<u>363,118</u>	<u>363,659</u>	<u>363,290</u>
Diluted earnings per share (express in New Taiwan dollars)	\$ <u>1.16</u>	<u>0.55</u>	<u>2.08</u>	<u>0.97</u>

(q) Share-based payment

There were no significant changes in share-based payment during the periods from January 1 to June 30, 2025 and 2024. For the related information, please refer to note 6(q) to the consolidated financial statements for the year ended December 31, 2024.

For the three months and six months ended June 30, 2025 and 2024, the Group recognized the employee stock option compensation cost (attributable to subsidiaries employee) were \$2,482 thousand, \$3,089 thousand, \$5,532 thousand and \$6,211 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

On May 26, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if the Company has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, no less than 2% shall be allocated as employee compensation (including a minimum of 5% to those entry-level employees) and a maximum of 2% as remunerations for directors. 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. Prior to the amendment, the Articles of Incorporation stipulated that, the Company should contribute no less than 2% of the profit as employee compensation and less than 2% as director's remuneration when there is profit for the year.

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

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Employees' compensation	\$ 22,345	10,501	40,250	18,668
Directors' remuneration	5,586	2,625	10,062	4,667
	\$ 27,931	13,126	50,312	23,335

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, 2024 and 2023, the employees' compensation amounting to \$49,432 thousand and \$47,308 thousand, respectively, and directors' remuneration amounting to \$12,358 thousand and \$11,827 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

	For the three months ended June 30, 2025					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Primary geographical markets:						
Asia	\$ 287,337	3,263,944	1,264,227	3,356,196	657,126	8,828,830
Europe	28,869	-	-	-	1,330	30,199
Other	11,572	-	-	-	6,543	18,115
	\$ 327,778	3,263,944	1,264,227	3,356,196	664,999	8,877,144

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended June 30, 2025						
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Major products:						
Copper clad laminate	\$ 232,282	2,277,295	921,982	2,345,622	657,328	6,434,509
Prepreg	94,689	986,649	342,245	1,010,574	-	2,434,157
Other	807	-	-	-	7,671	8,478
	<u>\$ 327,778</u>	<u>3,263,944</u>	<u>1,264,227</u>	<u>3,356,196</u>	<u>664,999</u>	<u>8,877,144</u>
For the three months ended June 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	\$ 244,208	3,088,632	1,390,264	2,162,130	661,342	7,546,576
Europe	29,468	9	-	-	3,960	33,437
Other	15,176	-	-	-	729	15,905
	<u>\$ 288,852</u>	<u>3,088,641</u>	<u>1,390,264</u>	<u>2,162,130</u>	<u>666,031</u>	<u>7,595,918</u>
Major products:						
Copper clad laminate	\$ 206,182	2,188,297	1,012,564	1,556,961	591,710	5,555,714
Prepreg	82,670	962,121	377,700	605,169	8	2,027,668
Other	-	-	-	-	12,536	12,536
	<u>\$ 288,852</u>	<u>3,150,418</u>	<u>1,390,264</u>	<u>2,162,130</u>	<u>604,254</u>	<u>7,595,918</u>
For the six months ended June 30, 2025						
	<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	\$ 519,522	6,158,998	2,287,820	6,150,633	1,233,944	16,350,917
Europe	64,693	-	-	-	7,983	72,676
Other	24,692	-	-	-	8,925	33,617
	<u>\$ 608,907</u>	<u>6,158,998</u>	<u>2,287,820</u>	<u>6,150,633</u>	<u>1,250,852</u>	<u>16,457,210</u>
For the six months ended June 30, 2025						
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Major products:						
Copper clad laminate	\$ 427,576	4,300,034	1,632,632	4,283,235	1,238,295	11,881,772
Prepreg	179,869	1,858,964	655,188	1,867,398	-	4,561,419
Other	1,462	-	-	-	12,557	14,019
	<u>\$ 608,907</u>	<u>6,158,998</u>	<u>2,287,820</u>	<u>6,150,633</u>	<u>1,250,852</u>	<u>16,457,210</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the six months ended June 30, 2024						
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Primary geographical markets:						
Asia	\$ 450,495	5,593,832	2,998,324	3,430,731	1,158,980	13,632,362
Europe	72,368	653	5	-	10,098	83,124
Other	<u>33,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,244</u>	<u>35,117</u>
	<u>\$ 556,736</u>	<u>5,594,485</u>	<u>2,998,329</u>	<u>3,430,731</u>	<u>1,170,322</u>	<u>13,750,603</u>
Major products:						
Copper clad laminate	\$ 395,662	3,868,682	2,123,530	2,463,255	1,142,903	9,994,032
Prepreg	161,052	1,725,803	874,799	967,465	543	3,729,662
Other	<u>22</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>26,876</u>	<u>26,909</u>
	<u>\$ 556,736</u>	<u>5,594,485</u>	<u>2,998,329</u>	<u>3,430,731</u>	<u>1,170,322</u>	<u>13,750,603</u>

