Stock Code:6213

ITEQ CORPORATION

PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024

Address: No. 17, Daluge Rd., Xinpu Township, Hsinchu County 305, Taiwan (R.O.C.)
Telephone: 886-3-588-7888

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安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of ITEQ Corporation:

Opinion

We have audited the financial statements of ITEQ Corporation ("the Company"), which comprise the balance sheets as of December 31, 2025 and 2024, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgement, the key audit matters we communicated in the auditors' report were as follows:

- The accuracy of the timing of revenue recognition

  Refer to note 4(o) "Revenue" and note 6(r) to the financial statements for the disclosure of revenue recognition.

  Description of key audit matter

  The sales of products from the Company are subject to the terms and conditions agreed upon in sales contracts with customers, wherein it will affect the timing of revenue recognition and transfer of control to the buyer to be incompliance with the accounting standards. If the revenue is recognized prior to the customer having obtained the goods, it will result in an inappropriate timing of revenue recognition the period surrounding the reporting date. Hence, the accuracy of the timing of revenue recognition during these periods is one of our key audit matters.

How the matter was addressed in our audit

– Understanding the types of revenue, contract contents and transaction terms to assess the accuracy of the timing of revenue recognition.
– Conducting the variance analysis on the revenue from major customers.
– As well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition.
– Selected some samples of transaction records of sales within the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company' s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are (including the Audit Committee) responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor' s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Taipei, Taiwan (Republic of China)
March 6, 2026

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying 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' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)

ITEQ CORPORATION

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2025		December 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 661,918	3	146,287	1
1137	Current financial assets at amortised cost (note 6(b))	-	-	1,500	-
1170	Accounts and notes receivable, net (notes 6(c) and (r))	477,306	2	389,766	2
1180	Accounts receivable due from related parties, net (notes 6(c), (r) and 7)	313,499	1	295,968	1
1200	Other receivables	36,420	-	80,425	-
1210	Other receivables due from related parties (note 7)	-	-	823,164	3
1220	Current tax assets	78,988	-	78,889	-
130X	Inventories (note 6(d))	594,006	2	305,772	1
1470	Other current assets (note 6(h))	30,701	-	23,683	-
	Total current assets	2,192,838	8	2,145,454	8
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	28,314	-	5,546	-
1550	Investments accounted for using equity method (notes 6(e) and 7)	23,241,348	85	22,412,589	84
1600	Property, plant and equipment (notes 6(f) and 9)	1,476,107	5	1,338,522	5
1755	Right-of-use assets (notes 6(g) and 7)	93,537	-	122,039	-
1840	Deferred tax assets (note 6(m))	158,283	1	149,541	-
1915	Prepayments for business facilities	140,031	-	489,982	2
1900	Other non-current assets (notes 6(h), (l), 7 and 8)	168,742	1	166,913	1
	Total non-current assets	25,306,362	92	24,685,132	92
	Total assets	**$ 27,499,200**	**100**	**26,830,586**	**100**

		December 31, 2025		December 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (note 6(i))	$ 1,820,000	7	2,470,000	10
2170	Accounts payable	705,977	3	329,117	1
2180	Accounts payable to related parties (note 7)	224,617	1	226,284	1
2200	Other payables (note 6(q))	352,815	1	296,836	1
2220	Other payables to related parties (note 7)	40	-	108,795	-
2280	Current lease liabilities (notes 6(k) and 7)	31,120	-	29,977	-
2320	Long-term liabilities, current portion (note 6(j))	16,250	-	500,000	2
2399	Other current liabilities (note 6(r))	5,882	-	3,299	-
	Total current liabilities	3,156,701	12	3,964,308	15
	Non-current liabilities:				
2540	Long-term borrowings (note 6(j))	1,893,750	7	1,150,000	4
2570	Deferred tax liabilities (note 6(m))	1,116,177	4	975,992	4
2580	Non-current lease liabilities (notes 6(k) and 7)	63,742	-	92,839	-
2645	Guarantee deposits received	1,800	-	1,500	-
	Total non-current liabilities	3,075,469	11	2,220,331	8
	Total liabilities	6,232,170	23	6,184,639	23
	Equity (notes 6(b), (e), (l), (n), (p) and 7):				
3110	Ordinary share	3,631,572	13	3,629,572	14
3140	Advance receipts for share capital	21,944	-	-	-
3200	Capital surplus	9,248,735	34	9,227,074	34
3300	Retained earnings	8,290,035	30	7,430,650	28
3400	Other equity	74,744	-	358,651	1
	Total equity	21,267,030	77	20,645,947	77
	Total liabilities and equity	**$ 27,499,200**	**100**	**26,830,586**	**100**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(r) and 7)**	$ 2,366,962	100	1,812,026	100
5000	**Operating costs (notes (d), (f), (g), (k), (q), 7 and 12)**	2,347,321	99	1,917,439	106
5900	**Gross profit (loss) from operations**	19,641	1	(105,413)	(6)
5910	Realized (unrealized) profit from sales	(7,859)	-	1,558	-
5950	**Net gross profit (loss) from operations**	11,782	1	(103,855)	(6)
6000	**Operating expenses (notes 6(c), (f), (g), (k), (l), (q), 7 and 12):**				
6100	Selling expenses	131,948	5	127,204	7
6200	Administrative expenses	344,305	15	337,638	19
6300	Research and development expenses	283,719	12	264,525	15
6450	Expected credit loss (gain)	(862)	-	1,413	-
	Total operating expenses	759,110	32	730,780	41
6900	**Net operating loss**	(747,328)	(31)	(834,635)	(47)
7000	**Non-operating income and expenses (notes 6(e), (f), (k), (s) and 7):**				
7100	Interest income	7,789	-	11,106	1
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	2,741,313	116	2,058,051	114
7010	Other income	3,818	-	6,841	-
7020	Other gains and losses	(62,249)	(3)	11,887	1
7050	Finance costs	(79,053)	(3)	(79,251)	(4)
	Total non-operating income and expenses	2,611,618	110	2,008,634	112
7900	**Profit before tax**	1,864,290	79	1,173,999	65
7950	**Income tax expenses (note 6(m))**	354,071	15	352,212	19
	Profit	1,510,219	64	821,787	46
8300	**Other comprehensive income (notes 6(b), (e), (l), (m), (n) and (t)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	2,489	-	4,581	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	22,768	1	325	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	1,622	-	(186)	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	26,879	1	4,720	1
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(385,372)	(16)	1,139,562	63
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	77,075	3	(227,912)	(13)
	Total components of other comprehensive income that will be reclassified to profit or loss	(308,297)	(13)	911,650	50
8300	**Other comprehensive income**	(281,418)	(12)	916,370	51
8500	**Total comprehensive income**	$ 1,228,801	52	1,738,157	97
9750	**Basic earnings per share (expressed in New Taiwan dollars) (note 6(o))**	$ 4.16		2.26	
9850	**Diluted earnings per share (expressed in New Taiwan dollars) (note 6(o))**	$ 4.15		2.26	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings				Other equity			
	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance on January 1, 2024	$ 3,629,572	-	9,214,696	2,316,563	281,338	4,550,817	7,148,718	(555,434)	2,296	(553,138)	19,439,848
Profit	-	-	-	-	-	821,787	821,787	-	-	-	821,787
Other comprehensive income	-	-	-	-	-	4,581	4,581	911,650	139	911,789	916,370
Total comprehensive income	-	-	-	-	-	826,368	826,368	911,650	139	911,789	1,738,157
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)
Change in equity of subsidiaries accounted for using equity method	-	-	12,378	-	-	-	-	-	-	-	12,378
Balance on December 31, 2024	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	-	-	-	-	-	1,510,219	1,510,219	-	-	-	1,510,219
Other comprehensive income	-	-	-	-	-	2,489	2,489	(308,297)	24,390	(283,907)	(281,418)
Total comprehensive income	-	-	-	-	-	1,512,708	1,512,708	(308,297)	24,390	(283,907)	1,228,801
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	2,000	21,944	14,880	-	-	-	-	-	-	-	38,824
Change in equity of subsidiaries accounted for using equity method	-	-	6,781	-	-	-	-	-	-	-	6,781
Balance on December 31, 2025	**$ 3,631,572**	**21,944**	**9,248,735**	**2,466,850**	**-**	**5,823,185**	**8,290,035**	**47,919**	**26,825**	**74,744**	**21,267,030**

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)

