

**ITEQ CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**With Independent Auditors' Review Report**  
**For the Nine Months Ended September 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 September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 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 NTD\$576,019 thousand and \$1,263,552 thousand, constituting 1.66% and 3.47% of consolidated total assets as of September 30, 2025 and 2024, respectively, total liabilities amounting to NTD\$542,784 thousand and \$984,246 thousand, constituting 3.62% and 6.16% of consolidated total liabilities at September 30, 2025 and 2024, respectively, and total comprehensive income (loss) amounting to NTD\$35,053 thousand, \$5,711 thousand, \$16,596 thousand and \$(19,377) thousand, constituting 2.63%, 4.46%, (5.92)% and (1.27)% of consolidated total comprehensive income for the three months and nine months ended September 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 NTD\$32,097 thousand and \$37,824 thousand as of September 30, 2025 and 2024, respectively, and the share of loss of associates and joint ventures accounted for using equity method of NTD\$(1,941) thousand, \$(1,515) thousand, \$(4,799) thousand and \$(4,298) thousand for the three months and nine months ended September 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 September 30, 2025 and 2024, and of its consolidated financial performance for the three months and nine months ended September 30, 2025 and 2024, as well as its consolidated cash flows for the nine months ended September 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)  
November 7, 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

September 30, 2025, December 31, 2024, and September 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		September 30, 2025		December 31, 2024		September 30, 2024		Liabilities and Equity		September 30, 2025		December 31, 2024		September 30, 2024	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 4,540,891	14	4,583,412	13	5,272,897	14	2100	Short-term borrowings (note 6(j))	\$ 3,234,491	9	2,719,387	8	3,230,521	9
	Current financial assets at fair value through profit or loss (note 6(b))	3,593	-	3,387	-	3,943	-	2170	Accounts payable	7,451,190	22	6,285,846	18	7,391,791	20
1110								2219	Other payables (note 6(r))	674,350	2	871,798	3	865,493	2
1136	Current financial assets at amortised cost (note 6(b))	-	-	60,791	-	284,549	1	2230	Current tax liabilities	401,868	1	162,129	-	333,547	1
1170	Accounts and notes receivable, net (notes 6(c) and (s))	13,344,028	39	12,789,713	37	12,909,447	35	2250	Current provisions	-	-	3,608	-	3,573	-
	Accounts receivable due from related parties, net (notes 6(c), (s) and 7)	6	-	-	-	-	-	2280	Current lease liabilities (notes (l) and 7)	67,671	-	65,575	-	64,313	-
1180								2320	Long-term liabilities, current portion (notes (k) and 8)	216,043	1	1,263,581	4	1,314,903	4
1200	Other receivables	83,950	-	132,102	-	140,384	1	2399	Other current liabilities (note 6(s))	42,029	-	13,130	-	18,913	-
1220	Current tax assets	78,953	-	78,953	-	31	-		<b>Total current liabilities</b>	<u>12,087,642</u>	<u>35</u>	<u>11,385,054</u>	<u>33</u>	<u>13,223,054</u>	<u>36</u>
130X	Inventories (note 6(d))	4,297,750	12	3,763,259	11	4,308,282	12		<b>Non-current liabilities:</b>						
1470	Other current assets (note 6(h))	746,489	2	846,974	2	853,924	2	2540	Long-term borrowings (notes 6(k) and 8)	1,755,723	5	1,592,257	5	1,742,176	5
	<b>Total current assets</b>	<u>23,095,660</u>	<u>67</u>	<u>22,258,591</u>	<u>63</u>	<u>23,773,457</u>	<u>65</u>	2570	Deferred tax liabilities	1,022,231	3	1,025,070	3	802,777	2
	<b>Non-current assets:</b>							2580	Non-current lease liabilities (notes 6(l) and 7)	95,457	-	147,937	-	164,221	1
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	51,325	-	30,099	-	32,076	-	2645	Guarantee deposits received	37,614	-	47,924	-	50,362	-
1550	Investments accounted for using equity method (note 6(e))	32,097	-	36,896	-	37,824	-		<b>Total non-current liabilities</b>	<u>2,911,025</u>	<u>8</u>	<u>2,813,188</u>	<u>8</u>	<u>2,759,536</u>	<u>8</u>
1600	Property, plant and equipment (notes 6(f), 8 and 9)	9,183,120	26	9,649,449	28	9,270,584	26		<b>Total liabilities</b>	<u>14,998,667</u>	<u>43</u>	<u>14,198,242</u>	<u>41</u>	<u>15,982,590</u>	<u>44</u>
1755	Right-of-use assets (notes 6(g), 7 and 8)	188,024	-	240,753	1	255,957	1		<b>Equity attributable to owners of parent (notes 6(b), (o), (q) and 7):</b>						
1780	Intangible assets (note 6(i))	8,975	-	9,664	-	9,330	-	3110	Ordinary share	3,629,572	10	3,629,572	10	3,629,572	10
1840	Deferred tax assets	211,561	1	215,557	1	378,847	1	3140	Advance receipts for share capital	16,880	-	-	-	-	-
1900	Other non-current assets (notes 6(h), 7 and 8)	1,963,170	6	2,403,180	7	2,650,021	7	3200	Capital surplus	9,233,855	27	9,227,074	27	9,223,932	25
	<b>Total non-current assets</b>	<u>11,638,272</u>	<u>33</u>	<u>12,585,598</u>	<u>37</u>	<u>12,634,639</u>	<u>35</u>	3300	Retained earnings	7,859,271	23	7,430,650	21	7,207,332	20
								3400	Other equity interest	(1,004,313)	(3)	358,651	1	364,670	1
									<b>Total equity</b>	<u>19,735,265</u>	<u>57</u>	<u>20,645,947</u>	<u>59</u>	<u>20,425,506</u>	<u>56</u>
									<b>Total liabilities and equity</b>	<u>\$ 34,733,932</u>	<u>100</u>	<u>\$ 34,844,189</u>	<u>100</u>	<u>\$ 36,408,096</u>	<u>100</u>
	<b>Total assets</b>	<u>\$ 34,733,932</u>	<u>100</u>	<u>\$ 34,844,189</u>	<u>100</u>	<u>\$ 36,408,096</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 nine months ended September 30, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	For the three months ended September 30				For the nine months ended September 30				
	2025		2024		2025		2024		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (note 6(s))</b>								
	\$ 7,724,387	100	7,962,863	100	24,181,597	100	21,713,466	100	
5000	<b>Operating costs (notes 6(d), (f), (g), (m), (r), 7 and 12)</b>								
	<u>6,663,781</u>	<u>86</u>	<u>7,028,626</u>	<u>88</u>	<u>20,657,794</u>	<u>85</u>	<u>19,045,856</u>	<u>88</u>	
	<b>Gross profit from operations</b>								
	<u>1,060,606</u>	<u>14</u>	<u>934,237</u>	<u>12</u>	<u>3,523,803</u>	<u>15</u>	<u>2,667,610</u>	<u>12</u>	
	<b>Operating expenses (notes 6(c), (f), (g), (l), (m), (q), (r), 7 and 12):</b>								
6100	Selling expenses	186,260	2	222,680	3	566,382	2	637,473	3
6200	Administrative expenses	202,687	3	170,024	2	630,034	3	586,744	3
6300	Research and development expenses	226,093	3	168,322	2	586,527	3	476,793	2
6450	Expected credit loss (gain on reversal)	<u>(325)</u>	<u>-</u>	<u>(6,777)</u>	<u>-</u>	<u>(14,557)</u>	<u>-</u>	<u>2,107</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>614,715</u>	<u>8</u>	<u>554,249</u>	<u>7</u>	<u>1,768,386</u>	<u>8</u>	<u>1,703,117</u>	<u>8</u>
	<b>Net operating income</b>								
	<u>445,891</u>	<u>6</u>	<u>379,988</u>	<u>5</u>	<u>1,755,417</u>	<u>7</u>	<u>964,493</u>	<u>4</u>	
	<b>Non-operating income and expenses (notes 6(b), (e), (f), (g), (l), (t), (u) and 7):</b>								
7100	Interest income	6,718	-	13,915	-	24,129	-	40,893	1
7060	Share of loss of associates and joint ventures accounted for using equity method	(1,941)	-	(1,515)	-	(4,799)	-	(4,298)	-
7010	Other income	46,051	1	30,734	-	120,140	1	125,951	1
7020	Other gains and losses	64,978	1	40,963	1	(45,356)	-	13,982	-
7050	Finance costs	<u>(40,768)</u>	<u>(1)</u>	<u>(47,374)</u>	<u>(1)</u>	<u>(123,950)</u>	<u>(1)</u>	<u>(126,895)</u>	<u>(1)</u>
	<b>Total non-operating income and expenses</b>	<u>75,038</u>	<u>1</u>	<u>36,723</u>	<u>-</u>	<u>(29,836)</u>	<u>-</u>	<u>49,633</u>	<u>1</u>
7900	<b>Profit before tax</b>								
	520,929	7	416,711	5	1,725,581	7	1,014,126	5	
7950	<b>Tax expenses (note 6(n))</b>								
	<u>196,230</u>	<u>3</u>	<u>167,511</u>	<u>2</u>	<u>643,637</u>	<u>3</u>	<u>411,076</u>	<u>2</u>	
	<b>Profit</b>								
	<u>324,699</u>	<u>4</u>	<u>249,200</u>	<u>3</u>	<u>1,081,944</u>	<u>4</u>	<u>603,050</u>	<u>3</u>	
8300	<b>Other comprehensive income (notes 6(b), (o) and (u)):</b>								
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,922	-	(2,107)	-	22,836	-	2,070	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>1,922</u>	<u>-</u>	<u>(2,107)</u>	<u>-</u>	<u>22,836</u>	<u>-</u>	<u>2,070</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	1,003,171	13	(119,183)	(1)	(1,385,800)	(5)	915,738	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>1,003,171</u>	<u>13</u>	<u>(119,183)</u>	<u>(1)</u>	<u>(1,385,800)</u>	<u>(5)</u>	<u>915,738</u>	<u>4</u>
8300	<b>Other comprehensive income (net of tax)</b>								
	<u>1,005,093</u>	<u>13</u>	<u>(121,290)</u>	<u>(1)</u>	<u>(1,362,964)</u>	<u>(5)</u>	<u>917,808</u>	<u>4</u>	
	<b>Total comprehensive income</b>								
	<u>\$ 1,329,792</u>	<u>17</u>	<u>127,910</u>	<u>2</u>	<u>(281,020)</u>	<u>(1)</u>	<u>1,520,858</u>	<u>7</u>	
	<b>Profit attributable to:</b>								
	Owners of parent	<u>\$ 324,699</u>	<u>4</u>	<u>249,200</u>	<u>3</u>	<u>1,081,944</u>	<u>4</u>	<u>603,050</u>	<u>3</u>
	<b>Comprehensive income attributable to:</b>								
	Owners of parent	<u>\$ 1,329,792</u>	<u>17</u>	<u>127,910</u>	<u>2</u>	<u>(281,020)</u>	<u>(1)</u>	<u>1,520,858</u>	<u>7</u>
	<b>Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))</b>								
	<u>\$ 0.89</u>		<u>0.69</u>		<u>2.98</u>		<u>1.66</u>		
	<b>Diluted earnings per share (expressed in New Taiwan dollars) (note 6(p))</b>								
	<u>\$ 0.89</u>		<u>0.69</u>		<u>2.97</u>		<u>1.66</u>		