(ii) Contract balance

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable	\$ 821,129	787,328	1,979,266
Accounts receivable	12,759,206	12,064,898	11,332,508
Less: loss allowance	<u>(43,154)</u>	<u>(62,513)</u>	<u>(30,085)</u>
Total	<u>\$ 13,537,181</u>	<u>12,789,713</u>	<u>13,281,689</u>

As of June 30, 2025, December 31 and June 30, 2024, the balance of contract liabilities from sales of products were amounted to \$4,852 thousand and \$7,411 thousand and \$26,494 thousand (accounted for other current liabilities), respectively. The amount of revenue recognized for the six months ended June 30, 2025 and 2024 that were included in the contract liabilities at the beginning of the period amounted to \$4,719 thousand and \$43,245 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

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Interest income from bank deposits	<u>\$ 8,890</u>	<u>12,062</u>	<u>17,411</u>	<u>26,978</u>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Government grant income	\$ 29,590	48,857	67,081	90,790
Other income	<u>3,178</u>	<u>2,281</u>	<u>7,008</u>	<u>4,427</u>
	<u>\$ 32,768</u>	<u>51,138</u>	<u>74,089</u>	<u>95,217</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Foreign exchange gains (losses)	\$ (116,741)	(27,094)	(106,566)	(28,795)
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	(500)	1,040	114	952
Gains (losses) on disposals of property, plant and equipment	(206)	3,598	(394)	12,458
Others	(1,185)	(11,047)	(3,488)	(11,596)
	<u>\$ (118,632)</u>	<u>(33,503)</u>	<u>(110,334)</u>	<u>(26,981)</u>

(iv) Financial costs

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest expenses	<u>\$ 39,033</u>	<u>40,456</u>	<u>83,182</u>	<u>79,521</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, 2024.

(i) Credit risk

1) Concentration of credit risk

As of June 30, 2025, December 31 and June 30, 2024, 48%、51% and 51%, 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 as of June 30, 2025 and 2024.

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.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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>
June 30, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,958,917	2,963,095	2,963,095	-	-	-
Accounts payable	8,000,285	8,000,285	8,000,285	-	-	-
Other payables	713,051	713,051	713,051	-	-	-
Lease liabilities	176,020	182,045	68,392	56,636	57,017	-
Dividends payable	653,323	653,323	653,323	-	-	-
Long-term borrowings (including current portion)	2,574,950	2,607,137	1,118,247	995,941	492,949	-
Guarantee deposits received	36,708	36,708	-	36,708	-	-
	<u>\$ 15,113,254</u>	<u>15,155,644</u>	<u>13,516,393</u>	<u>1,089,285</u>	<u>549,966</u>	<u>-</u>
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,719,387	2,723,766	2,723,766	-	-	-
Accounts payable	6,285,846	6,285,846	6,285,846	-	-	-
Other payables	871,798	871,798	871,798	-	-	-
Lease liabilities	213,512	222,422	70,335	68,186	83,901	-
Long-term borrowings (including current portion)	2,855,838	2,928,142	1,315,186	951,384	661,572	-
Guarantee deposits received	47,924	47,924	-	47,924	-	-
	<u>\$ 12,994,305</u>	<u>13,079,898</u>	<u>11,266,931</u>	<u>1,067,494</u>	<u>745,473</u>	<u>-</u>
June 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,799,507	2,807,575	2,807,575	-	-	-
Accounts payable	8,003,498	8,003,498	8,003,498	-	-	-
Other payables	1,045,618	1,045,618	1,045,618	-	-	-
Lease liabilities	245,176	257,180	69,836	71,748	115,596	-
Dividends payable	544,436	544,436	544,436	-	-	-
Long-term borrowings (including current portion)	3,086,120	3,212,570	486,786	1,880,486	845,298	-
Guarantee deposits	51,242	51,242	-	51,242	-	-
	<u>\$ 15,775,597</u>	<u>15,922,119</u>	<u>12,957,749</u>	<u>2,003,476</u>	<u>960,894</u>	<u>-</u>