ITEQ CORPORATION

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,864,290	1,173,999
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	334,170	256,317
Amortization expense	5,789	9,186
Expected credit loss (gain)	(862)	1,413
Interest expense	79,053	79,251
Interest income	(7,789)	(11,106)
Share of profit of subsidiaries,associates and joint ventures accounted for using equity method	(2,741,313)	(2,058,051)
Gains on disposal of property, plant and equipment	(1,036)	(847)
Unrealized (realized) profit from sales	7,859	(1,558)
Total adjustments to reconcile profit (loss)	(2,324,129)	(1,725,395)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(7,687)	24,585
Accounts receivable	(78,991)	(24,175)
Accounts receivable due from related parties	(17,531)	(93,402)
Other receivable	44,005	(42,676)
Other receivable due from related parties	-	(5,102)
Inventories	(288,234)	(46,409)
Other current assets	(7,018)	56,274
Other operating assets	(575)	(461)
Total changes in operating assets	(356,031)	(131,366)
Changes in operating liabilities:		
Accounts payable	376,860	(131,039)
Accounts payable to related parties	(1,667)	79,923
Other payable	63,968	24,306
Other payable to related parties	(6,384)	(29)
Other current liabilities	2,583	(3,419)
Total changes in operating liabilities	435,360	(30,258)
Total changes in operating assets and liabilities	79,329	(161,624)
Total adjustments	(2,244,800)	(1,887,019)
Cash outflow generated from operations	(380,510)	(713,020)
Interest paid	(79,116)	(79,378)
Income taxes paid	(145,652)	(282,085)
Net cash used in operating activities	(605,278)	(1,074,483)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	-	(1,500)
Acquisition of investments accounted for using equity method	(315,735)	-
Proceeds from capital reduction of investments accounted for using equity method	159,967	69,000
Acquisition of property, plant and equipment	(19,240)	(78,774)
Proceeds from disposal of property, plant and equipment	430	431
Increase in other non-current assets	(1,896)	(3,734)
Increase in prepayments for business facilities	(79,312)	(169,271)
Interest received	14,920	2,287
Dividends received	2,396,604	1,442,645
Net cash flows from investing activities	2,155,738	1,261,084
Cash flows from (used in) financing activities:		
Cash dividends paid	(653,323)	(544,436)
Decrease in short-term borrowings	(650,000)	(50,000)
Proceeds from long-term borrowings	760,000	450,000
Repayments of long-term debt	(500,000)	-
Increase in guarantee deposits received	300	-
Payment of lease liabilities	(30,630)	(29,505)
Exercise of employee share options	38,824	-
Net cash used in financing activities	(1,034,829)	(173,941)
Net increase in cash and cash equivalents	515,631	12,660
Cash and cash equivalents at beginning of period	146,287	133,627
Cash and cash equivalents at ending of period	**$ 661,918**	**146,287**

See accompanying notes to parent-company-only financial statements.

(1) Company history

ITEQ Corp. (the "Company") was incorporated on April 10, 1997. It 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 financial statements:

These parent-company-only financial statements were authorized for issue by the Board of Directors on March 6, 2026.

(3) New standards, amendments and interpretations adopted:

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

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

- Amendments to IAS21 "Lack of Exchangeability"

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

The Company 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 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"

ITEQ CORPORATION

Notes to the Parent-Company-Only 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 Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities. ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.	January 1, 2027 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.

(Continued)

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

The Company 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 financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

(4) Summary of material accounting policies:

The material accounting policies presented in the parent-company-only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent-company-only financial statements.

(a) Statement of compliance

These parent-company-only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent-company-only financial statements have been prepared on a historical cost basis:

1) Financial assets and liabilities at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the entity operates. The parent-company-only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

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ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

The Company classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. An financial asset (unless it is a account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income (FVOCI) – equity investment. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

● it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

● its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ accounts receivables’ line item.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which is normally the ex-dividend date.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivable, refundable deposits and other financial assets).

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECLs), except for the following which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts and notes receivable are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

The Company considers a time deposits to have low credit risk when its counterparties and counterparties to the transaction were financial institutions with investment-grade ratings or above.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ' credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets.

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent-company-only financial statements, investments in subsidiaries which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and the other comprehensive income presented in the parent-company-only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent-company-only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e., activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Company has joint control of the arrangement (i.e., joint venturers) in which the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Company recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Company qualifies for exemption from that Standard.

When assessing the classification of a joint arrangement, the Company considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Machinery and equipment	3~8 years
2)	Transportation equipment	5 years
3)	Facilities	3~5 years
4)	Other equipment	2~9 years
5)	Lease improvements	1~9 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability as a lessee at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘rent income’.

(l) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	1~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(o) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

1) Sale of goods

The Company manufactures prepreg and copper clad laminate, and sales to customer. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over use the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(q) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date which the Company confirms the numbers of shares subscribed by employees.

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

The Company has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Company has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee stock options and employee compensation.

(t) Operating segments

The Company discloses its segment reporting in the consolidated financial statements. Therefore, the Company does not disclose segment information in the parent-company-only financial statements.

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

The preparation of the parent-company-only financial statements, management has made 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

Notes to the Parent-Company-Only Financial Statements

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about judgements made in applying accounting policies do not have significant effects on the amounts recognized in the financial statements.

Information about assumptions and estimation uncertainties that do not have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial years.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2025	December 31, 2024
Cash on hand	$	86	91
Cash in bank		661,832	146,196
	$	**661,918**	**146,287**

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

(b) Financial assets

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

		December 31, 2025	December 31, 2024
Stock listed on domestic emerging markets	$	28,314	-
Domestic unlisted common shares		-	5,546
	$	**28,314**	**5,546**

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

(ii) Financial assets measured at amortized cost

		December 31, 2025	December 31, 2024
Time deposits	**$**	**-**	**1,500**

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(iii) For credit risks, please refer to note 6(t).

(iv) The aforementioned financial assets were not pledged.

(c) Receivables

	December 31, 2025	December 31, 2024
Notes receivable	$ 17,569	9,882
Accounts receivable	460,601	381,610
Accounts receivable-related parties	313,499	295,968
Less: loss allowance	(864)	(1,726)
	$ 790,805	**685,734**

The Company 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:

	December 31, 2025		
	Gross carrying amount	**Weight- average loss rate**	**Loss allowance**
Current	$ 788,692	0.00%	-
Past due 1 to 30 days	2,113	0.00%	-
Past due 31 to 90 days	-	0.00%	-
Past due more the 91 days	864	100%	864
	$ 791,669		**864**

	December 31, 2024		
	Gross carrying amount	**Weight- average loss rate**	**Loss allowance**
Current	$ 671,428	0.00%	-
Past due 1 to 30 days	12,466	0.00%	-
Past due 31 to 90 days	2,242	24.80%~25.80%	402
Past due more the 91 days	1,324	100%	1,324
	$ 687,460		**1,726**

ITEQ CORPORATION
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The movement in the allowance for receivables (including related parties) were as follows:

	2025	2024
Balance on January 1, 2025	$ 1,726	313
Impairment loss recognized (reversed)	(862)	1,413
Balance on December 31, 2025	**$ 864**	**1,726**

As of December 31, 2025 and 2024, the aforementioned receivables were not pledged.

(d) Inventories

	December 31, 2025	December 31, 2024
Raw materials	$ 521,421	250,863
Work in progress	5,398	22,334
Finished goods	66,962	32,366
Inventories in transit	225	209
	$ 594,006	**305,772**

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:

	2025	2024
Losses (gains) on valuation of inventories	$ 18,684	(44,543)
Scrap income	(32,245)	(24,319)
	$ (13,561)	**(68,862)**

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

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

(e) Investments accounted for using the equity method

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

	December 31, 2025	December 31, 2024
Subsidiaries	$ 23,210,947	22,375,693
Joint venture	30,401	36,896
	$ 23,241,348	**22,412,589**

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(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2025.

For the years ended December 31, 2025 and 2024, the Company's subsidiaries distributed dividends amount to $1,581,730 and $2,060,632, respectively. Please refer to Note 7(b) for details.

On March 7, 2025, a resolution was approved during the Board meeting of the company for a cash capital increase of its subsidiary, ITEQ Corporation (Thailand) Ltd., at an amount of 315,735 thousand (THB 350,000 thousand).

On December 11, 2025, a resolution was approved during the Board meeting of the company's subsidiary ITEQ International Ltd. (hereinafter refer to ITEQ International) for a capital reduction of 4,899 thousand shares amounting to USD4,899 thousand, wherein ITEQ International would refund cash to its shareholders thereafter. The Company received the amount of $159,967 thousand (USD4,899 thousands) in cash according to the shareholding percentage of ITEQ International on December 11, 2025 (the date of capital reduction).

On September 24, 2024, a resolution was approved during the Board meeting of the company's subsidiary BangMao Investment Co., Ltd. (hereinafter refer to as Bang Mao) for a capital reduction of 6,900 thousand shares amounting to $69,000 thousand, wherein Bang Mao would refund cash to its shareholders thereafter. The Company received the amount of $69,000 thousand in cash according to the shareholding percentage of Bang Mao on September 30, 2024 (the date of capital reduction).

(ii) Joint venture

To expand the manufacturing and sales of materials for laminate substrates in semiconductor packaging, the Company 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 Company has no control over the joint venture; therefore, the Company classified the agreement as a joint venture and treated it by using the equity method. The Company'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 Company'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 parent-company-only financial statements.

	December 31, 2025	December 31, 2024
Carrying amount of individually insignificant joint venture	$ 30,401	36,896

	2025	2024
Attributable to the Company:		
Loss from continuing operations	$ (6,495)	(5,226)

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iii) As of December 31, 2025 and 2024, the investments accounted for using equity method were not pledged.