See accompanying notes to consolidated financial statements.

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

## ITEQ CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Other equity		Total	Total equity	
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
<b>Balance on January 1, 2024</b>	\$ 3,629,572	-	9,214,696	2,316,563	281,338	4,550,817	7,148,718	(555,434)	2,296	(553,138)	19,439,848
Profit	-	-	-	-	-	603,050	603,050	-	-	-	603,050
Other comprehensive income	-	-	-	-	-	-	-	915,738	2,070	917,808	917,808
Total comprehensive income	-	-	-	-	-	603,050	603,050	915,738	2,070	917,808	1,520,858
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	67,650	-	(67,650)	-	-	-	-	-
Special reserve appropriated	-	-	-	-	271,800	(271,800)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(544,436)	(544,436)	-	-	-	(544,436)
Share-based payments	-	-	9,236	-	-	-	-	-	-	-	9,236
<b>Balance on September 30, 2024</b>	\$ 3,629,572	-	9,223,932	2,384,213	553,138	4,269,981	7,207,332	360,304	4,366	364,670	20,425,506
<b>Balance on January 1, 2025</b>	\$ 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	-	-	-	-	-	1,081,944	1,081,944	-	-	-	1,081,944
Other comprehensive income	-	-	-	-	-	-	-	(1,385,800)	22,836	(1,362,964)	(1,362,964)
Total comprehensive income	-	-	-	-	-	1,081,944	1,081,944	(1,385,800)	22,836	(1,362,964)	(281,020)
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	-	82,637	-	(82,637)	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(553,138)	553,138	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	-	(653,323)	(653,323)	-	-	-	(653,323)
Exercise of employee stock options	-	16,880	-	-	-	-	-	-	-	-	16,880
Share-based payments	-	-	6,781	-	-	-	-	-	-	-	6,781
<b>Balance on September 30, 2025</b>	\$ 3,629,572	16,880	9,233,855	2,466,850	-	5,392,421	7,859,271	(1,029,584)	25,271	(1,004,313)	19,735,265

See accompanying notes to consolidated financial statements.

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

## ITEQ CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2025	2024
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,725,581	1,014,126
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	1,128,794	1,002,738
Amortization expense	55,195	80,606
Expected credit loss (gain on reversal)	(14,557)	2,107
Net gains on financial assets or liabilities at fair value through profit or loss	(206)	(289)
Interest expense	123,950	126,895
Interest income	(24,129)	(40,893)
Share-based payments	6,781	9,236
Share of loss of associates and joint ventures accounted for using equity method	4,799	4,298
Gains on disposal of property, plant and equipment	(274)	(9,199)
Impairment loss on non-financial assets	38,986	136,997
Other adjustments	-	(2,036)
Total adjustments to reconcile profit (loss)	<u>1,319,339</u>	<u>1,310,460</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(418,027)	325,027
Accounts receivable	(1,038,342)	(1,410,690)
Other receivable	44,320	(88,209)
Inventories	(832,421)	(1,360,861)
Other current assets	48,962	229,408
Other operating assets	(431)	(346)
Total changes in operating assets	<u>(2,195,939)</u>	<u>(2,305,671)</u>
Changes in operating liabilities:		
Accounts payable	1,617,966	1,245,300
Other payable	(71,474)	(173,123)
Decrease in provisions	(3,440)	-
Other current liabilities	30,161	(40,320)
Total changes in operating liabilities	<u>1,573,213</u>	<u>1,031,857</u>
Total changes in operating assets and liabilities	<u>(622,726)</u>	<u>(1,273,814)</u>
Total adjustments	<u>696,613</u>	<u>36,646</u>
Cash inflow generated from operations	2,422,194	1,050,772
Interest paid	(115,458)	(124,062)
Income taxes paid	<u>(392,988)</u>	<u>(361,897)</u>
<b>Net cash flows from operating activities</b>	<u>1,913,748</u>	<u>564,813</u>
<b>Cash flows from (used in) investing activities:</b>		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,610	6,273
Acquisition of financial assets at amortised cost	(1,726,602)	(506,612)
Proceeds from repayments of financial assets at amortised cost	1,711,989	313,932
Acquisition of property, plant and equipment	(245,506)	(615,722)
Proceeds from disposal of property, plant and equipment	4,448	13,425
Decrease in refundable deposits	804	645
Increase in other non-current assets	(60,977)	(82,395)
Increase in prepayments for business facilities	(582,667)	(694,149)
Interest received	23,262	40,039
<b>Net cash used in investing activities</b>	<u>(873,639)</u>	<u>(1,524,564)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	530,393	572,402
Proceeds from long-term borrowings	260,000	450,000
Repayments of long-term borrowings	(1,079,563)	(73,393)
Increase (decrease) in guarantee deposits received	(7,173)	6,274
Payment of lease liabilities	(47,937)	(47,304)
Distribution of cash dividends	(653,323)	(544,436)
Exercise of employee share options	16,880	-
<b>Net cash flows from (used in) financing activities</b>	<u>(980,723)</u>	<u>363,543</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(101,907)</u>	<u>274,835</u>
Net decrease in cash and cash equivalents	(42,521)	(321,373)
Cash and cash equivalents at beginning of period	4,583,412	5,594,270
Cash and cash equivalents at ending of period	<u>\$ 4,540,891</u>	<u>5,272,897</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**September 30, 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 November 7, 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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
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"> <li>● 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.</li> <li>● 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.</li> <li>● 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.</li> </ul>	<p>January 1, 2027            Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