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

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Foreign currency risk

1) Exposure to currency risk

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

	June 30, 2025			December 31, 2024			June 30, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 41,442	29.30	1,214,251	60,217	32.79	1,974,515	45,993	32.45	1,492,473
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	86,738	29.30	2,541,423	98,696	32.79	3,236,242	86,749	32.45	2,815,005

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 June 30, 2025 and 2024 would have increased (decreased) the profit before tax by \$13,272 thousand and \$13,225 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 2025 and 2024.

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 six months ended June 30, 2025 and 2024, foreign exchange losses (including realized and unrealized portions) amounted to \$(116,741) thousand, \$(27,094) thousand, \$(106,566) thousand and \$(28,795), respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk anagement 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.

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the interest rate had increased / decreased by 1%, the Group's profit before tax would have increased / decreased by \$27,669 thousand and \$29,428 thousand, respectively, for the six months ended June 30, 2025 and 2024, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates.

(v) Other market price risk

For the six months ended June 30, 2025 and 2024, 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 six months ended June 30			
	2025		2024	
	Other comprehensive income after tax	Profit	Other comprehensive income after tax	Profit
Increasing 1%	\$ 510	35	405	46
Decreasing 1%	\$ (510)	(35)	(405)	(46)

(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:

	Carrying amount	June 30, 2025			Total
		Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,501	-	-	3,501	3,501
Financial assets at fair value through other comprehensive income					
Unlisted fund	22,831	-	-	22,831	22,831
Stocks listed on domestic emerging markets	28,182	28,182	-	-	28,182
Subtotal	51,013	28,182	-	22,831	51,013
Financial assets measured at amortized cost					
Cash and equivalents	\$ 3,347,684	-	-	-	-
Financial assets measured at amortized cost	1,555,332	-	-	-	-
Notes receivable and accounts receivable	13,537,181	-	-	-	-
Other receivables	88,689	-	-	-	-
Refundable deposits	134,970	-	-	-	-
Subtotal	18,663,856	-	-	-	-
Total	\$ 18,718,370	28,182	-	26,332	54,514

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		June 30, 2025				
		Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total	
Financial liabilities at amortized cost						
Bank borrowings	\$ 5,533,867	-	-	-	-	
Accounts payable	8,000,285	-	-	-	-	
Lease liabilities	176,020	-	-	-	-	
Other payables	713,051	-	-	-	-	
Dividends payable	653,323	-	-	-	-	
Guarantee deposits received	36,708	-	-	-	-	
Total	\$ 15,113,254	-	-	-	-	
		December 31, 2024				
		Fair value				
	Carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss						
Stocks listed on domestic emerging markets	\$ 3,387	-	-	3,387	3,387	
Financial assets at fair value through other comprehensive income						
Unlisted fund	24,553	-	-	24,553	24,553	
Domestic unlisted common shares	5,546	-	-	5,546	5,546	
Subtotal	30,099	-	-	30,099	30,099	
Financial assets measured at amortized cost						
Cash and equivalents	\$ 4,583,412	-	-	-	-	
Financial assets measured at amortized cost	60,791	-	-	-	-	
Notes receivable and accounts receivable	12,789,713	-	-	-	-	
Other receivables	132,102	-	-	-	-	
Refundable deposits	136,460	-	-	-	-	
Subtotal	17,702,478	-	-	-	-	
Total	\$ 17,735,964	-	-	33,486	33,486	
Financial liabilities at amortized cost						
Bank borrowings	\$ 5,575,225	-	-	-	-	
Accounts payable	6,285,846	-	-	-	-	
Lease liabilities	213,512	-	-	-	-	
Other payables	871,798	-	-	-	-	
Guarantee deposits received	47,924	-	-	-	-	
Total	\$ 12,994,305	-	-	-	-	

