

**ITEQ CORPORATION AND SUBSIDIARIES****CONSOLIDATED FINANCIAL STATEMENTS**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2024 and 2023**

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

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## Independent Auditors' Review Report

To the Board of Directors ITEQ Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of ITEQ Corporation and its subsidiaries as of March 31, 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$884,455 thousand and \$1,239,748 thousand, constituting 2.59% and 3.69% of consolidated total assets as of March 31, 2024 and 2023, respectively, total liabilities amounting to \$853,621 thousand and \$1,014,956 thousand, constituting 5.97% and 7.07% of consolidated total liabilities at March 31, 2024 and 2023, respectively, and total comprehensive income (loss) amounting to \$(16,027) thousand and \$(21,386) thousand, constituting (1.64)% and (12.29)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2024 and 2023, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of ITEQ Corporation and its subsidiaries in its investee companies of \$40,632 thousand and \$46,738 thousand as of March 31, 2024 and 2023, respectively, and the share of loss of associates and joint ventures accounted for using equity method of \$(1,490) thousand and \$(865) thousand for the three months ended March 31, 2024 and 2023, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of ITEQ Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
May 6, 2024

**Notes to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements and Originally Issued in Chinese)  
ITEQ CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2024, December 31, 2023, and March 31, 2023

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2024		December 31, 2023		March 31, 2023		Liabilities and Equity		March 31, 2024		December 31, 2023		March 31, 2023	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(a))	\$ 5,417,785	16	5,594,270	17	5,680,786	17	2100	Short-term borrowings (note 6(j))	\$ 2,787,215	8	2,646,225	8	2,385,759	7
	Current financial assets at fair value through profit or loss (note 6(b))	3,566	-	3,654	-	3,772	-	2110	Short-term notes and bills payable (note 6(j))	-	-	-	-	149,964	-
1136	Current financial assets at amortised cost (note 6(b))	58,633	-	86,704	-	88,624	-	2170	Accounts payable	5,299,572	16	5,991,383	18	5,755,485	17
1170	Accounts and notes receivable, net (notes 6(c) and (s))	11,903,233	35	11,497,719	35	11,692,358	35	2216	Dividends payable (notes 6(o) and 7)	544,436	2	-	-	1,088,872	3
1200	Other receivables (note 6(c))	78,985	-	51,147	-	257,770	1	2219	Other payables (note 6(r))	983,272	3	1,178,211	4	1,096,156	4
1220	Current tax assets	33	-	8,327	-	90	-	2230	Current tax liabilities	425,971	1	326,845	1	515,603	3
130X	Inventories (note 6(d))	3,075,416	9	3,014,243	9	2,555,974	8	2250	Current provisions	3,568	-	3,429	-	11,112	-
1470	Other current assets (note 6(h))	955,253	3	1,050,357	3	1,199,216	3	2280	Current lease liabilities (notes 6(l) and 7)	64,419	-	61,884	-	62,890	-
	<b>Total current assets</b>	<u>21,492,904</u>	<u>63</u>	<u>21,306,421</u>	<u>64</u>	<u>21,478,590</u>	<u>64</u>	2320	Long-term liabilities, current portion (notes 6(k) and 8)	344,680	1	274,947	1	17,171	-
	<b>Non-current assets:</b>							2399	Other current liabilities (note 6(s))	28,646	-	56,909	-	19,351	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	37,132	-	36,279	-	32,428	-		<b>Total current liabilities</b>	<u>10,481,779</u>	<u>31</u>	<u>10,539,833</u>	<u>32</u>	<u>11,102,363</u>	<u>34</u>
1550	Investments accounted for using equity method (note 6(e))	40,632	-	42,122	-	46,738	-		<b>Non-current liabilities:</b>						
1600	Property, plant and equipment (notes 6(f), 8 and 9)	8,498,907	25	7,775,916	23	8,180,224	25	2540	Long-term borrowings (notes 6(k) and 8)	2,766,350	8	2,346,190	7	2,498,072	7
1755	Right-of-use assets (notes 6(g), 7 and 8)	291,487	1	298,313	1	351,909	1	2570	Deferred tax liabilities	802,705	2	800,758	2	460,976	1