(f) Property, plant and equipment

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

	Machinery and equipment	Transport equipment	Facilities	Other equipment	Leased improvements	Total
Costs:						
Balance on January 1, 2025	$ 1,432,285	11,772	9,403	711,394	436,701	2,601,555
Additions	6,490	-	-	2,914	1,910	11,314
Disposals	-	(1,002)	-	(882)	-	(1,884)
Reclassification (Note)	343,028	4,313	-	59,720	22,202	429,263
Balance on December 31, 2025	**$ 1,781,803**	**15,083**	**9,403**	**773,146**	**460,813**	**3,040,248**
Balance on January 1, 2024	$ 1,013,633	10,188	9,177	557,689	406,236	1,996,923
Addition	25,623	3,919	226	34,515	3,730	68,013
Disposals	(5,090)	(3,231)	-	(633)	(10,365)	(19,319)
Reclassification (Note)	398,119	896	-	119,823	37,100	555,938
Balance on December 31, 2024	**$ 1,432,285**	**11,772**	**9,403**	**711,394**	**436,701**	**2,601,555**
Depreciation and impairment loss:						
Balance on January 1, 2025	$ 632,584	7,028	9,196	378,765	235,460	1,263,033
Depreciation	169,390	2,032	45	87,620	43,905	302,992
Disposals	-	(1,002)	-	(882)	-	(1,884)
Balance on December 31, 2025	**$ 801,974**	**8,058**	**9,241**	**465,503**	**279,365**	**1,564,141**
Balance on January 1, 2024	$ 523,049	9,297	9,137	307,489	207,535	1,056,507
Depreciation	114,587	962	59	71,909	38,290	225,807
Disposals	(5,052)	(3,231)	-	(633)	(10,365)	(19,281)
Balance on December 31, 2024	**$ 632,584**	**7,028**	**9,196**	**378,765**	**235,460**	**1,263,033**
Carrying amount:						
Balance on December 31, 2025	**$ 979,829**	**7,025**	**162**	**307,643**	**181,448**	**1,476,107**
Balance on January 1, 2024	**$ 490,584**	**891**	**40**	**250,200**	**198,701**	**940,416**
Balance on December 31, 2024	**$ 799,701**	**4,744**	**207**	**332,629**	**201,241**	**1,338,522**

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

As of December 31, 2025 and 2024, the property, plant and equipment of the Company were not pledged.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(g) Right-of-use assets

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

		Buildings
Costs:		
Balance on January 1, 2025	$	296,211
Additions		2,676
Balance on December 31, 2025	**$**	**298,887**
Balance on January 1, 2024	$	292,495
Additions		3,716
Balance on December 31, 2024	**$**	**296,211**
Accumulate depreciation:		
Balance on January 1, 2025	$	174,172
Depreciation		31,178
Balance on December 31, 2025	**$**	**205,350**
Balance on January 1, 2024	$	143,662
Depreciation		30,510
Balance on December 31, 2024	**$**	**174,172**
Carrying amount:		
Balance on December 31, 2025	**$**	**93,537**
Balance on January 1, 2024	**$**	**148,833**
Balance on December 31, 2024	**$**	**122,039**

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

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

		December 31, 2025	December 31, 2024
Net input VAT	$	28,861	20,727
Prepaid expense and others		1,840	2,956
	$	**30,701**	**23,683**

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

	December 31, 2025	December 31, 2024
Intangible assets	$ 11,254	10,461
Materials and supplies	8,100	7,988
Net defined benefit plan assets	36,899	33,835
Refundable deposits	112,200	109,542
Others	289	5,087
	$ 168,742	166,913

(i) Short-term borrowings

	December 31, 2025	December 31, 2024
Unsecured bank borrowings (currency: NTD)	$ 1,820,000	2,470,000
Unused credit lines	$ 4,042,960	4,954,768
Interest rate collars	1.65%~1.90%	1.81%~1.94%

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

(j) Long-term borrowings

	December 31, 2025			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	NTD	1.80%~1.87%	2027.5~2030.8	$ 1,910,000
Less: current portion				(16,250)
Total				$ 1,893,750
Unused credit lines				$ 585,750

	December 31, 2024			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	NTD	1.732%~1.91%	2025.2~2029.3	$ 1,650,000
Less: current portion				(500,000)
Total				$ 1,150,000
Unused credit lines				$ 619,625

For details of interest expenses, please refer to note 6(s). The Company has not pledged the asset for its long-term borrowings.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(k) Lease liabilities

Lease liabilities of the Company were as follows:

	December 31, 2025	December 31, 2024
Current	$ 31,120	29,977
Non-current	$ 63,742	92,839

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

Amount recognized in profit or loss were as follows:

	2025	2024
Interest expenses on lease liabilities	$ 1,771	2,205
Expenses relating to short-term leases and leases of low-value asset	$ 2,535	2,397

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

	2025	2024
Total cash outflow for leases	$ 34,936	34,107

(i) Leases of buildings

The Company leases buildings for its factory and office space. The leases run for a period of 3 to 9 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 Company also leases machinery with contract terms within a year. These leases are short-term leases or leases of low-value items. The Company has selected not to recognize right-of-use assets and lease liabilities for these leases.

(l) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	$ 20,984	21,451
Fair value of plan assets	(57,883)	(55,286)
Net defined benefit assets (under other non-current assets)	$ (36,899)	(33,835)

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The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $57,883 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	2025	2024
Defined benefit obligations on January 1	$ 21,451	21,928
Current interest costs	365	351
Remeasurements of the net defined benefit asset		
—Actuarial losses (gains) arising from experience adjustments	1,304	(225)
Benefits paid by the plan	(2,136)	(603)
Defined benefit obligations on December 31	**$ 20,984**	**21,451**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2025	2024
Fair value of plan assets on January 1	$ 55,286	50,721
Interest income	940	812
Remeasurements of the net defined benefit asset:		
—Return on plan assets excluding interest income	3,793	4,356
Benefits paid by the plan	(2,136)	(603)
Fair value of plan assets on December 31	**$ 57,883**	**55,286**

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

4) Expenses recognized in profit or loss

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

	2025	2024
Net interest of net assets for defined benefit assets	**$ (575)**	**(461)**

	2025	2024
Operating expense	**$ (575)**	**(461)**

5) Remeasurements of the net defined benefit asset recognized in the other comprehensive income

The Company's remeasurements of the net defined benefit asset recognized in the other comprehensive income were as follow:

	2025	2024
Accumulated amount on January 1	$ (16,087)	(11,506)
Recognized during the period	(2,489)	(4,581)
Accumulated amount on December 31	**$ (18,576)**	**(16,087)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Discount rate	1.60 %	1.70 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date for 2025 is $0 thousand.

The weighted-average lifetime of the defined benefits plans for the year ended December 31, 2025 is 1.5 years.

(Continued)

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on the defined benefit obligations	
	Increased 0.25%	**Decreased 0.25%**
December 31, 2025		
Discount rate	$ (285)	292
Future salary increasing rate	264	(260)
December 31, 2024		
Discount rate	$ (301)	308
Future salary increasing rate	280	(275)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. In practice, assumptions may be interactive with each other. The method used in the sensitivity analysis is consistent with the calculation of net pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the above-mentioned preparation of sensitivity analysis for 2025 and 2024.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $13,625 thousand and $13,463 thousand for the years ended December 31, 2025 and 2024, respectively.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(m) Income taxes

(i) Income tax expenses

The components of income tax expenses (benefit) for the years ended of December 31, 2025 and 2024 were as follows:

		2025	2024
Current income tax expense			
Current period	$	161,654	202,546
Adjustment for prior periods		(16,101)	650
		145,553	203,196
Deferred income tax expense			
Origination and reversal of temporary differences		208,518	149,016
Income tax expense	**$**	**354,071**	**352,212**

The amount of income tax benefit (expense) recognized in other comprehensive income (loss) for 2025 and 2024 were as follows:

		2025	2024
Components of other comprehensive income that will be reclassified to profit or loss:			
Exchange differences on translation	**$**	**77,075**	**(227,912)**

Reconciliation of income tax expense and income before tax for 2025 and 2024 were as follows:

		2025	2024
Profit before tax	**$**	**1,864,290**	**1,173,999**
Income tax calculated using the Company's domestic tax rate	$	372,858	234,800
Non-deductible expenses		7,363	5,591
Exempt income		(303)	(251)
Change in unrecognized temporary differences		(14,105)	134,640
Adjustment for undistributed earnings		(16,101)	-
Adjustment for prior periods		-	650
Tax incentives		(2,898)	(32,481)
Others		7,257	9,263
	$	**354,071**	**352,212**

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The Company was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, management considered its probablility that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences were not recognized under deferred tax liabilities as follows:

	December 31, 2025	December 31, 2024
Aggregate amount of temporary differences related to investments in subsidiaries	$ 2,965,454	2,970,467

There were no unrecognized deferred tax assets as of December 31, 2025 and 2024.