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 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	\$ 4,606	-	-	4,606	4,606
Financial assets at fair value through other comprehensive income					
Unlisted fund	33,784	-	-	33,784	33,784
Domestic unlisted common shares	6,672	-	-	6,672	6,672
Subtotal	40,456	-	-	40,456	40,456
Financial assets measured at amortized cost					
Cash and equivalents	\$ 5,138,668	-	-	-	-
Financial assets measured at amortized cost	514,516	-	-	-	-
Notes receivable and accounts receivable	13,281,689	-	-	-	-
Other receivables	65,808	-	-	-	-
Refundable deposits	133,464	-	-	-	-
Subtotal	19,134,145	-	-	-	-
Total	<u>\$ 19,179,207</u>	<u>-</u>	<u>-</u>	<u>45,062</u>	<u>45,062</u>
Financial liabilities at amortized cost					
Bank borrowings	\$ 5,885,627	-	-	-	-
Accounts payable	8,003,498	-	-	-	-
Lease liabilities	245,176	-	-	-	-
Other payables	1,045,618	-	-	-	-
Dividends payable	544,436	-	-	-	-
Guarantee deposits received	51,242	-	-	-	-
Total	<u>\$ 15,775,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments measured at fair value

The fair value of non-derivative 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:

- a) the bid-ask spread is increasing; or
- b) the bid-ask spread varies significantly; or
- c) 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.

3) Level transfers

In January 2025, TMY Technology Inc., which the Group holds an investment in equity shares of, listed its equity shares on the emerging market and it is currently actively traded in the market. Because the equity shares now have published price quotation in an active market, the fair value measurement was transferred from Level 3 to Level 1 of the fair value hierarchy since the first quarter of 2025.

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, 2025	\$ 3,387	30,099	33,486
Total gains or losses:			
Recognized in profit or loss	114	-	114
Recognized in other comprehensive income	-	(1,722)	(1,722)
Transfer out of level 3	-	(5,546)	(5,546)
Balance on June 30, 2025	<u>\$ 3,501</u>	<u>22,831</u>	<u>26,332</u>

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	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	952	-	952
Recognized in other comprehensive income	-	4,177	4,177
Balance on June 30, 2024	<u>\$ 4,606</u>	<u>40,456</u>	<u>45,062</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 June 30, 2025 and 2024 were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2025	2024	2025	2024
Recognized in profit or loss	\$ (500)	1,040	114	952
Recognized in other comprehensive income	\$ (3,578)	3,324	(1,722)	4,177

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” .

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:

Items	Evaluation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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 June 30, 2025, December 31 and June 30, 2024 were 1.66、1.52 and 1.60, respectively) Market liquidity discount rate (as of June 30, 2025, December 31 and June 30, 2024 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

(Continued)

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Items	Evaluation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
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 December 31 and June 30, 2024 were 3.82 and 4.16, respectively) Market liquidity discount rate (as of December 31 and June 30, 2024 were both 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

- 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 June 30, 2025, December 31 and June 30, 2024, 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		
		June 30, 2025	December 31, 2024	June 30, 2024	June 30, 2025	December 31, 2024	June 30, 2024
Price-book ratio	5%	114	95	107	(114)	(95)	(107)
Market liquidity discount rate	5%	38	42	53	(38)	(42)	(53)

Input	Upwards or downward changes	Fair value variation on other comprehensive income					
		Favorable			Unfavorable		
		June 30, 2025	December 31, 2024	June 30, 2024	June 30, 2025	December 31, 2024	June 30, 2024
Price-book ratio	5%	-	226	262	-	(226)	(262)
Market liquidity discount rate	5%	-	89	114	-	(89)	(114)

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.

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2024.

(w) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the six months ended June 30, 2025 was the same as the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2024.