(Continued)

## ITEQ CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to 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
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	ITEQ International Ltd. (ITEQ International)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 1)
"	BangMao Investment Co., Ltd. (Bang Mao)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 1)
"	ITEQ Corporation (Thailand) Ltd. (ITEQ (TL))	Manufacturing and sales of 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 1)
ITEQ Holding	Ever Smart International Corporation (ESIC)	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 1)
"	International Partners Ltd. (IPL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 1)
"	Inspire Investments Limited (IIL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 1)
"	Eagle Great Investments Ltd. (Eagle Great)	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 1)
"	ITEQ (Hong Kong) Limited (ITEQ (HK))	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 1)

(Continued)

## ITEQ CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			September 30, 2025	December 31, 2024	September 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 2)
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 1)

Note 1: This company's financial statements have not been reviewed by independent auditors.

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

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

(c) Employee benefits

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

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B 12 of IAS 34, Interim Financial Reporting.

Income tax expenses for the period are measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period.

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

**(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.

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Cash on hand	\$ 242	343	340
Cash in bank	2,007,087	1,935,333	2,318,574
Bank acceptances	1,860,779	1,962,741	1,562,720
Time deposits	<u>672,783</u>	<u>684,995</u>	<u>1,391,263</u>
Cash and cash equivalents	<u><b>\$ 4,540,891</b></u>	<u><b>4,583,412</b></u>	<u><b>5,272,897</b></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

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Stock listed on domestic emerging markets	<u><b>\$ 3,593</b></u>	<u><b>3,387</b></u>	<u><b>3,943</b></u>

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

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

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Stock listed on domestic emerging markets	\$ 26,950	-	-
Domestic unlisted common shares	-	5,546	6,194
Unlisted fund	<u>24,375</u>	<u>24,553</u>	<u>25,882</u>
	<u><b>\$ 51,325</b></u>	<u><b>30,099</b></u>	<u><b>32,076</b></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.

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Financial assets measured at amortized cost

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Time deposits	\$ <u>-</u>	<u>60,791</u>	<u>284,549</u>

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

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Notes receivable	\$ 1,140,490	787,328	728,822
Accounts receivable	12,248,014	12,064,898	12,203,642
Accounts receivable-related parties	6	-	-
Less: loss allowance	<u>(44,476)</u>	<u>(62,513)</u>	<u>(23,017)</u>
	<b>\$ <u>13,344,034</u></b>	<b><u>12,789,713</u></b>	<b><u>12,909,447</u></b>

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:

	<b>September 30, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weight- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 13,224,282	0.00%	-
Past due 1 to 30 days	424	0.00%~17.4%	3
Past due 31 to 90 days	3,707	0.00%~93.00%	2,029
Past due more the 91 days	<u>160,097</u>	20%~100%	<u>42,444</u>
	<b>\$ <u>13,388,510</u></b>		<b><u>44,476</u></b>
	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weight- average loss rate</b>	<b>Loss allowance</b>
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>
	<b>\$ <u>12,852,226</u></b>		<b><u>62,513</u></b>

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The movement in the allowance for receivables were as follows:

	<b>For the nine months ended September 30</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 62,513	20,078
Impairment loss recognized (reversed)	(14,557)	2,107
Effect of changes in exchange rates	(3,480)	832
Balance on September 30	<b>\$ 44,476</b>	<b>23,017</b>

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

(d) Inventories

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
	Raw materials	\$ 3,256,121	2,811,674
Work in progress	106,072	120,600	171,754
Finished goods	908,513	803,070	648,870
Inventories in transit	27,044	27,915	20,973
	<b>\$ 4,297,750</b>	<b>3,763,259</b>	<b>4,308,282</b>

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:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Losses on valuation of inventories	\$ 44,926	48,022	38,986	136,997
Scrap income	(127,864)	(128,278)	(407,421)	(374,294)
	<b>\$ (82,938)</b>	<b>(80,256)</b>	<b>(368,435)</b>	<b>(237,297)</b>

The aforementioned losses on valuation of inventories were due to the reduction to net realizable value and recognition of losses on valuation of inventories.

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

(Continued)

**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:

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Joint venture	\$ <u>32,097</u>	<u>36,896</u>	<u>37,824</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.

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Carrying amount of individually insignificant joint venture	\$ <u>32,097</u>	<u>36,896</u>	<u>37,824</u>
	<u>For the three months ended September 30 2025</u>	<u>2024</u>	<u>For the nine months ended September 30 2025</u>
Attributable to the Group:			
Loss from continuing operations	\$ <u>(1,941)</u>	<u>(1,515)</u>	<u>(4,799)</u>
			<u>(4,298)</u>

(ii) Pledge to secure

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

(Continued)

**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	-	2,138	138,984	-	-	13,179	1,910	156,211
Disposals	-	(1,000)	(124,397)	(5,087)	(168)	(10,120)	-	(140,772)
Reclassification (Note)	-	-	877,254	4,313	289	63,984	20,809	966,649
Effects of changes in exchange rates	(3,340)	(279,169)	(584,882)	(1,980)	(25,578)	(81,927)	-	(976,876)
Balance on September 30, 2025	<u>\$ 201,365</u>	<u>4,189,878</u>	<u>11,282,708</u>	<u>59,496</u>	<u>399,960</u>	<u>2,040,036</u>	<u>459,420</u>	<u>18,632,863</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	-	7,660	323,919	7,165	335	81,304	2,392	422,775
Disposals	-	-	(37,214)	(3,666)	(2,698)	(5,720)	-	(49,298)
Reclassification (Note)	-	22,107	1,681,474	7,307	676	22,493	-	1,734,057
Effects of changes in exchange rates	15,932	165,711	307,270	1,246	16,878	50,316	-	557,353
Balance on September 30, 2024	<u>\$ 209,917</u>	<u>4,153,399</u>	<u>10,672,685</u>	<u>57,984</u>	<u>432,894</u>	<u>1,925,554</u>	<u>408,631</u>	<u>17,861,064</u>
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	-	146,652	730,960	3,702	9,176	156,938	32,779	1,080,207
Disposals	-	(638)	(120,997)	(4,956)	(165)	(9,842)	-	(136,598)
Effects of changes in exchange rates	-	(74,587)	(319,359)	(1,580)	(22,928)	(53,614)	-	(472,068)
Balance on September 30, 2025	<u>\$ -</u>	<u>1,309,848</u>	<u>6,114,678</u>	<u>30,691</u>	<u>371,582</u>	<u>1,354,704</u>	<u>268,240</u>	<u>9,449,743</u>
Balance on January 1, 2024	\$ -	994,628	4,827,579	30,695	346,152	1,013,671	207,536	7,420,261
Depreciation	-	147,409	600,001	3,040	13,801	161,121	28,046	953,418
Disposals	-	-	(33,209)	(3,625)	(2,588)	(5,650)	-	(45,072)
Effects of changes in exchange rates	-	42,291	174,768	939	14,416	29,459	-	261,873
Balance on September 30, 2024	<u>\$ -</u>	<u>1,184,328</u>	<u>5,569,139</u>	<u>31,049</u>	<u>371,781</u>	<u>1,198,601</u>	<u>235,582</u>	<u>8,590,480</u>
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 September 30, 2025	<u>\$ 201,365</u>	<u>2,880,030</u>	<u>5,168,030</u>	<u>28,805</u>	<u>28,378</u>	<u>685,332</u>	<u>191,180</u>	<u>9,183,120</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 September 30, 2024	<u>\$ 209,917</u>	<u>2,969,071</u>	<u>5,103,546</u>	<u>26,935</u>	<u>61,113</u>	<u>726,953</u>	<u>173,049</u>	<u>9,270,584</u>