1780	Intangible assets (note 6(i))	9,433	-	9,052	-	9,035	-	2580	Non-current lease liabilities (notes 6(l) and 7)	200,470	1	210,116	1	259,253	1
1840	Deferred tax assets	373,921	1	371,093	1	323,937	1	2645	Guarantee deposits received	51,014	-	42,895	-	33,766	-
1900	Other non-current assets (notes 6(h), 7 and 8)	3,435,176	10	3,540,444	11	3,131,537	9		<b>Total non-current liabilities</b>	<u>3,820,539</u>	<u>11</u>	<u>3,399,959</u>	<u>10</u>	<u>3,252,067</u>	<u>9</u>
	<b>Total non-current assets</b>	<u>12,686,688</u>	<u>37</u>	<u>12,073,219</u>	<u>36</u>	<u>12,075,808</u>	<u>36</u>		<b>Total liabilities</b>	<u>14,302,318</u>	<u>42</u>	<u>13,939,792</u>	<u>42</u>	<u>14,354,430</u>	<u>43</u>
									<b>Equity attributable to owners of parent (notes 6(b), (o) and (q)):</b>						
								3100	Ordinary shares	3,629,572	10	3,629,572	11	3,629,572	11
								3200	Capital surplus	9,217,818	27	9,214,696	28	9,205,546	27
								3300	Retained earnings	6,757,894	20	7,148,718	21	6,546,197	20
								3400	Other equity interest	271,990	1	(553,138)	(2)	(181,347)	(1)
									<b>Total equity</b>	<u>19,877,274</u>	<u>58</u>	<u>19,439,848</u>	<u>58</u>	<u>19,199,968</u>	<u>57</u>
<b>Total assets</b>		<u>\$ 34,179,592</u>	<u>100</u>	<u>33,379,640</u>	<u>100</u>	<u>33,554,398</u>	<u>100</u>	<b>Total liabilities and equity</b>		<u>\$ 34,179,592</u>	<u>100</u>	<u>33,379,640</u>	<u>100</u>	<u>33,554,398</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ITEQ CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		<b>For the three months ended March 31</b>			
		<b>2024</b>		<b>2023</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (note 6(s))</b>	\$ 6,154,685	100	6,259,655	100
5000	<b>Operating costs (notes (d), (f), (l), (m), (r), 7 and 12)</b>	<u>5,370,621</u>	<u>87</u>	<u>5,589,786</u>	<u>89</u>
	<b>Gross profit from operations</b>	<u>784,064</u>	<u>13</u>	<u>669,869</u>	<u>11</u>
	<b>Operating expenses (notes 6(c), (f), (l), (m), (q), (r), 7 and 12):</b>				
6100	Selling expenses	193,552	3	198,291	3
6200	Administrative expenses	199,382	4	221,990	4
6300	Research and development expenses	138,546	2	125,223	2
6450	Expected credit loss (gain)	<u>6,136</u>	<u>-</u>	<u>(3,603)</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>537,616</u>	<u>9</u>	<u>541,901</u>	<u>9</u>
	<b>Net operating income</b>	<u>246,448</u>	<u>4</u>	<u>127,968</u>	<u>2</u>
	<b>Non-operating income and expenses (notes 6(b), (e), (f), (l), (t), (u) and 7):</b>				
7100	Interest income	14,916	-	12,485	-
7060	Share of loss of associates and joint ventures accounted for using equity method	(1,490)	-	(865)	-
7010	Other income	44,079	1	14,332	-
7020	Other gains and losses	6,522	-	11,762	-
7050	Finance costs	<u>(39,065)</u>	<u>-</u>	<u>(31,547)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>24,962</u>	<u>1</u>	<u>6,167</u>	<u>-</u>
7900	<b>Profit before tax</b>	271,410	5	134,135	2
7950	<b>Tax expenses (note 6(n))</b>	<u>117,798</u>	<u>2</u>	<u>60,152</u>	<u>1</u>
	<b>Profit</b>	<u>153,612</u>	<u>3</u>	<u>73,983</u>	<u>1</u>
8300	<b>Other comprehensive income (notes 6(b), (o) and (u)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	853	-	(256)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>853</u>	<u>-</u>	<u>(256)</u>	<u>-</u>
8360	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	824,275	13	100,247	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Total components of other comprehensive income that will be reclassified to profit or loss</b>	<u>824,275</u>	<u>13</u>	<u>100,247</u>	<u>2</u>
8300	<b>Other comprehensive income (net of tax)</b>	<u>825,128</u>	<u>13</u>	<u>99,991</u>	<u>2</u>
	<b>Total comprehensive income</b>	<u>\$ 978,740</u>	<u>16</u>	<u>173,974</u>	<u>3</u>
	<b>Profit attributable to:</b>				
	Owners of parent	<u>\$ 153,612</u>	<u>3</u>	<u>73,983</u>	<u>1</u>
	<b>Comprehensive income attributable to:</b>				
	Owners of parent	<u>\$ 978,740</u>	<u>16</u>	<u>173,974</u>	<u>3</u>
	<b>Basic earnings per share (expressed in New Taiwan dollars) (note 6(p))</b>	<u>\$ 0.42</u>		<u>0.20</u>	
	<b>Diluted earnings per share (expressed in New Taiwan dollars) (note 6(p))</b>	<u>\$ 0.42</u>		<u>0.20</u>	