(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, 2025	Cash flows	Non-cash changes		June 30, 2025
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,719,387	268,196	(28,666)	-	2,958,917
Long-term borrowings	2,855,838	(170,130)	(110,758)	-	2,574,950
Lease liabilities	213,512	(32,149)	(8,020)	2,677	176,020
Guarantee deposits received	47,924	(6,848)	(4,368)	-	36,708
Total liabilities from financing activities	<u>\$ 5,836,661</u>	<u>59,069</u>	<u>(151,812)</u>	<u>2,677</u>	<u>5,746,595</u>

	January 1, 2024	Cash flows	Non-cash changes		June 30, 2024
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,646,225	145,336	7,946	-	2,799,507
Long-term borrowings	2,621,137	394,288	70,695	-	3,086,120
Lease liabilities	272,000	(31,476)	5,903	(1,251)	245,176
Guarantee deposits received	42,895	5,894	2,453	-	51,242
Total liabilities from financing activities	<u>\$ 5,582,257</u>	<u>514,042</u>	<u>86,997</u>	<u>(1,251)</u>	<u>6,182,045</u>

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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

(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>June 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>June 30,</u> <u>2024</u>
Right-of-use assets	\$ <u>112,245</u>	<u>122,039</u>	<u>137,294</u>
Refundable deposits (under other non-current assets)	\$ <u>105,867</u>	<u>105,290</u>	<u>104,714</u>
Lease liabilities-current	\$ 30,874	29,977	29,740
Lease liabilities-non-current	79,364	92,839	107,887
	\$ <u>110,238</u>	<u>122,816</u>	<u>137,627</u>
	<u>For the three months ended June 30</u>	<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Financial cost	\$ <u>458</u>	<u>566</u>	<u>946</u>
Depreciation expense	\$ <u>6,236</u>	<u>7,628</u>	<u>15,255</u>
Interest income	\$ <u>290</u>	<u>285</u>	<u>577</u>

(ii) Operating expense

MGC Corporation provided human support to the Group, for the three months and six months ended June 30, 2025, the operating expense recognized \$130 thousand and \$195 thousand, respectively.

There was no such transaction for the six months ended June 30, 2024.

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other income

The Group provide human support to MGC Corporation, for the three months and six months ended June 30, 2025, the revenue recognized \$195 thousand and \$707 thousand respectively.

There was no such transaction for the six months ended June 30, 2025.

(iv) Other

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
WIN Corporation	\$ 117,736	-	98,113
Tian He Corporation	77,462	-	64,552
	<u>\$ 195,198</u>	<u>-</u>	<u>162,665</u>

(c) Key management personnel compensation

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 4,412	4,320	12,796	11,286
Post-employment benefits	131	125	263	266
	<u>\$ 4,543</u>	<u>4,445</u>	<u>13,059</u>	<u>11,552</u>

(8) Pledged assets:

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Property, plant and equipment	Long-term borrowings	\$ 963,304	1,118,226	1,152,939
Right-of-use assets	Long-term borrowings	53,203	59,977	60,569
Other non-current assets	Gas deposits	5,752	3,952	3,952
		<u>\$ 1,022,259</u>	<u>1,182,155</u>	<u>1,217,460</u>

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Acquisition of property, plant and equipment	\$ 1,359,818	1,436,433	3,559,588

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ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The Group's unused letters of credit

	June 30, 2025	December 31, 2024	June 30, 2024
Unused letters of credit	\$ 510,164	353,158	385,031

(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:

		For the three months ended June 30					
		2025			2024		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By item	By function						
	Employee benefits						
	Salary	254,466	173,766	428,232	412,524	105,663	
	Labor and health insurance	13,460	10,796	24,256	23,012	13,123	
	Pension	24,190	13,294	37,484	26,006	16,052	
	Remuneration of directors	-	5,666	5,666	-	2,765	
	Others	21,313	8,844	30,157	18,838	17,920	
	Depreciation	306,689	64,905	371,594	266,699	68,636	
	Amortization	15,492	1,455	16,947	24,490	2,660	

		For the six months ended June 30					
		2025			2024		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
By item	By function						
	Employee benefits						
	Salary	491,225	333,164	824,389	688,441	214,543	
	Labor and health insurance	28,047	24,561	52,608	43,114	27,045	
	Pension	49,255	27,678	76,933	53,137	31,338	
	Remuneration of directors	-	10,222	10,222	-	4,842	
	Others	39,401	17,317	56,718	36,287	34,689	
	Depreciation	624,085	129,666	753,751	527,128	122,101	
	Amortization	34,493	3,584	38,077	48,274	5,410	