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

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

(Continued)

**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 September 30, 2025	\$ <u>33,426</u>	<u>154,598</u>	<u>188,024</u>
Balance on January 1, 2024	\$ <u>36,339</u>	<u>261,974</u>	<u>298,313</u>
Balance on September 30, 2024	\$ <u>36,736</u>	<u>219,221</u>	<u>255,957</u>

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

As of September 30, 2025, December 31 and September 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>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Net input VAT	\$ 659,762	717,673	712,581
Prepayments for suppliers	4,417	15,663	14,837
Prepaid expense and others	<u>82,310</u>	<u>113,638</u>	<u>126,506</u>
	<u>\$ 746,489</u>	<u>846,974</u>	<u>853,924</u>

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

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Prepayments for business facilities	\$ 1,600,102	1,971,926	2,205,325
Long-term prepaid expenses	112,078	175,572	193,290
Materials and supplies	66,791	74,427	76,706
Net defined benefit plan assets	34,266	33,835	29,138
Refundable deposits	136,350	136,460	133,176
Computer software	<u>13,583</u>	<u>10,960</u>	<u>12,386</u>
	<u>\$ 1,963,170</u>	<u>2,403,180</u>	<u>2,650,021</u>

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (i) Intangible assets

	September 30, 2025	December 31, 2024	September 30, 2024
Goodwill	<u>\$ 8,975</u>	<u>9,664</u>	<u>9,330</u>

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

## (j) Short-term borrowings

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank borrowings (currency: NTD, THB and USD)	<u>\$ 3,234,491</u>	<u>2,719,387</u>	<u>3,230,521</u>
Unused credit lines	<u>\$ 8,490,725</u>	<u>8,908,660</u>	<u>8,437,056</u>
Interest rate collars	<u>1.80%~4.98%</u>	<u>1.81%~5.39%</u>	<u>1.85%~5.76%</u>

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

## (k) Long-term borrowings

	<u>September 30, 2025</u>			
	<u>Currency</u>	<u>Interest rate collars</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank borrowings	NTD and RMB	1.80%~1.95%	2025.10~2030.8	\$ 1,542,826
Secured bank borrowing	RMB	3.35%	2028.1	428,940
Less: current portion				(216,043)
Total				<u>\$ 1,755,723</u>
Unused credit lines				<u>\$ 2,319,732</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				(1,263,581)
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**

	September 30, 2024			Amount
	Currency	Interest rate collars	Expiration	
Unsecured bank borrowings	NTD and RMB	1.73%~3.45%	2025.9~2029.3	\$ 2,447,188
Secured bank borrowing	RMB	3.70%	2028.1	609,891
Less: current portion				<u>(1,314,903)</u>
Total				<u>\$ 1,742,176</u>
Unused credit lines				<u>\$ 1,512,971</u>

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

(l) Lease liabilities

Lease liabilities of the Group were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ 67,671	65,575	64,313
Non-current	\$ 95,457	147,937	164,221

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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest expenses on lease liabilities	\$ 1,075	1,612	3,672	5,216
Expenses relating to short-term leases and leases of low-value asset	\$ 7,744	9,027	24,283	30,088

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

	For the nine months ended September 30	
	2025	2024
Total cash outflow for leases	\$ 75,892	82,608

(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:

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2025	2024	2025	2024
Operating expenses	\$ <u>(143)</u>	<u>(116)</u>	<u>(431)</u>	<u>(346)</u>

(ii) Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,380 thousand, \$3,355 thousand, \$10,145 thousand and \$10,084 thousand for the three months and nine months ended September 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 \$32,521 thousand, \$38,119 thousand, \$102,977 thousand and \$116,095 thousand for the three months and nine months ended September 30, 2025 and 2024, respectively.

(n) Income taxes

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2025	2024	2025	2024
Current tax expense	\$ <u>196,230</u>	<u>167,511</u>	<u>643,637</u>	<u>411,076</u>

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

(iii) Assessment of tax

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

(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 September 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) Ordinary shares

As of September 30, 2025, employee of the Company exercised employee stock options amounting to \$16,880 thousand. However, as the relevant registration procedures have not yet been completed, the amount recorded under advance receipts for share capital.

(ii) 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.

(iii) 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	-	22,836	22,836
Exchange difference on translation of foreign financial statements	(1,385,800)	-	(1,385,800)
Balance on September 30, 2025	\$ <u>(1,029,584)</u>	<u>25,271</u>	<u>(1,004,313)</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	-	2,070	2,070
Exchange difference on translation of foreign financial statements	915,738	-	915,738
Balance on September 30, 2024	\$ <u>360,304</u>	<u>4,366</u>	<u>364,670</u>

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Earnings per share

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

Unit: thousand shares

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2025	2024	2025	2024
<b>Basic earnings per share</b>				
Profit attributable to common shareholders of the Company	\$ <u>324,699</u>	<u>249,200</u>	<u>1,081,944</u>	<u>603,050</u>
Weighted average number of common shares	<u>362,957</u>	<u>362,957</u>	<u>362,957</u>	<u>362,957</u>
Basic earnings per share (express in New Taiwan dollars)	\$ <u>0.89</u>	<u>0.69</u>	<u>2.98</u>	<u>1.66</u>
<b>Diluted earnings per share</b>				
Profit attributable to common shareholders of the Company	\$ <u>324,699</u>	<u>249,200</u>	<u>1,081,944</u>	<u>603,050</u>
Weighted average number of common shares (basic)	362,957	362,957	362,957	362,957
Effect of employee compensation	543	180	701	555
Employee stock options	<u>755</u>	<u>595</u>	<u>755</u>	<u>595</u>
Weighted average number of common shares (diluted)	<u>364,255</u>	<u>363,732</u>	<u>364,413</u>	<u>364,107</u>
Diluted earnings per share (express in New Taiwan dollars)	\$ <u>0.89</u>	<u>0.69</u>	<u>2.97</u>	<u>1.66</u>

(q) Share-based payment

There were no significant changes in share-based payment during the periods from January 1 to September 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 nine months ended September 30, 2025 and 2024, the Group recognized the employee stock option compensation cost (attributable to subsidiaries employee) were \$1,249 thousand, \$3,025 thousand, \$6,781 thousand and \$9,236 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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Employees' compensation	\$ 17,264	13,579	57,514	32,247
Directors' remuneration	4,316	3,395	14,378	8,062
	\$ 21,580	16,974	71,892	40,309

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 September 30, 2025					
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Primary geographical markets:						
Asia	\$ 329,196	2,822,735	790,220	3,100,664	638,407	7,681,222
Europe	32,884	-	-	-	3,468	36,352
Other	6,470	-	343	-	-	6,813
	\$ 368,550	2,822,735	790,563	3,100,664	641,875	7,724,387