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred tax assets:

	Allowance for valuation of inventories	Impairment of receivables	Exchange differences on translation of the financial statements of foreign operations	Unrealized foreign exchange loss	Loss carryforward	Others	Total
Balance on January 1, 2025	$ 23,983	7,008	-	-	111,869	6,681	149,541
Recognized in profit or loss	3,737	(7)	-	3,562	-	1,450	8,742
Balance on December 31, 2025	**$ 27,720**	**7,001**	**-**	**3,562**	**111,869**	**8,131**	**158,283**
Balance on January 1, 2024	$ 32,892	6,902	138,858	-	120,488	1,900	301,040
Recognized in profit or loss	(8,909)	106	-	-	(8,619)	4,781	(12,641)
Recognized in other comprehensive income	-	-	(138,858)	-	-	-	(138,858)
Balance on December 31, 2024	**$ 23,983**	**7,008**	**-**	**-**	**111,869**	**6,681**	**149,541**

Deferred tax liabilities:

	Investment income under equity method	Unrealized foreign exchange gains	Exchange differences on translation of the financial statements of foreign operations	Total
Balance on January 1, 2025	$ 885,391	1,547	89,054	975,992
Recognized in profit or loss	218,807	(1,547)	-	217,260
Recognized in other comprehensive income	-	-	(77,075)	(77,075)
Balance on December 31, 2025	**$ 1,104,198**	**-**	**11,979**	**1,116,177**
Balance on January 1, 2024	$ 750,473	90	-	750,563
Recognized in profit or loss	134,918	1,457	-	136,375
Recognized in other comprehensive income	-	-	89,054	89,054
Balance on December 31, 2024	**$ 885,391**	**1,547**	**89,054**	**975,992**

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iv) Assessment of tax

The Company’s income tax returns for the years through 2023 were assessed and approved by the local tax authorities.

(n) Capital and other equity

(i) Ordinary shares

As of December 31, 2025 and 2024, the number of authorized common shares of both 500,000 thousand shares had a par value of $10 per share. The total value of the authorized ordinary shares amounted to both $5,000,000 thousands, of which 363,157 thousand shares and 362,957 thousand shares, were issued and outstanding, all issued shares were paid up upon issuance.

In 2025, the Company issued 200 thousand new shares at par value, totaling $2,000 thousand, as a result of employees' excercise of stock options. All proceeds related to the issuance were fully collected, and the relevant registration procedures have been completed.

As of December 31, 2025, employees of the Company exercised employee stock options amounting to $21,944 thousand. However, as the relevant registration procedures have not yet been completed, the amount was recorded under advance receipts for share capital.

(ii) Capital surplus

The details of capital surplus were as follows:

	December 31, 2025	December 31, 2024
Additional paid-in capital	$ 9,195,516	9,167,555
Expired employee stock options	36,300	20,402
Employee stock options	16,919	39,117
	$ 9,248,735	**9,227,074**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) 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

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

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

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

2) Special reserve

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

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

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	$ 653,323	1.5	544,436

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

The amount of cash dividends on the 2025 earnings distribution, had been approved during the board meeting held on March 6, 2026, the relevant dividend distributions to shareholders were as follows:

	2025	
	Amount per share (in dollars)	Amount
Dividends distributed to ordinary shareholders:		
Cash	$ 3.0	1,090,402

(iv) Other equity (net after tax)

	Exchange differences on translation of foreign financial statement	Unrealized gain (losses) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2025	$ 356,216	2,435	358,651
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	-	24,390	24,390
Exchange difference on translation of foreign financial statements	(308,297)	-	(308,297)
Balance on December 31, 2025	$ 47,919	26,825	74,744
Balance on January 1, 2024	$ (555,434)	2,296	(553,138)
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	-	139	139
Exchange difference on translation of foreign financial statements	911,650	-	911,650
Balance on December 31, 2024	$ 356,216	2,435	358,651

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(o) Earnings per share

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

Unit: thousand shares

	2025	2024
Basic earnings per share		
Profit attributable to common shareholders of the Company	$ **1,510,219**	**821,787**
Weighted average number of common shares	**362,987**	**362,957**
Basic earnings per share (express in New Taiwan dollars)	$ **4.16**	**2.26**

	2025	2024
Diluted earnings per share		
Profit attributable to common shareholders of the Company	$ **1,510,219**	**821,787**
Weighted average number of common shares (basic)	362,987	362,957
Effect of employee compensation	810	714
Employee stock options	35	30
Weighted average number of common shares (diluted)	**363,832**	**363,701**
Diluted earnings per share (express in New Taiwan dollars)	$ **4.15**	**2.26**

(p) Share-based payment

As of December 31, 2025 and 2024, the Company had the share-based payment arrangements as follows:

Type	Equity-settled Employee stock options issued in 2021
Grant date	2021.7.30
Number of shares granted (units)	1,000
Number of common shares eligible (shares)	1,000
Subscription price per share (dollar)	$95.9

The duration of employee stock option is five years, after two years from the grant of employee stock options, the option holder may exercise were as follows:

Employee stock options grant period	Exercise rate (cumulative)
The 2nd year of the expired date	60 %
The 3nd year of the expired date	80 %
The 4nd year of the expired date	100 %

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(i) Determined the fair value of equity instruments granted

The Company used Black-Scholes Model in measuring the fair value of its employee stock option issued in 2021, the fair value of employee stock option is 57.2 dollars per units at the date of grant. The summarized factors considered were as follows:

	Employee stock options plan in 2021
Exercise price at grant date (dollar)	$95.9
Expected life	3.5 years; 4 years; 4.5 years
Share price at grant date (dollar)	$137
Expected volatility	36.48%
Expected dividend	-
Risk-free interest rate	0.289%；0.299%；0.308%

(ii) Description of share-based payment arrangements

Details of the employee stock options were as follows:

	2025		2024	
	Weighted average exercise price (dollar)	Number of options (units)	Weighted average exercise price (dollar)	Number of options (units)
Outstanding on January 1	$ 86.1	787	86.1	1,000
Granted during the period	84.4	(460)	-	-
Forfeited during the period	84.4	(127)	86.1	(213)
Outstanding on December 31	84.4	**200**	86.1	**787**
Exercisable on December 31		**200**		**587**

For the years ended December 31, 2025 and 2024, the Company recognized the employee stock option compensation cost (attributable to subsidiaries employee) were $6,781 thousand and $12,378 thousand, respectively, and recorded under capital surplus-employee stock options.

(q) 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.

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Notes to the Parent-Company-Only Financial Statements

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

		2025	2024
Employees' compensation	$	78,492	49,432
Directors' remuneration		19,623	12,358
	$	**98,115**	**61,790**

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.

The amounts, as stated in the parent-company-only financial statements, are identical to those of the actual distributions for 2025 and 2024. Related information would be available at the Market Observation Post System website.

(r) Revenue from contracts with customers

(i) Details of revenue

		2025	2024
Primary geographical markets:			
Asia	$	2,210,096	1,627,654
Europe		121,192	121,538
Others		35,674	62,834
	$	**2,366,962**	**1,812,026**
Major products			
Copper clad laminate	$	1,306,738	955,110
Prepreg		852,508	587,582
Others		207,716	269,334
	$	**2,366,962**	**1,812,026**

(ii) Contract balance

		December 31, 2025	December 31, 2024	January 1, 2024
Notes receivable	$	17,569	9,882	34,467
Accounts receivable		460,601	381,610	357,435
Accounts receivable due from related parties		313,499	295,968	202,566
Less: loss allowance		(864)	(1,726)	(313)
Total	$	**790,805**	**685,734**	**594,155**

(Continued)

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Notes to the Parent-Company-Only Financial Statements

As of December 31, 2025 and 2024, the balance of contract liabilities from sales of products were amounted to $546 thousand and $0 thousand (accounted for other current liabilities), respectively. The amount of revenue recognized for the years ended December 31, 2025 and 2024 that were included in the contract liabilities at the beginning of the period amounted to $0 thousand and $2,913 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.

(s) Non-operating income and expenses

(i) Interest income

	2025	2024
Interest income from bank deposits	$ 1,293	3,432
Other interest income	6,496	7,674
	$ 7,789	**11,106**

(ii) Other income

	2025	2024
Other income	**$ 3,818**	**6,841**

(iii) Other gains and losses

	2025	2024
Foreign exchange gain (losses)	$ (63,083)	11,040
Gains on disposals of property, plant and equipment	1,036	847
Others	(202)	-
	$ (62,249)	**11,887**

(iv) Financial costs

	2025	2024
Interest expenses	**$ 79,053**	**79,251**

(t) Disclosures for financial instruments

(i) Credit risk

1) Credit risk exposure

The counterparty's failure to perform its obligation, and the Company's provision for financial guarantees which might lead in financial losses, may result in a maximum exposure to the Company's credit risk for the years ended December 31, 2025 and 2024 as follows:

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

A. The carrying amount of financial assets recognized in the balance sheet; and

B. The amount of liabilities as a result from the Company providing financial guarantees were $5,447,260 thousand and $7,652,388 thousand, respectively. Please refer to note 13(a) for details.

2) Concentration of credit risk

As of December 31, 2025 and 2024, 74% and 62%, respectively, of accounts receivable were concentrated on the Company's ten major customers. Thus, the Company's credit risk is significantly centralized.