- (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 six months ended June 30, 2025:

i. Loans to other parties:

(In Thousands of 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	ITEQ (WX)	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	2,081,610	1,841,850	1,841,850	2.5	2	-	Operating Capital	-	None	-	3,677,468	3,677,468
2	ITEQ Holding	ITEQ (TL)	Account receivables - related parties and other receivables - related parties	Yes	617,613	544,980	251,980	-	2	-	Operating Capital	-	None	-	3,677,468	3,677,468

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	18,387,344	597,690 (Note 3)	527,400	49,824	-	2.87%	18,387,344	Yes	No	No
0	"	IPL	2	18,387,344	3,469,923 (Note 3)	3,061,850	478,061	-	16.65%	18,387,344	Yes	No	No
0	"	ITEQ (JX)	2	18,387,344	2,122,830 (Note 3)	1,874,300	515,206	-	10.19%	18,387,344	Yes	No	Yes
0	"	ITEQ (TL)	2	18,387,344	1,560,635 (Note 3)	1,377,100	354,696	-	7.49%	18,387,344	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 100% 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.

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iii. Significant Securities held as of June 30, 2025 (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	TMY Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	357	28,182	0.6%	28,182	
Bang Mao	Mortech Corporation	-	Current financial assets at fair value through profit or loss	381	3,501	1.0%	3,501	
"	TIEF FUND, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	22,831	4.8%	22,831	

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

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)	(275,565)	(25.48%)	OA120 days	No material difference with general customers	No material difference with general customers	77,175	11.46%	Note
The Company	ITEQ (JX)	The Company holds 100% indirectly	"	(150,602)	(13.92%)	"	"	"	137,313	20.39%	"
IPL	ITEQ (GZ)	Same parent company	"	(152,700)	(30.35%)	"	"	"	117,073	34.37%	"
IPL	ITEQ (JX)	Same parent company	"	(339,146)	(67.42%)	"	"	"	219,626	64.47%	"
IIL	The Company	The Company holds 100% indirectly	"	(176,935)	(48.79%)	"	"	"	170,968	1.95%	"
IIL	ITEQ(WX)	Same parent company	"	(185,694)	(51.21%)	"	"	"	46,018	0.53%	"
ITEQ(WX)	IIL	Same parent company	"	(170,753)	(2.48%)	"	"	"	131,065	2.38%	"
ITEQ(WX)	ITEQ(DG)	Same parent company	"	(105,146)	(1.53%)	"	"	"	78,183	1.42%	"
ITEQ(WX)	ITEQ (JX)	Same parent company	"	(438,883)	(6.38%)	"	"	"	458,214	8.33%	"
ITEQ(DG)	ITEQ (JX)	Same parent company	"	(544,584)	(19.12%)	"	"	"	568,546	23.10%	"
ITEQ (JX)	ITEQ(WX)	Same parent company	"	(1,671,297)	(17.67%)	"	"	"	354,701	5.63%	"
ITEQ (JX)	ITEQ(DG)	Same parent company	"	(1,626,117)	(17.19%)	"	"	"	767,374	12.19%	"
ITEQ(WX)	The Company	The Company holds 100% indirectly	Purchase	275,565	4.60%	"	"	"	(77,175)	(2.66%)	"
ITEQ (JX)	The Company	The Company holds 100% indirectly	"	150,602	1.84%	"	"	"	(137,313)	(2.62%)	"
ITEQ (GZ)	IPL	Same parent company	"	152,700	13.82%	"	"	"	(117,073)	(37.86%)	"
ITEQ (JX)	IPL	Same parent company	"	339,146	4.14%	"	"	"	(219,626)	(4.19%)	"
The Company	IIL	The Company holds 100% indirectly	"	176,935	16.99%	"	"	"	(170,968)	(21.77%)	"
ITEQ(WX)	IIL	Same parent company	"	185,694	3.10%	"	"	"	(46,018)	(1.58%)	"
IIL	ITEQ(WX)	Same parent company	"	170,753	47.08%	"	"	"	(131,065)	(1.96%)	"
ITEQ(DG)	ITEQ(WX)	Same parent company	"	105,146	3.91%	"	"	"	(78,183)	(5.45%)	"
ITEQ (JX)	ITEQ(WX)	Same parent company	"	438,883	5.35%	"	"	"	(458,214)	(8.75%)	"
ITEQ (JX)	ITEQ(DG)	Same parent company	"	544,584	6.64%	"	"	"	(568,546)	(10.86%)	"
ITEQ(WX)	ITEQ (JX)	Same parent company	"	1,671,297	27.90%	"	"	"	(354,701)	(12.20%)	"
ITEQ (DG)	ITEQ (JX)	Same parent company	"	1,626,117	60.42%	"	"	"	(767,374)	(53.47%)	"