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months ended September 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	\$ 248,691	1,953,490	570,293	2,123,564	641,875	5,537,913
Prepreg	119,774	869,245	219,927	977,100	-	2,186,046
Other	85	-	343	-	-	428
	<u>\$ 368,550</u>	<u>2,822,735</u>	<u>790,563</u>	<u>3,100,664</u>	<u>641,875</u>	<u>7,724,387</u>
For the three months ended September 30, 2024						
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Primary geographical markets:						
Asia	\$ 232,090	3,343,593	1,095,012	2,579,098	669,705	7,919,498
Europe	22,757	3	-	-	3,280	26,040
Other	16,012	-	-	-	1,313	17,325
	<u>\$ 270,859</u>	<u>3,343,596</u>	<u>1,095,012</u>	<u>2,579,098</u>	<u>674,298</u>	<u>7,962,863</u>
Major products:						
Copper clad laminate	\$ 190,286	2,283,937	767,254	1,769,762	639,527	5,650,766
Prepreg	80,573	1,059,659	327,758	809,336	21,501	2,298,827
Other	-	-	-	-	13,270	13,270
	<u>\$ 270,859</u>	<u>3,343,596</u>	<u>1,095,012</u>	<u>2,579,098</u>	<u>674,298</u>	<u>7,962,863</u>
For the nine months ended September 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	\$ 848,718	8,981,733	3,078,040	9,251,297	1,872,351	24,032,139
Europe	97,577	-	-	-	11,451	109,028
Other	31,162	-	343	-	8,925	40,430
	<u>\$ 977,457</u>	<u>8,981,733</u>	<u>3,078,383</u>	<u>9,251,297</u>	<u>1,892,727</u>	<u>24,181,597</u>
Major products:						
Copper clad laminate	\$ 676,267	6,253,524	2,202,925	6,406,799	1,880,170	17,419,685
Prepreg	299,643	2,728,209	875,115	2,844,498	-	6,747,465
Other	1,547	-	343	-	12,557	14,447
	<u>\$ 977,457</u>	<u>8,981,733</u>	<u>3,078,383</u>	<u>9,251,297</u>	<u>1,892,727</u>	<u>24,181,597</u>

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the nine months ended September 30, 2024						
	ITEQ Corporation	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Primary geographical markets:						
Asia	\$ 682,585	8,937,425	4,093,336	6,009,829	1,828,685	21,551,860
Europe	95,125	656	5	-	13,378	109,164
Other	49,885	-	-	-	2,557	52,442
	<b>\$ 827,595</b>	<b>8,938,081</b>	<b>4,093,341</b>	<b>6,009,829</b>	<b>1,844,620</b>	<b>21,713,466</b>
Major products:						
Copper clad laminate	\$ 585,948	6,152,619	2,890,784	4,233,017	1,782,430	15,644,798
Prepreg	241,625	2,785,462	1,202,557	1,776,801	22,044	6,028,489
Other	22	-	-	11	40,146	40,179
	<b>\$ 827,595</b>	<b>8,938,081</b>	<b>4,093,341</b>	<b>6,009,829</b>	<b>1,844,620</b>	<b>21,713,466</b>

## (ii) Contract balance

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable	\$ 1,140,490	787,328	728,822
Accounts receivable	12,248,014	12,064,898	12,203,642
Accounts receivable due from related parties	6	-	-
Less: loss allowance	(44,476)	(62,513)	(23,017)
Total	<b>\$ 13,344,034</b>	<b>12,789,713</b>	<b>12,909,447</b>

As of September 30, 2025, December 31 and September 30, 2024, the balance of contract liabilities from sales of products were amounted to \$4,464 thousand and \$7,411 thousand and \$5,448 thousand (accounted for other current liabilities), respectively. The amount of revenue recognized for the nine months ended September 30, 2025 and 2024 that were included in the contract liabilities at the beginning of the period amounted to \$4,880 thousand and \$43,260 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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest income from bank deposits	<b>\$ 6,718</b>	<b>13,915</b>	<b>24,129</b>	<b>40,893</b>

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

## (ii) Other income

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Government grant income	\$ 37,399	11,031	104,480	101,821
Other income	8,652	19,703	15,660	24,130
	<u>\$ 46,051</u>	<u>30,734</u>	<u>120,140</u>	<u>125,951</u>

## (iii) Other gains and losses

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Foreign exchange gains (losses)	\$ 64,824	42,814	(41,742)	14,019
Net gains (losses) on financial assets and liabilities at fair value through profit or loss	92	(663)	206	289
Gains (losses) on disposals of property, plant and equipment	668	(3,259)	274	9,199
Others	(606)	2,071	(4,094)	(9,525)
	<u>\$ 64,978</u>	<u>40,963</u>	<u>(45,356)</u>	<u>13,982</u>

## (iv) Financial costs

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Interest expenses	\$ 40,768	47,374	123,950	126,895

## (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 September 30, 2025, December 31 and September 30, 2024, 49%、51% and 54%, respectively, of accounts receivable were concentrated on the Group's ten major customers. Thus, the Group's credit risk is significantly centralized.

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**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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 September 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.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>September 30, 2025</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 3,234,491	3,248,472	3,248,472	-	-	-
Accounts payable	7,451,190	7,451,190	7,451,190	-	-	-
Other payables	674,350	674,350	674,350	-	-	-
Lease liabilities	163,128	168,191	70,831	51,825	45,535	-
Long-term borrowings (including current portion)	1,971,766	2,047,873	254,219	1,187,154	606,500	-
Guarantee deposits received	37,614	37,614	-	37,614	-	-
	<u>\$ 13,532,539</u>	<u>13,627,690</u>	<u>11,699,062</u>	<u>1,276,593</u>	<u>652,035</u>	<u>-</u>
<b>December 31, 2024</b>						
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>
<b>September 30, 2024</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 3,230,521	3,239,238	3,239,238	-	-	-
Accounts payable	7,391,791	7,391,791	7,391,791	-	-	-
Other payables	865,493	865,493	865,493	-	-	-
Lease liabilities	228,534	238,879	69,529	72,221	97,129	-
Long-term borrowings (including current portion)	3,057,079	3,114,626	1,344,107	943,608	826,911	-
Guarantee deposits	50,362	50,362	-	50,362	-	-
	<u>\$ 14,823,780</u>	<u>14,900,389</u>	<u>12,910,158</u>	<u>1,066,191</u>	<u>924,040</u>	<u>-</u>

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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(iii) Foreign currency risk

1) Exposure to currency risk

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

	September 30, 2025			December 31, 2024			September 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	\$ 39,422	30.45	1,200,400	60,217	32.79	1,974,515	47,592	31.65	1,506,287
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	80,209	30.45	2,442,364	98,696	32.79	3,236,242	103,442	31.65	3,273,939

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and accounts payable and etc. that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of September 30, 2025 and 2024 would have increased (decreased) the profit before tax by \$12,420 thousand and \$17,677 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 nine months ended September 30, 2025 and 2024, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$64,824 thousand, \$42,814 thousand, \$(41,742) thousand and \$14,019, 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.