See accompanying notes to consolidated financial statements.

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

**ITEQ CORPORATION AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the three months ended March 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings					Total	Other equity		Total	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
<b>Balance on January 1, 2023</b>	\$ 3,629,572	9,201,666	2,199,863	514,181	4,847,042	7,561,086	(274,855)	(6,483)	(281,338)	20,110,986
Profit	-	-	-	-	73,983	73,983	-	-	-	73,983
Other comprehensive income	-	-	-	-	-	-	100,247	(256)	99,991	99,991
Total comprehensive income	-	-	-	-	73,983	73,983	100,247	(256)	99,991	173,974
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary shares	-	-	-	-	(1,088,872)	(1,088,872)	-	-	-	(1,088,872)
Share-based payments	-	3,880	-	-	-	-	-	-	-	3,880
<b>Balance on March 31, 2023</b>	\$ 3,629,572	9,205,546	2,199,863	514,181	3,832,153	6,546,197	(174,608)	(6,739)	(181,347)	19,199,968
<b>Balance on January 1, 2024</b>	\$ 3,629,572	9,214,696	2,316,563	281,338	4,550,817	7,148,718	(555,434)	2,296	(553,138)	19,439,848
Profit	-	-	-	-	153,612	153,612	-	-	-	153,612
Other comprehensive income	-	-	-	-	-	-	824,275	853	825,128	825,128
Total comprehensive income	-	-	-	-	153,612	153,612	824,275	853	825,128	978,740
Appropriation and distribution of retained earnings:										
Cash dividends of ordinary share	-	-	-	-	(544,436)	(544,436)	-	-	-	(544,436)
Share-based payments	-	3,122	-	-	-	-	-	-	-	3,122
<b>Balance on March 31, 2024</b>	\$ 3,629,572	9,217,818	2,316,563	281,338	4,159,993	6,757,894	268,841	3,149	271,990	19,877,274

See accompanying notes to consolidated financial statements.