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

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

v.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 August 8, 2025)	Loss allowance
					Amount	Action taken		
The Company	ITEQ (JX)	The Company holds 100% indirectly	137,313	1.65	-	-	94,207	-
IPL	ITEQ (GZ)	Same parent company	117,073	2.74	-	-	24,536	-
IPL	ITEQ (JX)	Same parent company	219,626	1.35	-	-	65,088	-
IIL	The Company	The Company holds 100% indirectly	170,968	2.30	-	-	7,502	-
ITEQ (DG)	ITEQ (JX)	Same parent company	568,546	2.19	-	-	45,640	-
ITEQ (JX)	ITEQ (DG)	Same parent company	767,374	4.89	-	-	367,837	-
ITEQ (JX)	ITEQ (WX)	Same parent company	354,701	9.30	-	-	349,582	-
ITEQ (WX)	IIL	Same parent company	131,065	2.26	-	-	56,704	-
ITEQ (WX)	ITEQ (JX)	Same parent company	458,214	2.36	-	-	7,492	-

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

vi. 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	275,565	Note 4	1.67%
1	IPL	ITEQ (JX)	3	Sale	339,146	Note 4	2.06%
2	ITEQ (WX)	ITEQ (JX)	3	Sale	438,883	Note 4	2.67%
3	ITEQ (DG)	ITEQ (JX)	3	Sale	544,584	Note 4	3.31%
4	ITEQ (JX)	ITEQ (WX)	3	Sale	1,671,297	Note 4	10.16%
4	ITEQ (JX)	ITEQ (DG)	3	Sale	1,626,117	Note 4	9.88%
1	IPL	ITEQ (JX)	3	Account receivable	219,626	Note 4	0.63%
2	ITEQ (WX)	ITEQ (JX)	3	Account receivable	458,214	Note 4	1.31%
3	ITEQ (DG)	ITEQ (JX)	3	Account receivable	568,546	Note 4	1.63%
4	ITEQ (JX)	ITEQ (WX)	3	Account receivable	354,701	Note 4	1.02%
4	ITEQ (JX)	ITEQ (DG)	3	Account receivable	767,374	Note 4	2.20%
0	The Company	ITEQ International	1	Other Account receivable	259,454	Note 4	0.74%
5	ITEQ International	ITEQ Holding	3	Other Account receivable	259,454	Note 4	0.74%
6	ITEQ Holding	ITEQ (TL)	3	Other Account receivable	251,980	Note 4	0.72%
2	ITEQ (WX)	ITEQ (JX)	3	Other Account receivable	1,864,684	Note 4	5.34%

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.