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**ITEQ CORPORATION AND SUBSIDIARIES**  
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If the interest rate had increased / decreased by 1%, the Group's profit before tax would have increased / decreased by \$39,047 thousand and \$47,157 thousand, respectively, for the nine months ended September 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 nine months ended September 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 nine months ended September 30			
	2025		2024	
	Other comprehensive income before tax	Profit	Other comprehensive income before tax	Profit
Increasing 1%	\$ <u>513</u>	<u>36</u>	<u>321</u>	<u>39</u>
Decreasing 1%	\$ <u>(513)</u>	<u>(36)</u>	<u>(321)</u>	<u>(39)</u>

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

	September 30, 2025				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,593	-	-	3,593	3,593
Financial assets at fair value through other comprehensive income					
Unlisted fund	24,375	-	-	24,375	24,375
Stocks listed on domestic emerging markets	<u>26,950</u>	<u>26,950</u>	-	-	<u>26,950</u>
Subtotal	<u>51,325</u>	<u>26,950</u>	-	<u>24,375</u>	<u>51,325</u>
Financial assets measured at amortized cost					
Cash and equivalents	\$ 4,540,891	-	-	-	-
Notes receivable and accounts receivable (including related parties)	13,344,034	-	-	-	-
Other receivables	83,950	-	-	-	-
Refundable deposits	<u>136,350</u>	-	-	-	-
Subtotal	<u>18,105,225</u>	-	-	-	-
Total	\$ <u>18,160,143</u>	<u>26,950</u>	-	<u>27,968</u>	<u>54,918</u>

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**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

		<b>September 30, 2025</b>				
		<b>Fair value</b>				
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
<b>September 30, 2025</b>						
<b>Fair value</b>						
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Financial liabilities at amortized cost						
Bank borrowings	\$ 5,206,257	-	-	-	-	
Accounts payable	7,451,190	-	-	-	-	
Lease liabilities	163,128	-	-	-	-	
Other payables	674,350	-	-	-	-	
Guarantee deposits received	37,614	-	-	-	-	
Total	<u>\$ 13,532,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>December 31, 2024</b>						
<b>Fair value</b>						
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
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	<u>30,099</u>	<u>-</u>	<u>-</u>	<u>30,099</u>	<u>30,099</u>	
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	<u>17,702,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 17,735,964</u>	<u>-</u>	<u>-</u>	<u>33,486</u>	<u>33,486</u>	
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	<u>\$ 12,994,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>September 30, 2024</b>						
<b>Fair value</b>						
	<b>Carrying amount</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Financial assets at fair value through profit or loss						
Stocks listed on domestic emerging markets	\$ 3,943	-	-	3,943	3,943	
Financial assets at fair value through other comprehensive income						
Unlisted fund	25,882	-	-	25,882	25,882	
Domestic unlisted common shares	6,194	-	-	6,194	6,194	
Subtotal	<u>32,076</u>	<u>-</u>	<u>-</u>	<u>32,076</u>	<u>32,076</u>	

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**Notes to the Consolidated Financial Statements**

	September 30, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and equivalents	\$ 5,272,897	-	-	-	-
Financial assets measured at amortized cost	284,549	-	-	-	-
Notes receivable and accounts receivable	12,909,447	-	-	-	-
Other receivables	140,384	-	-	-	-
Refundable deposits	133,176	-	-	-	-
Subtotal	<u>18,740,453</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 18,776,472</u>	<u>-</u>	<u>-</u>	<u>36,019</u>	<u>36,019</u>
Financial liabilities at amortized cost					
Bank borrowings	\$ 6,287,600	-	-	-	-
Accounts payable	7,391,791	-	-	-	-
Lease liabilities	228,534	-	-	-	-
Other payables	865,493	-	-	-	-
Guarantee deposits received	50,362	-	-	-	-
Total	<u>\$ 14,823,780</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.

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.

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**ITEQ CORPORATION AND SUBSIDIARIES**  
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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

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	<b>Unquoted equity instruments</b>	<b>Total</b>
Balance on January 1, 2025	\$ 3,387	30,099	33,486
Total gains or losses:			
Recognized in profit or loss	206	-	206
Recognized in other comprehensive income	-	1,432	1,432
Capital reduction	-	(1,610)	(1,610)
Transfer out of level 3	-	(5,546)	(5,546)
Balance on September 30, 2025	<u>\$ 3,593</u>	<u>24,375</u>	<u>27,968</u>

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**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The aforementioned total gains and losses that were included in “other gains and losses” and “unrealized gains and losses on fair value through other comprehensive income-equity investments”, which related to holding assets on September 30, 2025 and 2024 were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Recognized in profit or loss	<u>\$ 92</u>	<u>(663)</u>	<u>206</u>	<u>289</u>
Recognized in other comprehensive income	<u>\$ 3,154</u>	<u>(2,107)</u>	<u>1,432</u>	<u>2,070</u>

- 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.

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**ITEQ CORPORATION AND SUBSIDIARIES**  
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Quantified information of significant unobservable inputs was as follows:

<u>Items</u>	<u>Evaluation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> <li>• Price-book ratio (as of September 30, 2025, December 31 and September 30, 2024 were 2.18、1.52 and 1.65, respectively)</li> <li>• Market liquidity discount rate (as of September 30, 2025, December 31 and September 30, 2024 were all 20%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> <li>• Price-book ratio (as of December 31 and September 30, 2024 were 3.82 and 4.06, respectively)</li> <li>• Market liquidity discount rate (as of December 31 and September 30, 2024 were both 25%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income-unlisted fund	Net asset value method	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	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 September 30, 2025, December 31 and September 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:

<u>Input</u>	<u>Upwards or downward changes</u>	<u>Fair value variation on profit or loss</u>					
		<u>Favorable</u>			<u>Unfavorable</u>		
		<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Price-book ratio	5%	130	95	103	(130)	(95)	(103)
Market liquidity discount rate	5%	38	42	50	(38)	(42)	(50)

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Input	Upwards or downward changes	Fair value variation on other comprehensive income					
		Favorable			Unfavorable		
		September 30, 2025	December 31, 2024	September 30, 2024	September 30, 2025	December 31, 2024	September 30, 2024
Price-book ratio	5%	-	226	274	-	(226)	(274)
Market liquidity discount rate	5%	-	89	104	-	(89)	(104)

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

(v) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) to the consolidated financial statements for the year ended December 31, 2024.

(w) Capital management

The Group's objective, policies and process of capital management of the consolidated financial statements for the nine months ended September 30, 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		September 30, 2025
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,719,387	530,393	(15,289)	-	3,234,491
Long-term borrowings	2,855,838	(819,563)	(64,509)	-	1,971,766
Lease liabilities	213,512	(47,937)	(5,124)	2,677	163,128
Guarantee deposits received	47,924	(7,173)	(3,137)	-	37,614
Total liabilities from financing activities	<u>\$ 5,836,661</u>	<u>(344,280)</u>	<u>(88,059)</u>	<u>2,677</u>	<u>5,406,999</u>

  

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

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**ITEQ CORPORATION AND SUBSIDIARIES**  
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**(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) Sales

The Group's significant sales amount and outstanding balance to related parties were as follows:

	Sales			
	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	2025	2024	2025	2024
Affiliate – MGC Corporation	\$ 6	-	6	-

	<u>Accounts receivable due from related parties</u>		
	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>
	2025	2024	2024
Affiliate – MGC Corporation	\$ 6	-	-

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-parties customers. However, there are some deferred remittance situations. There was no collateral on the accounts receivable from related parties, the Group did not recognized allowance of impairment after considerations.

(ii) 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:

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**ITEQ CORPORATION AND SUBSIDIARIES**  
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<u>Account items</u>	<u>September 30,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>September 30,</u> <u>2024</u>
Right-of-use assets	\$ <u>101,332</u>	<u>122,039</u>	<u>129,666</u>
Refundable deposits (under other non-current assets)	\$ <u>106,157</u>	<u>105,290</u>	<u>104,999</u>
Lease liabilities-current	\$ 30,997	29,977	29,858
Lease liabilities-non-current	71,569	92,839	100,381
	<u>\$ 102,566</u>	<u>122,816</u>	<u>130,239</u>
	<u>For the three months ended September 30</u>	<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Financial cost	\$ <u>428</u>	<u>540</u>	<u>1,374</u>
Depreciation expense	\$ <u>10,912</u>	<u>7,627</u>	<u>23,384</u>
Interest income	\$ <u>290</u>	<u>284</u>	<u>854</u>

(iii) Operating expense

MGC Corporation provided human support to the Group, for the three months and nine months ended September 30, 2025, the operating expense recognized \$326 thousand and \$521 thousand, respectively.