3) Credit risk of receivables

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

Other financial assets at amortized cost includes other receivables and guarantee deposits received, there were no loss allowance as of December 31, 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. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(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
December 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	$ 1,820,000	1,825,008	1,825,008	-	-	-
Accounts payable (including related parties)	930,594	930,594	930,594	-	-	-
Other payables (including related parties)	352,855	352,855	352,855	-	-	-
Lease liabilities	94,862	97,203	32,401	32,401	32,401	-
Long-term borrowings (including current portion)	1,910,000	1,985,011	51,563	970,219	963,229	-
Guarantee deposits received	1,800	1,800	-	1,800	-	-
	$ 5,110,111	**5,192,471**	**3,192,421**	**1,004,420**	**995,630**	**-**
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	$ 2,470,000	2,475,458	2,475,458	-	-	-
Accounts payable (including related parties)	555,401	555,401	555,401	-	-	-
Other payables (including related parties)	405,631	405,631	405,631	-	-	-
Lease liabilities	122,816	126,840	31,710	31,710	63,420	-
Long-term borrowings	1,650,000	1,697,019	523,534	713,388	460,097	-
Guarantee deposits	1,500	1,500	-	1,500	-	-
	$ 5,205,348	**5,261,849**	**3,991,734**	**746,598**	**523,517**	**-**

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Notes to the Parent-Company-Only Financial Statements

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

(iii) Foreign currency risk

1) Exposure to currency risk

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

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	23,556	31.43	740,365	42,725	32.79	1,400,751
Non-Monetary items						
USD	706,020	31.43	22,190,222	663,060	32.79	21,738,431
THB	1,022,811	1.0019	1,024,754	645,702	0.9868	637,178
Financial liabilities						
Monetary items						
USD	18,785	31.43	590,413	11,633	32.79	381,389

2) Sensitivity analysis

The Company’ 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 December 31, 2025 and 2024 would have increased (decreased) the profit before tax by $1,500 thousand and $10,194 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company 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.

The equity would be changed by $232,150 thousand and $223,756 thousand due to exchange differences on translation of foreign financial statements.

3) Foreign exchange gain and loss on monetary items

The amount, expressed in function currency, of foreign exchange gain and loss (including realized and unrealised portion) of the Company's monetary items, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency) were as follow:

	2025		2024	
	Foreign exchange gain (loss)	**Average exchange rate**	**Foreign exchange gain (loss)**	**Average exchange rate**
NTD	(63,083)	-	11,040	-

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Notes to the Parent-Company-Only Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and 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 Company’s management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1%, the Company’s profit before tax would have increased / decreased by $37,300 thousand and $41,200 thousand, respectively, for the years ended December 31, 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 years ended December 31, 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:

	2025		2024	
Price of securities on the reporting date	**Other comprehensive income after tax**	**Profit**	**Other comprehensive income after tax**	**Profit**
Increasing 1%	$ 283	-	55	-
Decreasing 1%	$ (283)	-	(55)	-

(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 Company’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:

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	December 31, 2025				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stock listed on domestic emerging markets	$ 28,314	28,314	-	-	28,314
Financial assets measured at amortized cost					
Cash and equivalents	661,918	-	-	-	-
Notes receivable and accounts receivable (including related parties)	790,805	-	-	-	-
Other receivables (including related parties)	36,420	-	-	-	-
Refundable deposits	112,200	-	-	-	-
Subtotal	1,601,343	-	-	-	-
Total	$ 1,629,657	28,314	-	-	28,314
Financial liabilities at amortized cost					
Bank borrowings	$ 3,730,000	-	-	-	-
Accounts payable (including related parties)	930,594	-	-	-	-
Lease liabilities	94,862	-	-	-	-
Other payables (including related parties)	352,855	-	-	-	-
Guarantee deposits received	1,800	-	-	-	-
Subtotal	5,110,111	-	-	-	-
Total	**$ 5,110,111**	-	-	-	-

	December 31, 2024				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic unlisted common shares	$ 5,546	-	-	5,546	5,546
Financial assets measured at amortized cost					
Cash and equivalents	146,287	-	-	-	-
Financial assets measured at amortized cost	1,500	-	-	-	-
Notes receivable and accounts receivable (including related parties)	685,734	-	-	-	-
Other receivables (including related parties)	903,589	-	-	-	-
Refundable deposits	109,542	-	-	-	-
Subtotal	1,846,652	-	-	-	-
Total	$ 1,852,198	-	-	5,546	5,546
Financial liabilities measured at amortized cost					
Bank borrowings	4,120,000	-	-	-	-
Accounts payable (including related parties)	555,401	-	-	-	-
Lease liabilities	122,816	-	-	-	-
Other payables (including related parties)	405,631	-	-	-	-
Guarantee deposits received	1,500	-	-	-	-
Subtotal	5,205,348	-	-	-	-
Total	**$ 5,206,848**	-	-	-	-

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.

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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 Company is traded in an active market, its fair value is illustrated by the category and nature as follows:

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

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

When the financial instrument of the company 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 Company holds an investment in equity shares of listed it's 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.

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Notes to the Parent-Company-Only Financial Statements

4) Reconciliation of Level 3 fair values

		Fair value through other comprehensive income
		Unquoted equity instruments
Balance on January 1, 2025	$	5,546
Transfer out of level 3		(5,546)
Balance on December 31, 2025	$	-
Balance on January 1, 2024	$	5,221
Total gains or losses:		
Recognized in other comprehensive income		325
Balance on December 31, 2024	$	**5,546**

The aforementioned total gains and losses that were included in "unrealized gains and losses on financial assets at fair value through other comprehensive income", which related to holding assets on December 31, 2025 and 2024 were as follows:

	2025	2024
Recognized in other comprehensive income	$ -	325

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

The Company's financial instruments that use Level 3 inputs to measure fair value include "fair value through other comprehensive income – equity investments".

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

Quantified information of significant unobservable inputs was as follows:

Items	Evaluation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparable companies approach	• Price-book ratio (as of December 31, 2024 was 3.82) • Market liquidity discount rate (as of December 31, 2024 was 25%)	• The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

(Continued)

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

The fair value measurements of the Company's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. As of December 31, 2025 and 2024, for value measurements in Level 3, if changing valuation variables, would have the following effects on the other comprehensive income were as follows:

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

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.

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying parent-company-only financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The financial management department is responsible for developing and managing risk management operations for the Company, and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

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Notes to the Parent-Company-Only Financial Statements

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers and investments in debt securities.

1) Notes and accounts receivable

According to the credit policy, each new customer is analyzed individually for creditworthiness before the Company’ s standard payment, trade and other terms and conditions are offered. The Company’s review includes external ratings, when available, and, in some cases, bank references. Credit limits are established for each customer, these limits are reviewed regularly.

2) Investments

The exposure to credit risk for the bank deposits, equity instruments, and other financial instruments are measured and monitored by the Company’ s finance department. The Company only deals with financial institutions and stock issued by companies with good credit ratings. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

According to the Company's policy, it may only provide financial guarantee for the companies which listed in the Company's Procedures for Endorsement & Guarantee. The Company did not provide financial guarantees to other company which is not its subsidiary as of December 31, 2025 and 2024.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2025 and 2024, the Company's unused credit line were amounted to $5,223,000 thousand and $5,574,393 thousand, respectively.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. Generally, all transactions are executed in accordance with policies approved by the Board of Directors, and related financial operations also supervised by the internal audit department.

1) Currency risk

The Company is exposed to currency risk on sales and purchases transactions that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the NTD. The currencies used in these transactions are the NTD, USD and RMB.

The Company monitors exposure of individual foreign currency assets and liabilities periodically and uses forward foreign exchange contracts to manage risks to the extent permitted by the policy. The maturity date of forward foreign exchange contracts undertaken by the Company is less than one year and does not meet the conditions of hedging accounting.

2) Interest rate risk

The Company's long-term and short-term borrowings are mainly floating rate debts, so changes in market interest rates will cause their effective interest rates to change accordingly, resulting in fluctuations in their future cash flows. In response to the risk of interest rate changes, the Company mainly adopts regular assessment of bank borrowing interest rates and maintains good relationships with financial institutions to obtain lower financing costs, and at the same time strengthens working capital management to reduce its dependence on bank borrowings and diversify the risk of interest rate changes.

3) Other market price risk

Risks arising from the Company's holding of equity instruments for the purpose of monitoring cash flow requirements and planning idle funds. The management of the Company plans the investment targets according to the timing of the cash flow requirements. Significant investments are managed individually and all purchase and sale decisions are approved by the Board of Directors.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(v) Capital management

The Company's policy is to manage its capital to safeguard the capacity to continue as a going concern, to continue to provide returns for shareholders, maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital. The Company use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. Net liabilities from the balance sheet are derived from the total liabilities less cash and cash equivalents. The total equity is the entire component of the equity.

The debt-to-capital ratios at the reporting date were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	$ 6,232,170	6,184,639
Less: cash and cash equivalents	(661,918)	(146,287)
Net liabilities	**$ 5,570,252**	**6,038,352**
Total equity	**$ 21,267,030**	**20,645,947**
Debt-to-equity ratio	**26.19%**	**29.25%**

As of December 31, 2025, the Company's capital management method has not changed.