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(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 June 30, 2025			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%	20,819,792	1,413,863	1,413,863	Note 1
"	Bang Mao	Hsinchu	Investment activities	1,000	1,000	100	100%	31,258	(511)	(511)	Note 1
"	MGC Corporaiotn	Hsinchu	Electronic parts and components manufacturing	49,000	49,000	4,900	49%	34,038	(5,833)	(2,858)	
"	ITEQ (TL)	Thailand	Manufacturing and sales of prepeg and copper clad lamination	901,818	586,083	10,000	100%	922,780	20,803	20,803	Note 1
ITEQ International	ITEQ Holding	British Cayman Islands	Investment activities	1,879,344	1,879,344	18,500	100%	20,819,790	1,413,863	1,413,863	Note 1
ITEQ Holding	ESIC	The British Virgin Islands	Investments in mainland China	395,850	395,850	10,750	100%	8,257,042	585,751	585,751	Note 1
"	IPL	Samoa	Import and export business	30,450	30,450	1,000	100%	87,021	4,583	4,583	Note 1
"	IIL	Samoa	Import and export business	30,450	30,450	1,000	100%	67,656	(1,409)	(1,409)	Note 1
"	Eagle Great	The British Virgin Islands	Investments in mainland China	258,795	258,795	8,499	100%	366,541	(19,342)	(19,342)	Note 1
"	ITEQ (HK)	Hong Kong	Investments in mainland China	736,890	736,890	24,200	100%	12,041,470	844,246	844,246	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, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2025	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	230,030	100%	230,030	4,701,832	683,450
ITEQ (WX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	1,248,450	(Note 1)(Note 4)	672,945	-	-	672,945	776,358	100%	776,358	9,989,638	3,793,067
ITEQ (HJ) (Note 5)	Manufacturing and sales of mass lamination	258,795	(Note 1)	252,309	-	-	252,309	(18,915)	100%	(18,915)	359,716	-
ITEQ (GZ) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	721,665	(Note 1)	493,290	-	-	493,290	68,230	100%	68,230	2,029,695	1,675,224
ITEQ (JX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	4,896,360	(Note 1)(Note 4)	-	-	-	-	710,933	100%	710,933	6,953,107	-

ii)Limitation on investment in mainland China:

Accumulated Investment in mainland China as of June 30, 2025	Investment Amount Authorized by Department of Investment Review, MOEA(Note 6)	Upper Limit on Investment (Note 3)
1,814,394 (USD 59,586)	2,355,720 (USD 80,400)	11,032,406

Note 1 : Investment in companies in mainland China by incorporating an overseas company.

Note 2 : Investment income (loss) was based on financial statements reviewed by the parent company's auditors except for ITEQ (HJ).

Note 3 : 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.

Note 4 : ITEQ (JX) is invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies are invested by the Company by incorporating an overseas company.

Note 5 : The transactions have been eliminated in the consolidated financial statements.

Note 6 : Translated using the exchange rates on June 30, 2025.

iii)Significant transactions

For the six months ended June 30, 2025, 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

(14) Segment information:

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

	For the three months ended June 30, 2025					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 327,778	3,263,944	1,264,227	3,356,196	664,999	8,877,144
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 327,778</u>	<u>3,263,944</u>	<u>1,264,227</u>	<u>3,356,196</u>	<u>664,999</u>	<u>8,877,144</u>
Reportable segment profit (loss)	<u>\$ (323,221)</u>	<u>376,469</u>	<u>46,419</u>	<u>505,197</u>	<u>65,240</u>	<u>670,104</u>
	For the three months ended June 30, 2024					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 288,852	3,088,641	1,390,264	2,162,130	666,031	7,595,918
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 288,852</u>	<u>3,088,641</u>	<u>1,390,264</u>	<u>2,162,130</u>	<u>666,031</u>	<u>7,595,918</u>
Reportable segment profit (loss)	<u>\$ (225,613)</u>	<u>372,855</u>	<u>51,653</u>	<u>126,878</u>	<u>232</u>	<u>326,005</u>
	For the six months ended June 30, 2025					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 608,907	6,158,998	2,287,820	6,150,633	1,250,852	16,457,210
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 608,907</u>	<u>6,158,998</u>	<u>2,287,820</u>	<u>6,150,633</u>	<u>1,250,852</u>	<u>16,457,210</u>
Reportable segment profit (loss)	<u>\$ (480,932)</u>	<u>676,303</u>	<u>66,653</u>	<u>850,931</u>	<u>91,697</u>	<u>1,204,652</u>
	For the six months ended June 30, 2024					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Revenue from external customers	\$ 556,736	5,594,485	2,998,329	3,430,731	1,170,322	13,750,603
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 556,736</u>	<u>5,594,485</u>	<u>2,998,329</u>	<u>3,430,731</u>	<u>1,170,322</u>	<u>13,750,603</u>
Reportable segment profit (loss)	<u>\$ (431,013)</u>	<u>700,128</u>	<u>56,450</u>	<u>277,345</u>	<u>(5,495)</u>	<u>597,415</u>