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

(iv) Other income

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

There was no such transaction for the nine months ended September 30, 2025.

(v) Other

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
WIN Corporation	\$ 117,736	98,113	117,736	98,113
Tian He Corporation	77,462	64,552	77,462	64,552
	<u>\$ 195,198</u>	<u>162,665</u>	<u>195,198</u>	<u>162,665</u>

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**ITEQ CORPORATION AND SUBSIDIARIES**  
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(c) Key management personnel compensation

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 15,713	10,463	28,509	21,749
Post-employment benefits	132	131	395	397
	<u>\$ 15,845</u>	<u>10,594</u>	<u>28,904</u>	<u>22,146</u>

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Property, plant and equipment	Long-term borrowings	\$ 991,600	1,118,226	1,125,798
Right-of-use assets	Long-term borrowings	10,538	11,415	11,370
Other non-current assets	Gas deposits	5,752	3,952	3,952
		<u>\$ 1,007,890</u>	<u>1,133,593</u>	<u>1,141,120</u>

**(9) Commitments and contingencies:**

(a) Unrecognized contractual commitments

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Acquisition of property, plant and equipment	<u>\$ 1,319,153</u>	<u>1,436,433</u>	<u>3,354,417</u>

(b) The Group's unused letters of credit

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Unused letters of credit	<u>\$ 578,342</u>	<u>353,158</u>	<u>424,294</u>

**(10) Losses due to major disasters: None**

**(11) Subsequent events: None**

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(12) Other:**

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

By item	For the three months ended September 30					
	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	234,033	165,816	399,849	244,310	118,905	363,215
Labor and health insurance	12,951	11,369	24,320	18,401	9,827	28,228
Pension	22,587	13,171	35,758	29,935	11,423	41,358
Remuneration of directors	-	4,361	4,361	-	3,699	3,699
Others	20,000	8,432	28,432	24,050	11,202	35,252
Depreciation	308,747	66,296	375,043	289,800	63,709	353,509
Amortization	15,683	1,435	17,118	24,088	2,834	26,922

By item	For the nine months ended September 30					
	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	725,258	498,980	1,224,238	762,556	418,973	1,181,529
Labor and health insurance	40,998	35,930	76,928	61,515	36,872	98,387
Pension	71,842	40,849	112,691	83,072	42,761	125,833
Remuneration of directors	-	14,583	14,583	-	8,541	8,541
Others	59,401	25,749	85,150	74,482	31,532	106,014
Depreciation	932,832	195,962	1,128,794	816,928	185,810	1,002,738
Amortization	50,176	5,019	55,195	72,362	8,244	80,606

- (b) Seasonality of operations

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

(Continued)

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Company for the nine months ended September 30, 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	1,928,115	1,928,115	2.5	2	-	Operating Capital	-	None	-	3,947,053	3,947,053
2	ITEQ Holding	ITEQ (TL)	Account receivables - related parties and other receivables - related parties	Yes	617,613	566,277	-	-	2	-	Operating Capital	-	None	-	3,947,053	3,947,053

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	19,735,265	597,690 (Note 3)	395,785	93,196	-	2.01%	19,735,265	Yes	No	No
0	"	IPL	2	19,735,265	3,469,923 (Note 3)	2,572,603	368,798	-	13.04%	19,735,265	Yes	No	No
0	"	ITEQ (JX)	2	19,735,265	2,122,830 (Note 3)	1,341,820	132,826	-	6.80%	19,735,265	Yes	No	Yes
0	"	ITEQ (TL)	2	19,735,265	2,194,710 (Note 3)	2,184,870	942,739	-	11.07%	19,735,265	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.

**ITEQ CORPORATION AND SUBSIDIARIES**  
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iii. Significant Securities held as of September 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	26,950	0.6%	26,950	
Bang Mao	Mortech Corporation	-	Current financial assets at fair value through profit or loss	381	3,593	1.0%	3,593	
"	TIEF FUND, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	24,375	4.8%	24,375	

iv. Related-party transactions for purchases and sales with amounts exceeding the lower of NTS 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)	(489,287)	(28.21%)	OA120 days	No material difference with general customers	No material difference with general customers	130,449	18.67%	Note
The Company	ITEQ (JX)	The Company holds 100% indirectly	"	(217,714)	(12.55%)	"	"	"	89,405	12.79%	"
IPL	ITEQ (GZ)	Same parent company	"	(213,895)	(29.79%)	"	"	"	105,738	27.95%	"
IPL	ITEQ (JX)	Same parent company	"	(492,393)	(68.59%)	"	"	"	271,442	71.75%	"
IIL	The Company	The Company holds 100% indirectly	"	(300,523)	(48.21%)	"	"	"	256,802	70.77%	"
IIL	ITEQ(WX)	Same parent company	"	(322,823)	(51.79%)	"	"	"	106,078	29.23%	"
ITEQ(WX)	IIL	Same parent company	"	(297,688)	(2.97%)	"	"	"	180,101	3.09%	"
ITEQ(WX)	ITEQ(DG)	Same parent company	"	(115,483)	(1.15%)	"	"	"	20,608	0.35%	"
ITEQ(WX)	ITEQ (JX)	Same parent company	"	(635,658)	(6.33%)	"	"	"	570,449	9.78%	"
ITEQ(DG)	ITEQ (JX)	Same parent company	"	(867,691)	(21.90%)	"	"	"	663,856	33.21%	"
ITEQ (JX)	ITEQ(WX)	Same parent company	"	(2,339,166)	(17.01%)	"	"	"	319,558	5.65%	"
ITEQ (JX)	ITEQ(DG)	Same parent company	"	(2,153,759)	(15.66%)	"	"	"	197,303	3.49%	"
ITEQ(WX)	The Company	The Company holds 100% indirectly	Purchase	489,287	5.57%	"	"	"	(130,449)	(4.62%)	"
ITEQ (JX)	The Company	The Company holds 100% indirectly	"	217,714	1.82%	"	"	"	(89,405)	(1.82%)	"
ITEQ (GZ)	IPL	Same parent company	"	213,895	12.69%	"	"	"	(105,738)	(31.96%)	"
ITEQ (JX)	IPL	Same parent company	"	492,393	4.12%	"	"	"	(271,442)	(5.52%)	"
The Company	IIL	The Company holds 100% indirectly	"	300,523	17.54%	"	"	"	(256,802)	(25.90%)	"
ITEQ(WX)	IIL	Same parent company	"	322,823	3.67%	"	"	"	(106,078)	(3.76%)	"
IIL	ITEQ(WX)	Same parent company	"	297,688	47.75%	"	"	"	(180,101)	(58.90%)	"
ITEQ(DG)	ITEQ(WX)	Same parent company	"	115,483	3.11%	"	"	"	(20,608)	(2.66%)	"
ITEQ (JX)	ITEQ(WX)	Same parent company	"	635,658	5.31%	"	"	"	(570,449)	(11.59%)	"
ITEQ (JX)	ITEQ(DG)	Same parent company	"	867,691	7.25%	"	"	"	(663,856)	(13.49%)	"
ITEQ(WX)	ITEQ (JX)	Same parent company	"	2,339,166	26.62%	"	"	"	(319,558)	(11.32%)	"
ITEQ (DG)	ITEQ (JX)	Same parent company	"	2,153,759	57.98%	"	"	"	(197,303)	(25.46%)	"

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

**ITEQ CORPORATION AND SUBSIDIARIES**  
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v.Receivables from related parties with amounts exceeding the lower of NT\$ 100 million or 20% of paid-in capital :