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

## ITEQ CORPORATION AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the three months ended March 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2024	2023
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 271,410	134,135
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	313,894	274,570
Amortization expense	26,534	22,393
Expected credit loss (gain)	6,136	(3,603)
Net losses on financial assets or liabilities at fair value through profit or loss	88	6,048
Interest expense	39,065	31,547
Interest income	(14,916)	(12,485)
Share-based payments	3,122	3,880
Share of loss of associates and joint ventures accounted for using equity method	1,490	865
Losses (gains) on disposal of property, plant and equipment	(8,860)	1,032
Losses on valuation of inventories	42,317	23,681
Reversal of losses on impairment of property, plant and equipment	-	(738)
Other adjustments	-	(3,509)
Total adjustments to reconcile profit (loss)	<u>408,870</u>	<u>343,681</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Notes receivable	(973,575)	110,619
Accounts receivable	1,029,645	221,426
Other receivable	(26,162)	12,140
Inventories	11,559	130,130
Other current assets	132,930	(108,258)
Total changes in operating assets	<u>174,397</u>	<u>366,057</u>
<b>Changes in operating liabilities:</b>		
Financial liabilities held for trading	-	(14,228)
Accounts payable	(910,685)	(123,789)
Other payable	(103,626)	(164,038)
Other current liabilities	(30,182)	(40,248)
Total changes in operating liabilities	<u>(1,044,493)</u>	<u>(342,303)</u>
Total changes in operating assets and liabilities	<u>(870,096)</u>	<u>23,754</u>
Total adjustments	<u>(461,226)</u>	<u>367,435</u>
Cash (outflow) inflow generated from operations	(189,816)	501,570
Interest paid	(39,785)	(33,641)
Income taxes paid	(24,237)	(104,960)
<b>Cash flows from (used in) operating activities</b>	<u>(253,838)</u>	<u>362,969</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	(57,552)	(88,624)
Proceeds from repayments of financial assets at amortised cost	88,542	-
Acquisition of property, plant and equipment	(209,115)	(734,653)
Proceeds from disposal of property, plant and equipment	12,649	-
Decrease in refundable deposits	351	16,682
Decrease (increase) in other non-current assets	(73,395)	75,009
Increase in prepayments for business facilities	(433,244)	(163,875)
Interest received	14,631	12,203
<b>Net cash used in investing activities</b>	<u>(657,133)</u>	<u>(883,258)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	132,618	(72,432)
Proceeds from long-term borrowings	450,000	3,424,382
Repayments of long-term borrowings	(17,155)	(2,600,000)
Increase (decrease) in guarantee deposits received	6,257	(3,895)
Payment of lease liabilities	(15,650)	(15,946)
<b>Net cash flows from financing activities</b>	<u>556,070</u>	<u>732,109</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>178,416</u>	<u>255,147</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<u>(176,485)</u>	<u>466,967</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>5,594,270</u>	<u>5,213,819</u>
<b>Cash and cash equivalents at ending of period</b>	<u>\$ 5,417,785</u>	<u>5,680,786</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**ITEQ CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**March 31, 2024 and 2023**  
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

**(1) Company history**

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

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

These consolidated financial statements were authorized for issue by the Board of Directors on May 6, 2024.

**(3) New standards, amendments and interpretations adopted:**

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

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

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

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	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.	January 1, 2027

(Continued)

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

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

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

(Continued)

## ITEQ CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

#### (4) Summary of material accounting policies:

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

##### (a) Statement of compliance

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

##### (b) Basis of consolidation

###### (i) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	ITEQ International Ltd. (ITEQ International)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 3)
"	BangMao Investment Co., Ltd. (Bang Mao)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 3)
"	ITEQ Corporation (Thailand) Ltd. (ITEQ (TL))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	(Note 1)
ITEQ International	ITEQ Holding Ltd. (ITEQ Holding)	Investment activities	100.00 %	100.00 %	100.00 %	(Note 3)
ITEQ Holding	Ever Smart International Co., Ltd. (ESIC)	Investments in Mainland China	100.00 %	100.00 %	100.00 %	(Note 3)
"	International Partners Ltd. (IPL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 3)
"	Inspire Investments Limited (IIL)	Import and export business	100.00 %	100.00 %	100.00 %	(Note 3)
"	Eagle Great Investments Ltd. (Eagle Great)	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 3)
"	ITEQ (Hong Kong) Limited (ITEQ (HK))	Investments in mainland China	100.00 %	100.00 %	100.00 %	(Note 3)

(Continued)

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Description
			March 31, 2024	December 31, 2023	March 31, 2023	
ESIC	ITEQ (Dongguan) Corporation (ITEQ (DG))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
"	ITEQ (Jiangxi) Electronic Technology Co., Ltd. (ITEQ (JX))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	(Note 2)
ITEQ(HK)	ITEQ (Wuxi) Corporation (ITEQ (WX))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
"	ITEQ (Guangzhou) Corporation (ITEQ (GZ))	Manufacturing and sales of prepreg and copper clad lamination	100.00 %	100.00 %	100.00 %	
Eagle Great	ITEQ (Huangjiang) Corporation (ITEQ (HJ))	Manufacturing and sales of mass lamination	100.00 %	100.00 %	100.00 %	(Note 3)

Note 1: The Company incorporated ITEQ Corporation (Thailand) Ltd. during January, 2023.