(w) Investing and financing activities not affecting cash flow

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

	January 1, 2025	Cash flows	Non-cash changes	December 31, 2025
Short-term borrowings	$ 2,470,000	(650,000)	-	1,820,000
Long-term borrowings (including current portion)	1,650,000	260,000	-	1,910,000
Lease liabilities	122,816	(30,630)	2,676	94,862
Guarantee deposits received	1,500	300	-	1,800
Total liabilities from financing activities	**$ 4,244,316**	**(420,330)**	**2,676**	**3,826,662**

	January 1, 2024	Cash flows	Non-cash changes	December 31, 2024
Short-term borrowings	$ 2,520,000	(50,000)	-	2,470,000
Long-term borrowings (including current portion)	1,200,000	450,000	-	1,650,000
Lease liabilities	148,605	(29,505)	3,716	122,816
Guarantee deposits received	1,500	-	-	1,500
Total liabilities from financing activities	**$ 3,870,105**	**370,495**	**3,716**	**4,244,316**

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have transactions with related party during the periods covered in the parent-company-only financial statements.

Name of related party	Relationship with the Company
BangMao Investment Co., Ltd. (BangMao)	Subsidiary
ITEQ International Ltd. (ITEQ International)	Subsidiary
ITEQ Holding Ltd.(ITEQ Holding)	Subsidiary
Inspire Investments Limited (IIL)	Subsidiary
Eagle Great Investments Ltd. (Eagle Great)	Subsidiary
Ever Smart International Corporation(ESIC)	Subsidiary
International Partners Ltd. (IPL)	Subsidiary
ITEQ(Hong Kong)Limited(ITEQ HK)	Subsidiary
ITEQ (Huangjiang) Corporation (ITEQ (HJ))	Subsidiary
ITEQ (Dongguan) Corporation (ITEQ (DG))	Subsidiary
ITEQ (Guangzhou) Corporation (ITEQ (GZ))	Subsidiary
ITEQ (Wuxi) Corporation (ITEQ (WX))	Subsidiary
ITEQ (Jiangxi) Electronic Technology Co., Ltd. (ITEQ (JX))	Subsidiary
ITEQ Corporation (Thailand) Ltd. (ITEQ (TL))	Subsidiary
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 Company's significant sales amount and outstanding balance to related parties were as follows:

	Sales		Accounts receivable due from related parties	
	2025	**2024**	**2025**	**2024**
Subsidiary —ITEQ (WX)	$ 661,076	312,299	187,861	63,353
Subsidiary — ITEQ (JX)	308,930	354,294	121,480	228,002
Subsidiary — Others	52,239	16,508	4,158	4,613
	$ 1,022,245	**683,101**	**313,499**	**295,968**

The implicit unrealized gross margin of unsold inventory that the Company sold to its subsidiaries were $12,768 thousand and $4,909 thousand, recognized as investments accounted for using equity method, for the years ended December 31, 2025 and 2024, respectively.

(Continued)

ITEQ CORPORATION

Notes to the Parent-Company-Only Financial Statements

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 Company did not recognized allowance of impairment after considerations.

(ii) Purchase

The Company's significant purchases amount and outstanding balance to related parties were as follows:

	Purchase		Accounts payable to related parties	
	2025	2024	2025	2024
Subsidiary — IIL	$ 395,868	306,535	216,190	137,352
Subsidiary — IPL	2,515	55,487	1,151	3,948
Subsidiary — Others	18,339	98,276	7,276	84,984
	$ 416,722	**460,298**	**224,617**	**226,284**

The Company's purchase payment terms to related parties are not significantly different from those of general manufacturers.

(iii) Endorsement and guarantee

For the years ended December 31, 2025 and 2024, the Company provided a bank loan guarantee to "IPL", "IIL", "ITEQ(DG)", "ITEQ(JX)" and "ITEQ(TL)" amounted to $5,447,260 thousand and $7,652,388 thousand, respectively. Please refer to note 13(a) for details.

(iv) Other income

	Transaction consideration	
	2025	2024
Subsidiary — ITEQ (JX)	$ 4,816	7,674
Subsidiary — Others	36	36
Affiliate — MGC Corporation	94	968
	$ 4,946	**8,678**

The Company's other income to related parties were mainly from human support, leasing and Endorsement guarantee fee income.

(v) Dividend distributed

For the years ended December 31, 2025 and 2024, the Company's subsidiary ITEQ International distributed dividends amounted to $1,581,730 thousand and $2,060,632 thousand, respectively. As of December 31, 2025 and 2024, the uncollected dividend amount were $0 thousand and $814,874 thousand, respectively.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(vi) Advance payables

For the years ended December 31, 2025 and 2024, the other receivable of $40 thousand and $108,795 thousand, respectively, incurred from the Company's subsidiaries were distributed as employee remuneration on behalf of the Company.

(vii) The Company's other receivables due from related parties and other payables to related parties from aforementioned transactions were as follows:

Other receivables due from related parties:

	December 31, 2025	December 31, 2024
Dividends receivables	$ -	814,874
Others	-	8,290
	$ -	**823,164**

Other payables to related parties:

	2025	2024
Advance payables	**$ 40**	**108,795**

(viii) Leases

The Company signed a operating lease contract for its 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:

Account items	December 31, 2025	December 31, 2024
Right-of-use assets	**$ 93,537**	**122,039**
Refundable deposits (under other non-current assets)	**$ 106,448**	**105,290**
Lease liabilities-current	$ 31,120	29,977
Lease liabilities-non-current	63,742	92,839
	$ 94,862	**122,816**

	2025	2024
Financial cost	**$ 1,771**	**2,205**
Depreciation expense	**$ 31,178**	**30,510**
Interest income	**$ 1,158**	**1,145**

(ix) Rental agreement

The Company leased the office to BangMao as an operating lease for a period in one year. For the years ended 2025 and 2024, the rental income recognized were both $36 thousand.

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(x) Operating expense

MGC Corporation provided human support to the Company, for the years ended December 31, 2025; the operating expense recognised $716 thousand. There was no such transaction for the years ended December 31, 2024.

(xi) Other

A summary of the Company's dividends paid to related parties were as follows:

	2025	2024
WIN Corporation	$ 117,736	98,113
Tian He Corporation	77,462	64,552
	$ 195,198	**162,665**

(c) Key management personnel compensation

	2025	2024
Short-term employee benefits	$ 29,622	23,758
Post-employment benefits	527	529
	$ 30,149	**24,287**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2025	December 31, 2024
Other non-current assets	Gas deposits	**$ 5,452**	**3,952**

(9) Commitments and contingencies:

(a) Unrecognized contractual commitments

	December 31, 2025	December 31, 2024
Acquisition of property, plant and equipment	**$ 51,475**	**56,807**

(b) The Company's unused letters of credit

	December 31, 2025	December 31, 2024
Unused letters of credit	**$ 56**	**65,459**

(10) Losses due to major disasters: None

(11) Subsequent events: None

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(12) Other:

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

By function / By item	For the year ended December 31					
	2025			2024		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	157,512	220,566	378,078	158,184	198,016	356,200
Labor and health insurance	17,307	16,049	33,356	16,856	15,581	32,437
Pension	5,786	7,264	13,050	5,928	7,074	13,002
Remuneration of directors	-	19,868	19,868	-	12,623	12,623
Others	13,150	6,867	20,017	11,429	8,046	19,475
Depreciation	258,877	75,293	334,170	183,273	73,044	256,317
Amortization	1,303	4,486	5,789	1,961	7,225	9,186

For the years ended December 31, 2025 and 2024, the additional information for employee numbers and employee benefits were as follows：

	2025	2024
Employee number	442	452
Director’s number without serving concurrently as employee	8	8
Average employee benefits	$ 1,024	948
Average employee salaries	$ 871	802
Average adjustment rate of employee salaries	8.60 %	16.74 %
Supervisor’s remuneration	$ -	-

The Company's compensation policy (including directors, supervisors, managers and employees) were as follows:

(i) The salary of employees is based on the salary payment standard and their academic experience, professional knowledge, technology and professional experience. In addition, according to the company's operating performance and employees' individual performance, we provide reward programs in a timely manner to reward colleagues. In accordance with the provisions of the Articles of Incorporation of the Company, if there is a profit in the year, the compensation of employees will be allocated, which shall be paid after the meeting of the Board of Directors and reported to the shareholders' meeting.

(ii) The compensation of the managers of the Company shall be handled in accordance with the regulations of the Company, including salary, bonus and employee compensation, according to the position held, the responsibilities assumed and the contribution to the Company, and shall be agreed upon with reference to the level of the industry, and shall be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval before implementation.

(Continued)

ITEQ CORPORATION
Notes to the Parent-Company-Only Financial Statements

(iii) The remuneration of the directors of the Company shall be recommended by the Remuneration Committee to the Board of Directors in accordance with the provisions of the Articles of Incorporation for the reference of the Board of Directors in making decisions, and the Board of Directors shall be authorized to agree on the extent of the directors' participation in the operation of the Company and the value of their contributions, taking into account the standards generally held in the industry. If the director is also an employee, he or she shall be paid remuneration in accordance with the regulations of the manager and the employee.

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Parent-Only-Company 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 year ended December 31, 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	2,012,220	1,743,924	2.5	2	-	Operating Capital	-	None	-	4,253,406	4,253,406
2	ITEQ Holding	ITEQ (TL)	Account receivables - related parties and other receivables - related parties	Yes	617,613	-	-	-	2	-	Operating Capital	-	None	-	4,253,406	4,253,406

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.