Name of company	Related party	Nature of relationship	Ending balance (Note 2)	Turnover Rate	Overdue		Amounts received in subsequent period (As of November 7, 2025)	Loss allowance
					Amount	Action taken		
The Company	ITEQ (WX)	The Company holds 100% indirectly	130,449	6.73	-	-	30,815	-
IPL	ITEQ (GZ)	Same parent company	105,738	2.69	-	-	26,684	-
IPL	ITEQ (JX)	Same parent company	271,442	1.24	-	-	45,823	-
IIL	The Company	The Company holds 100% indirectly	256,802	2.03	-	-	36,966	-
IIL	ITEQ (WX)	Same parent company	106,078	5.47	-	-	16,163	-
ITEQ (DG)	ITEQ (JX)	Same parent company	663,856	2.12	-	-	39,866	-
ITEQ (JX)	ITEQ (DG)	Same parent company	197,303	7.55	-	-	-	-
ITEQ (JX)	ITEQ (WX)	Same parent company	319,558	9.13	-	-	313,183	-
ITEQ (WX)	IIL	Same parent company	180,101	2.26	-	-	22,089	-
ITEQ (WX)	ITEQ (JX)	Same parent company	570,449	1.98	-	-	110,500	-
ITEQ (WX)	ITEQ (JX)	Same parent company	1,964,168	Note 1	-	-	-	-

Note 1: The ending balance was other account receivables, which was not applicable for the calculation of turnover rate.

Note 2: 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 6)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	ITEQ (WX)	1	Sale	489,287	Note 4	2.02%
0	The Company	ITEQ (JX)	1	Sale	217,714	Note 4	0.90%
1	IPL	ITEQ (GZ)	3	Sale	213,895	Note 4	0.88%
1	IPL	ITEQ (JX)	3	Sale	492,393	Note 4	2.04%
2	IIL	The Company	2	Sale	300,523	Note 4	1.24%
2	IIL	ITEQ (WX)	3	Sale	322,823	Note 4	1.33%
3	ITEQ (WX)	IIL	3	Sale	297,688	Note 4	1.23%
3	ITEQ (WX)	ITEQ (JX)	3	Sale	635,658	Note 4	2.63%
4	ITEQ (DG)	ITEQ (JX)	3	Sale	867,691	Note 4	3.59%
5	ITEQ (JX)	ITEQ (WX)	3	Sale	2,339,166	Note 4	9.67%
5	ITEQ (JX)	ITEQ (DG)	3	Sale	2,153,759	Note 4	8.91%
1	IPL	ITEQ (JX)	3	Account receivable	271,442	Note 4	0.78%
2	IIL	The Company	2	Account receivable	256,802	Note 4	0.74%
3	ITEQ (WX)	ITEQ (JX)	3	Account receivable	570,449	Note 4	1.64%
4	ITEQ (DG)	ITEQ (JX)	3	Account receivable	663,856	Note 4	1.91%
5	ITEQ (JX)	ITEQ (WX)	3	Account receivable	319,558	Note 4	0.92%
3	ITEQ (WX)	ITEQ (JX)	3	Other Account receivable	1,964,168	Note 5	5.65%

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: Loans to other parties with an interest rate of 2.5%

Note 6: These accounts are disclosed based on the amounts exceed NT\$ 200,000 thousand.

**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 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%	21,348,912	2,023,375	2,023,375	Note 1
"	Bang Mao	Hsinchu	Investment activities	1,000	1,000	100	100%	34,750	(173)	(173)	Note 1
"	MGC Corporaiotn	Hsinchu	Electronic parts and components manufacturing	49,000	49,000	4,900	49%	32,097	(9,598)	(4,799)	
"	ITEQ (TL)	Thailand	Manufacturing and sales of prepreg and copper clad lamination	901,818	586,083	10,000	100%	958,311	15,771	15,771	Note 1
ITEQ International	ITEQ Holding	British Cayman Islands	Investment activities	1,879,344	1,879,344	18,500	100%	21,348,910	2,023,375	2,023,375	Note 1
ITEQ Holding	ESIC	The British Virgin Islands	Investments in mainland China	395,850	395,850	10,750	100%	8,907,744	842,740	842,740	Note 1
"	IPL	Samoa	Import and export business	30,450	30,450	1,000	100%	126,825	41,739	41,739	Note 1
"	IIL	Samoa	Import and export business	30,450	30,450	1,000	100%	70,001	(1,685)	(1,685)	Note 1
"	Eagle Great	The British Virgin Islands	Investments in mainland China	258,795	258,795	8,499	100%	377,672	(25,061)	(25,061)	Note 1
"	ITEQ (HK)	Hong Kong	Investments in mainland China	736,890	736,890	51,500	100%	11,866,605	1,165,610	1,165,610	Note 1

Note 1: 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 September 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	342,201	100%	342,201	5,037,200	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	1,080,542	100%	1,080,542	9,700,675	5,020,639
ITEQ (HJ) (Note 5)	Manufacturing and sales of mass lamination	258,795	(Note 1)	252,309	-	-	252,309	(24,643)	100%	(24,643)	370,580	-
ITEQ (GZ) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	721,665	(Note 1)	493,290	-	-	493,290	85,319	100%	85,319	2,142,846	1,675,224
ITEQ (JX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	4,896,360	(Note 1)(Note 4)	-	-	-	-	999,952	100%	999,952	7,576,596	-

ii)Limitation on investment in mainland China:

Accumulated Investment in mainland China as of September 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)	2,447,778 (USD 80,400)	11,841,159

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 September 30, 2025.

iii)Significant transactions

For the nine months ended September 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:

	<b>For the three months ended September 30, 2025</b>					
	<b>ITEQ Corporation</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Other department</b>	<b>Total</b>
Revenue from external customers	\$ 368,550	2,822,735	790,563	3,100,664	641,875	7,724,387
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 368,550</u>	<u>2,822,735</u>	<u>790,563</u>	<u>3,100,664</u>	<u>641,875</u>	<u>7,724,387</u>
Reportable segment profit (loss)	<u>\$ (196,065)</u>	<u>261,306</u>	<u>53,278</u>	<u>352,696</u>	<u>49,714</u>	<u>520,929</u>
	<b>For the three months ended September 30, 2024</b>					
	<b>ITEQ Corporation</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Other department</b>	<b>Total</b>
Revenue from external customers	\$ 270,859	3,343,596	1,095,012	2,579,098	674,298	7,962,863
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 270,859</u>	<u>3,343,596</u>	<u>1,095,012</u>	<u>2,579,098</u>	<u>674,298</u>	<u>7,962,863</u>
Reportable segment profit (loss)	<u>\$ (263,172)</u>	<u>405,751</u>	<u>50,456</u>	<u>149,833</u>	<u>73,843</u>	<u>416,711</u>
	<b>For the nine months ended September 30, 2025</b>					
	<b>ITEQ Corporation</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Other department</b>	<b>Total</b>
Revenue from external customers	\$ 977,457	8,981,733	3,078,383	9,251,297	1,892,727	24,181,597
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 977,457</u>	<u>8,981,733</u>	<u>3,078,383</u>	<u>9,251,297</u>	<u>1,892,727</u>	<u>24,181,597</u>
Reportable segment profit (loss)	<u>\$ (676,997)</u>	<u>937,609</u>	<u>119,931</u>	<u>1,203,627</u>	<u>141,411</u>	<u>1,725,581</u>
	<b>For the nine months ended September 30, 2024</b>					
	<b>ITEQ Corporation</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Other department</b>	<b>Total</b>
Revenue from external customers	\$ 827,595	8,938,081	4,093,341	6,009,829	1,844,620	21,713,466
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 827,595</u>	<u>8,938,081</u>	<u>4,093,341</u>	<u>6,009,829</u>	<u>1,844,620</u>	<u>21,713,466</u>
Reportable segment profit (loss)	<u>\$ (694,185)</u>	<u>1,105,879</u>	<u>106,906</u>	<u>427,178</u>	<u>68,348</u>	<u>1,014,126</u>