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

Note 3: This Company is a non-significant subsidiary and its financial statement have not been reviewed by independent auditor.

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

(c) Employee benefits

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

(d) Income taxes

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

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

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

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

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

(Continued)

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2023. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2023.

**(6) Explanation of significant accounts:**

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

(a) Cash and cash equivalents

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Cash on hand	\$ 306	221	273
Cash in bank	3,352,998	4,169,113	3,414,755
Bank acceptances	1,936,481	1,424,936	2,265,758
Time deposits	<u>128,000</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents	<u><b>\$ 5,417,785</b></u>	<u><b>5,594,270</b></u>	<u><b>5,680,786</b></u>

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

(b) Financial assets and liabilities

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Stock listed on domestic emerging markets	<u><b>\$ 3,566</b></u>	<u><b>3,654</b></u>	<u><b>3,772</b></u>

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

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

	<b>March 31, 2024</b>	<b>March 31, 2023</b>	<b>December 31, 2023</b>
Domestic unlisted common shares	\$ 5,065	5,221	2,371
Unlisted fund	<u>32,067</u>	<u>31,058</u>	<u>30,057</u>
	<u><b>\$ 37,132</b></u>	<u><b>36,279</b></u>	<u><b>32,428</b></u>

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

(Continued)

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

(iii) Financial assets measured at amortized cost

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Time deposits	<u>\$ 58,633</u>	<u>86,704</u>	<u>88,624</u>

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

(v) The aforementioned financial assets were not pledged.

(c) Receivables

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Notes receivable	\$ 2,052,253	1,019,692	1,673,065
Accounts receivable	9,878,113	10,498,105	10,023,708
Less: loss allowance	<u>(27,133)</u>	<u>(20,078)</u>	<u>(4,415)</u>
	<u>\$ 11,903,233</u>	<u>11,497,719</u>	<u>11,692,358</u>

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

	<b>March 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weight- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 11,694,081	0.00%	-
Past due 1 to 30 days	175,970	0.00%~17.00%	1,945
Past due 31 to 90 days	37,619	0.60%~50.80%	2,492
Past due more the 91 days	<u>22,696</u>	100%	<u>22,696</u>
	<u>\$ 11,930,366</u>		<u>27,133</u>
	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weight- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 11,259,512	0.00%	-
Past due 1 to 30 days	211,623	0.00%~17.00%	2,176
Past due 31 to 90 days	26,065	0.00%~56.00%	983
Past due more the 91 days	<u>20,597</u>	0.00%~100%	<u>16,919</u>
	<u>\$ 11,517,797</u>		<u>20,078</u>

(Continued)

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

	<b>March 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weight- average loss rate</b>	<b>Loss allowance</b>
Current	\$ 11,471,505	0.00%	-
Past due 1 to 30 days	184,338	0.00%~15.40%	744
Past due 31 to 90 days	39,891	0.00%~16.00%	2,632
Past due more the 91 days	1,039	100%	1,039
	<b>\$ 11,696,773</b>		<b>4,415</b>

The movement in the allowance for receivables were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Balance on January 1, 2024	\$ 20,078	7,967
Impairment loss recognized (reversed)	6,136	(3,603)
Effect of changes in exchange rates	919	51
Balance on March 31, 2024	<b>\$ 27,133</b>	<b>4,415</b>

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

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

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

  

<b>March 31, 2023</b>					
<b>Purchaser</b>	<b>Amount derecognized</b>	<b>Amount advances unpaid</b>	<b>Advances paid</b>	<b>Amount recognized in other receivables</b>	<b>Range of interest rate</b>
KGI Commercial Bank	\$ 3,091	2,782	-	3,091	-

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

There was no such transaction on March 31, 2024.