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	21,267,030	597,690 (Note 3)	408,590	123,942	-	1.92%	21,267,030	Yes	No	No
0	〃	IPL	2	21,267,030	3,469,923 (Note 3)	2,451,540	245,793	-	11.53%	21,267,030	Yes	No	No
0	〃	ITEQ (JX)	2	21,267,030	2,122,830 (Note 3)	314,300	121,292	-	1.48%	21,267,030	Yes	No	Yes
0	〃	ITEQ (TL)	2	21,267,030	2,272,830 (Note 3)	2,272,830	1,591,612	-	10.69%	21,267,030	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.

iii.Significant Securities held as of December 31, 2025 (excluding investment in subsidiaries, associates and joint ventures) :

(In Thousands of Shares/New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	TMY Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	357	28,314	0.6%	28,314	
Bang Mao	Mortech Corporation	-	Current financial assets at fair value through profit or loss	381	5,086	1.0%	5,086	
〃	TIEF FUND, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	24,970	4.8%	24,970	

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

Name of company	Related party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes receivable/ Accounts receivable (Notes payable/ Accounts payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes receivable/ accounts receivable (Notes payable/ Accounts payable)	
The Company	ITEQ (WX)	The Company holds 100% indirectly	(Sale)	(661,076)	(27.93%)	OA120 days	No material difference with general customers	No material difference with general customers	187,861	23.75%	Note
The Company	ITEQ (JX)	The Company holds 100% indirectly	〃	(308,930)	(13.05%)	〃	〃	〃	121,480	15.36%	〃
IPL	ITEQ (GZ)	Same parent company	〃	(298,709)	(37.21%)	〃	〃	〃	114,900	80.90%	〃
IPL	ITEQ (JX)	Same parent company	〃	(491,674)	(61.25%)	〃	〃	〃	25,519	18.29%	〃
IIL	The Company	The Company holds 100% indirectly	〃	(395,868)	(46.98%)	〃	〃	〃	216,190	53.96%	〃
IIL	ITEQ(WX)	Same parent company	〃	(452,377)	(53.02%)	〃	〃	〃	184,424	46.04%	〃
ITEQ(WX)	IIL	Same parent company	〃	(368,415)	(2.69%)	〃	〃	〃	177,941	2.92%	〃
ITEQ(WX)	ITEQ(DG)	Same parent company	〃	(145,448)	(1.06%)	〃	〃	〃	35,096	0.57%	〃
ITEQ(WX)	ITEQ (JX)	Same parent company	〃	(943,474)	(6.89%)	〃	〃	〃	586,825	9.61%	〃
ITEQ(DG)	ITEQ (JX)	Same parent company	〃	(1,226,332)	(23.57%)	〃	〃	〃	800,375	37.08%	〃
ITEQ (JX)	ITEQ(WX)	Same parent company	〃	(3,189,321)	(16.83%)	〃	〃	〃	326,146	5.01%	〃
ITEQ (JX)	ITEQ(DG)	Same parent company	〃	(2,755,534)	(14.54%)	〃	〃	〃	432,858	6.65%	〃
ITEQ(WX)	The Company	The Company holds 100% indirectly	Purchase	661,076	5.52%	〃	〃	〃	(187,861)	(5.86%)	〃
ITEQ (JX)	The Company	The Company holds 100% indirectly	〃	308,930	1.87%	〃	〃	〃	(121,480)	(2.00%)	〃
ITEQ (GZ)	IPL	Same parent company	〃	298,709	13.00%	〃	〃	〃	(114,900)	(33.61%)	〃
ITEQ (JX)	IPL	Same parent company	〃	491,674	2.97%	〃	〃	〃	(25,978)	(0.43%)	〃
The Company	IIL	The Company holds 100% indirectly	〃	395,868	17.08%	〃	〃	〃	(216,190)	(23.23%)	〃
ITEQ(WX)	IIL	Same parent company	〃	452,377	3.78%	〃	〃	〃	(184,424)	(5.75%)	〃
IIL	ITEQ(WX)	Same parent company	〃	368,415	43.17%	〃	〃	〃	(177,941)	(54.01%)	〃
ITEQ(DG)	ITEQ(WX)	Same parent company	〃	145,448	3.01%	〃	〃	〃	(35,096)	(3.25%)	〃
ITEQ (JX)	ITEQ(WX)	Same parent company	〃	943,474	5.70%	〃	〃	〃	(586,825)	(9.67%)	〃
ITEQ (JX)	ITEQ(DG)	Same parent company	〃	1,226,332	7.40%	〃	〃	〃	(800,375)	(13.20%)	〃
ITEQ(WX)	ITEQ (JX)	Same parent company	〃	3,189,321	26.63%	〃	〃	〃	(326,146)	(10.18%)	〃
ITEQ (DG)	ITEQ (JX)	Same parent company	〃	2,755,534	57.11%	〃	〃	〃	(432,858)	(40.06%)	〃

ITEQ Corporation
Notes to the Parent-Company-Only Financial Statements

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	Turnover Rate	Overdue		Amounts received in subsequent period (As of March 6, 2026)	Loss allowance
					Amount	Action taken		
The Company	ITEQ (WX)	The Company holds 100% indirectly	187,861	5.26	-	-	107,400	-
The Company	ITEQ (JX)	Same parent company	121,480	1.77	-	-	52,086	-
IPL	ITEQ (GZ)	Same parent company	114,900	2.71	-	-	48,141	-
IIL	The Company	The Company holds 100% indirectly	216,190	2.27	-	-	95,572	-
IIL	ITEQ (WX)	Same parent company	184,424	3.84	-	-	62,869	-
ITEQ (DG)	ITEQ (JX)	Same parent company	800,375	2.00	-	-	252,173	-
ITEQ (JX)	ITEQ (WX)	Same parent company	326,146	9.25	-	-	326,146	-
ITEQ (JX)	ITEQ (DG)	Same parent company	432,858	5.53	-	-	432,108	-
ITEQ (WX)	IIL	Same parent company	177,941	2.11	-	-	64,589	-
ITEQ (WX)	ITEQ (JX)	Same parent company	586,825	2.16	-	-	121,390	-
ITEQ (WX)	ITEQ (JX)	Same parent company	1,743,924	Note 1	-	-	269,490	-

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

(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 December 31, 2025			Highest percentage of ownership during the year	Net profits (losses) of investee	Share of profits/losses of investee	Note
				The ending balance at this year	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value				
The Company	ITEQ International	Samoa	Investment activities	1,719,377	1,879,344	56,820	100%	22,175,485	100%	2,720,472	2,720,472	
〃	Bang Mao	Hsinchu	Investment activities	1,000	1,000	100	100%	36,630	100%	1,517	1,517	
〃	MGC Corporaiotn	Hsinchu	Electronic parts and components manufacturing	49,000	49,000	4,900	49%	30,401	49%	(13,254)	(6,495)	
〃	ITEQ (TL)	Thailand	Manufacturing and sales of prepreg and copper clad lamination	901,818	586,083	10,000	100%	998,832	100%	25,819	25,819	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment activities	1,719,377	1,879,344	56,820	100%	22,175,485	100%	2,720,472	2,720,472	
ITEQ Holding	ESIC	The British Virgin Islands	Investments in mainland China	395,850	395,850	10,750	100%	9,604,229	100%	1,197,627	1,197,627	
〃	IPL	Samoa	Import and export business	30,450	30,450	1,000	100%	133,202	100%	43,960	43,960	
〃	IIL	Samoa	Import and export business	30,450	30,450	1,000	100%	72,083	100%	(1,864)	(1,864)	
〃	Eagle Great	The British Virgin Islands	Investments in mainland China	98,828	258,795	3,600	100%	138,778	100%	(122,684)	(122,684)	
〃	ITEQ (HK)	Hong Kong	Investments in mainland China	736,890	736,890	51,500	100%	12,241,846	100%	1,603,383	1,603,383	

ITEQ CORPORATION AND SUBSIDIARIES
Notes to the Parent-Only-Company Financial Statements

(c)Information on investment in mainland China:

i)The names of investees in mainland China, the main buisnesses 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 December 31, 2025	Net profits (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	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	521,200	100%	100%	521,200	5,393,139	683,450
ITEQ (WX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	1,248,450	(Note1)(Note 4)	672,945	-	-	672,945	1,485,609	100%	100%	1,485,609	9,956,289	5,505,343
ITEQ (HJ) (Note 5)	Manufacturing and sales of mass lamination	98,828	(Note 1)	252,309	-	(159,967)	92,342	(116,028)	100%	100%	(116,028)	137,755	-
ITEQ (GZ) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	721,665	(Note 1)	493,290	-	-	493,290	117,894	100%	100%	117,894	2,261,594	1,675,224
ITEQ (JX) (Note 5)	Manufacturing and sales of prepreg and copper clad lamination	4,896,360	(Note 1)(Note 4)	-	-	-	-	1,350,870	100%	100%	1,350,870	8,251,067	-

ii)Limitation on investment in mainland China:

Accumulated Investment in mainland China as of December 31, 2025	Investment Amount Authorized by Department of Investment Review, MOEA (Note 5)	Upper Limit on Investment (Note 3)
1,814,394 (USD 59,586)	2,526,972 (USD 80,400)	12,760,218

Note1：Investment in companies in mainland China by incorporating an overseas company.
Note2：Investment income (loss) was based on financial statements audited by the parent company's auditors.
Note3：The Company's amount was based on the regulation issued by the Department of Investment Review under the Ministry of Economic Affairs, 60% of total equity or total consolidated equity, which is higher.
Note4：ITEQ (JX) is invested by ESIC, ITEQ (DG), ITEQ (WX). Other companies are invested by the Company by incorporating an overseas company.
Note5：Translated using the exchange rates on December 31, 2025.

iii)Significant transactions

For the year ended December 31, 2025, the direct and indirect signiticant 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.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2025.