(Continued)

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

## (d) Inventories

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Raw materials	\$ 2,164,718	2,252,156	1,832,402
Work in progress	189,404	155,570	154,717
Finished goods	681,806	568,128	550,510
Inventories in transit	<u>39,488</u>	<u>38,389</u>	<u>18,345</u>
	<b><u>\$ 3,075,416</u></b>	<b><u>3,014,243</u></b>	<b><u>2,555,974</u></b>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Losses on valuation of inventories	\$ 42,317	23,681
Scrap income	<u>(104,071)</u>	<u>(116,357)</u>
	<b><u>\$ (61,754)</u></b>	<b><u>(92,676)</u></b>

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

## (e) Investments accounted for using the equity method

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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Joint venture	<b><u>\$ 40,632</u></b>	<b><u>42,122</u></b>	<b><u>46,738</u></b>

## (i) Joint venture

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

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

(Continued)



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

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Carrying amount of individually insignificant joint venture	<b>\$ 40,632</b>	<b>42,122</b>	<b>46,738</b>
	<b>For the three months ended March 31</b>		
	<b>2024</b>	<b>2023</b>	
Attributable to the Group:			
Loss from continuing operations	<b>\$ (1,490)</b>	<b>(865)</b>	

(ii) Pledge to secure

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

(f) Property, plant and equipment

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

	<b>Land</b>	<b>Buildings and structure</b>	<b>Machinery and equipment</b>	<b>Transport equipment</b>	<b>Facilities</b>	<b>Other equipment</b>	<b>Leased improvements</b>	<b>Total</b>
Costs:								
Balance on January 1, 2024	\$ 193,985	3,957,921	8,397,236	45,932	417,703	1,777,161	406,239	15,196,177
Additions	-	13,320	19,782	4,295	110	19,969	-	57,476
Disposals	-	-	(33,249)	(3,239)	(1,812)	(2,869)	-	(41,169)
Reclassification (Note)	-	5,280	684,543	-	524	6,114	-	696,461
Effects of changes in exchange rates	(3,808)	160,127	302,733	1,182	16,260	48,990	-	525,484
Balance on March 31, 2024	<b>\$ 190,177</b>	<b>4,136,648</b>	<b>9,371,045</b>	<b>48,170</b>	<b>432,785</b>	<b>1,849,365</b>	<b>406,239</b>	<b>16,434,429</b>
Balance on January 1, 2023	\$ -	3,053,809	7,773,750	41,192	424,837	1,539,403	405,623	13,238,614
Additions	-	259,734	110,206	39	-	35,822	1,438	407,239
Disposals	-	(23,414)	(27,792)	(569)	(2,408)	(4,770)	-	(58,953)
Reclassification (Note)	-	1,005,421	404,479	-	1,339	15,440	24,855	1,451,534
Effects of changes in exchange rates	-	11,476	33,162	160	1,991	4,998	-	51,787
Balance on March 31, 2023	<b>\$ -</b>	<b>4,307,026</b>	<b>8,293,805</b>	<b>40,822</b>	<b>425,759</b>	<b>1,590,893</b>	<b>431,916</b>	<b>15,090,221</b>
Depreciation and impairment loss:								
Balance on January 1, 2024	\$ -	994,628	4,827,579	30,695	346,152	1,013,671	207,536	7,420,261
Depreciation	-	49,059	179,335	830	5,044	53,906	9,311	297,485
Disposals	-	-	(29,527)	(3,238)	(1,768)	(2,847)	-	(37,380)
Effects of changes in exchange rates	-	41,436	169,989	918	13,947	28,866	-	255,156
Balance on March 31, 2024	<b>\$ -</b>	<b>1,085,123</b>	<b>5,147,376</b>	<b>29,205</b>	<b>363,375</b>	<b>1,093,596</b>	<b>216,847</b>	<b>7,935,522</b>
Balance on January 1, 2023	\$ -	887,562	4,365,164	30,378	334,034	864,371	200,388	6,681,897
Depreciation	-	37,120	159,379	554	6,097	45,184	10,486	258,820
Disposals	-	(23,414)	(27,128)	(512)	(2,258)	(4,609)	-	(57,921)
Reversal of losses on impairment	-	(375)	(363)	-	-	-	-	(738)
Effects of changes in exchange rates	-	4,389	18,943	109	1,619	2,879	-	27,939
Balance on March 31, 2023	<b>\$ -</b>	<b>905,282</b>	<b>4,515,995</b>	<b>30,529</b>	<b>339,492</b>	<b>907,825</b>	<b>210,874</b>	<b>6,909,997</b>
Carrying amount:								
Balance on January 1, 2024	\$ 193,985	2,963,293	3,569,657	15,237	71,551	763,490	198,703	7,775,916
Balance on March 31, 2024	<b>\$ 190,177</b>	<b>3,051,525</b>	<b>4,223,669</b>	<b>18,965</b>	<b>69,410</b>	<b>755,769</b>	<b>189,392</b>	<b>8,498,907</b>
Balance on January 1, 2023	\$ -	2,166,247	3,408,586	10,814	90,803	675,032	205,235	6,556,717
Balance on March 31, 2023	<b>\$ -</b>	<b>3,401,744</b>	<b>3,777,810</b>	<b>10,293</b>	<b>86,267</b>	<b>683,068</b>	<b>221,042</b>	<b>8,180,224</b>