ITEQ Corporation

Statement of cash and cash equivalents

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description		Amount
Cash on hand	NTD	70	$ 70
	RMB	4	16
Demand deposits	NTD	53,353	53,353
Foreign demand deposits	USD	3,226	101,381
	RMB	10,281	493,133
	EUR	376	13,892
	HKD	18	73
Total			**$ 661,918**

(Note) : Foreign deposites translated using the spot exchange rate on December 31, 2025.

USD/NTD=	31.430
RMB/NTD=	4.4716
EUR/NTD=	36.90
HKD/NTD=	4.038

Statement of notes and accounts receivable

Item	Amount
A Company	$ 90,884
B Company	59,224
C Company	44,400
D Company	39,996
E Company	38,347
F Company	23,313
Others (each amount was less than 5%)	182,006
Less: loss allowance	(864)
Total	**$ 477,306**

ITEQ Corporation

Statement of inventories

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Raw materials	$ 597,878	597,859
Work in progress	5,398	5,398
Finished goods	129,105	115,296
Inventories in transit	225	225
Subtotal	732,606	**718,778**
Less: loss on valuation of inventories allowance	(138,600)	
Total	**$ 594,006**	

Statement of other receivables

Item	Amount
Disposal of plant, property and equipment receivables	$ 12,625
Business tax refund receivables	16,732
Others (each amount was less than 5%)	7,063
Total	**$ 36,420**

ITEQ Corporation

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase		Decrease		Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Ending balance		
Name	Shares (in thousands)	Fair value	Shares (in thousands)	Amount	Shares (in thousands)	Amount		Shares (in thousands)	Fair value	Collateral
TMY Technology	357	$ 5,546	-	-	-	-	22,768	357	28,314	None

ITEQ Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Increase		Decrease		Gains	Exchange difference	Unrealized gain (losses) on financial assets at fair value through other	Financial		Ending balance			Market value of net assets value		
Name	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount (Note 1)	(losses) on investment	on translating of foreign financial statements	value through other comprehensive income	guarantee contracts	Capital surplus	Shares (in thousands)	percentage of ownership	Amount	Unit price (dollars)	Total amount	Collateral
Bang-Mao Investment Co.	100	$ 33,491	-	-	-	-	1,517	-	1,622	-	-	100	100.00 %	36,630	-	36,630	None
ITEQ International Ltd.	61,719	21,730,946	-	-	(4,899)	(1,851,320)	2,720,472	(431,394)	-	-	6,781	56,820	100.00 %	22,175,485	-	22,190,222	None
MGC-ITEQ Technology Co., Ltd.	4,900	36,896	-	-	-	-	(6,495)	-	-	-	-	4,900	49.00 %	30,401	-	30,401	None
ITEQ Corporation (Thailand) LTD.	6,500	611,256	3,500	315,735	-	-	25,819	46,022	-	-	-	10,000	100.00 %	998,832	-	1,024,755	None
		$ 22,412,589		**315,735**		**(1,851,320)**	**2,741,313**	**(385,372)**	**1,622**	**-**	**6,781**			**23,241,348**		**23,282,008**	

(Note 1) Distribution of cash dividends of $1,581,730 thousand, cash capital reduction of $159,967 thousand and other amounting to $109,623 thousand.

ITEQ Corporation

Statement of accounts payable

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
G Company	$ 216,619
H Company	78,576
I Company	65,366
J Company	31,821
Others (each amount was less than 5%)	313,595
	$ 705,977

Statement of other payables

Item	Amount
Salaries and bonus payable (Included Employees' and directors compensation)	$ 178,269
Other accrued expenses	147,449
Payables on equipment	27,097
Total	**$ 352,815**

ITEQ Corporation

Statement of lease liabilities

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending Balance	Note
Buildings and structures	Plants	2013.01.09~2028.12.31	1.60 %	$ 94,862	
Less: current portion				(31,120)	
Total				**$ 63,742**	

Statement of other current liabilities

Item	Amount
Receipts under custody	$ 5,296
Others (each amount was less than 5%)	586
Total	**$ 5,882**

ITEQ Corporation

Statement of short-term borrowings

December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Loan type	Bank	Ending Balance	Interest rate	Period	Financing amount	Collateral
Credit loan	E SUN Bank	$ 275,000	1.85 %	2025/11/4~2026/1/2	500,000	None
Credit loan	Land Bank of Taiwan	100,000	1.85 %	2025/11/17~2026/2/13	100,000	None
Credit loan	Export-Import Bank	300,000	1.86 %	2025/3/17~2026/3/17	300,000	None
Credit loan	CTBC Bank	420,000	1.80 %	2025/12/24~2026/3/24	357,736	None
Credit loan	Taishin Bank	205,000	1.86 %	2025/12/5~2026/2/5	600,000	None
Credit loan	Maga Bank	50,000	1.90 %	2025/12/24~2026/1/23	100,000	None
Credit loan	Fubon Bank	170,000	1.84 %	2025/11/25~2026/2/25	800,000	None
Credit loan	HSBC	300,000	1.65 %	2025/12/12~2026/3/12	628,600	None
		$ 1,820,000			**$ 3,386,336**	

Statement of long-term borrowings

Creditor	Amount	Period	Interest rate	Collateral
Agricultural Bank of Taiwan - unsecured bank loans	$ 500,000	2025/12/5~2028/8/15	1.86 %	None
Bank of China - unsecured bank loans	700,000	2025/5/27~2027/5/21	1.87 %	None
The Shanghai Commercial & Savings Bank-unsecured bank loans	260,000	2025/9/25~2030/8/30	1.80 %	None
Export-Import Bank-unsecured bank loans	450,000	2024/3/22~2029/3/22	1.84 %	None
Subtotal	1,910,000			
Less: current portion	(16,250)			
Total	**$ 1,893,750**			

ITEQ Corporation

Statement of operating revenue

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Quantity	Amount
Copper clad laminate	3,827,772 pieces	$ 1,325,982
Prepreg	7,304,190 m	863,980
Other	608,854 kg	207,865
Sales returns		(4,674)
Sales discounts		(26,191)
Net operating revenue		**$ 2,366,962**

ITEQ Corporation

Statement of operating costs

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Beginning balance of merchandise	$ -
Add: Purchases	416,803
Cost of outsource merchandise consumed	416,803
Beginning balance of raw materials	328,025
Add: Purchases	1,800,081
Less: Ending balance of raw materials	(597,878)
Transferred to expenses and others	(113,827)
Selling raw materials	(173,117)
Raw materials consumed	1,243,284
Direct labor	130,442
Manufacturing overhead	508,390
Manufacturing costs	1,882,116
Add: Beginning balance of work in process	22,334
Less: Ending balance of work in process	(5,398)
Transferred to expenses and others	(209)
Cost of finished goods	1,898,843
Add: Beginning balance of finished goods	75,329
Less: Ending balance of finished goods	(129,330)
Transferred to expenses and others	(73,880)
Cost of self-manufacturing goods sold	1,770,962
Losses on valuation of inventories	18,684
Selling raw materials	173,117
Scrap income	(32,245)
Operating costs	**$ 2,347,321**

ITEQ Corporation

Statment of operating expenses

For the year ended December 31, 2025

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salary and wages expenses	$ 17,113	141,859	61,594
Insurance expense	1,898	56,865	6,030
Depreciation expense	829	54,836	19,628
Professional service fees	-	15,793	1,496
Used materials	9,071	53	83,602
Sample expense	22,747	-	58,128
Consulting service fee	37,878	716	-
Shipping expense	11,460	255	1
Commission expense	26,955	-	-
Directors' remuneration	-	19,868	-
Processing fees	-	-	14,672
Others (each amount was less than 5%)	3,997	54,060	38,568
Total	**$ 131,948**	**344,305**	**283,719**

ITEQ Corporation

Statement of movement of property, plant and equipment was disclosed in note 6(f)
Statement of movement of accumulated depreciation of property, plant and equipment was disclosed in note 6(f)
Statement of movement of right-of-use assets was disclosed in note 6(g)
Statement of other current assets was disclosed in note 6(h)
Statement of other non-current assets was disclosed in note 6(h)
Statement of deferred tax assets was disclosed in note 6(m)
Statement of deferred tax liabilites was disclosed in note 6(m)
Statement of accounts receivable due from related parties was disclosed in note 7
Statement of accounts payable to related parties was disclosed in note 7
Statement of other receivable due from related parties was disclosed in note 7
Statement of other payable to related parties was disclosed in note 7
Statement of interest income was disclosed in note 6(s)
Statement of other income was disclosed in note 6(s)
Statement of other gains and losses was disclosed in note 6(s)
Statement of financial costs was disclosed in note 6(s)