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

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

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

(g) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Carrying amount:			
Balance on January 1, 2024	\$ <u>36,339</u>	<u>261,974</u>	<u>298,313</u>
Balance on March 31, 2024	\$ <u>37,430</u>	<u>254,057</u>	<u>291,487</u>
Balance on January 1, 2023	\$ <u>38,425</u>	<u>259,949</u>	<u>298,374</u>
Balance on March 31, 2023	\$ <u>38,248</u>	<u>313,661</u>	<u>351,909</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of right-of-use assets for the three months ended March 31, 2024 and 2023. Please refer to note 6(g) to the 2023 annual consolidated financial statements for other related information.

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

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

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Net input VAT	\$ 809,378	856,830	938,036
Prepayments for suppliers	12,783	19,065	42,928
Prepaid expense and others	<u>133,092</u>	<u>174,462</u>	<u>218,252</u>
	<u>\$ 955,253</u>	<u>1,050,357</u>	<u>1,199,216</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments for business facilities	\$ 2,941,215	3,106,153	2,774,618
Long-term prepaid expenses	239,172	184,579	99,858
Materials and supplies	79,516	76,254	82,076
Net defined benefit plan assets	28,908	28,793	28,573
Refundable deposits	133,062	132,179	132,169
Computer software	<u>13,303</u>	<u>12,486</u>	<u>14,243</u>
	<u>\$ 3,435,176</u>	<u>3,540,444</u>	<u>3,131,537</u>

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

## (i) Intangible assets

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Goodwill	<u>\$ 9,433</u>	<u>9,052</u>	<u>9,035</u>

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

## (j) Short-term borrowings and short-term notes and bills payable

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Unsecured bank borrowings (currency: NTD, USD and RMB)	\$ 2,787,215	2,646,225	2,385,759
Short-term notes and bills payable	-	-	149,964
Total	<u>\$ 2,787,215</u>	<u>2,646,225</u>	<u>2,535,723</u>
Unused credit lines	<u>\$ 8,651,204</u>	<u>8,682,002</u>	<u>9,475,030</u>
Interest rate collars	<u>1.69%~6.21%</u>	<u>1.66%~5.99%</u>	<u>0.65%~5.53%</u>

The Group issued short-term notes and bills payable through Dah-Chung Bills Finance Corp. to obtain funds from the currency market for the three months ended March 31, 2023. There was no such transaction for the three months ended March 31, 2024.

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

## (k) Long-term borrowings

	<b>March 31, 2024</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	NTD and RMB	1.61%~3.43%	2025.5~2030.1	\$ 2,481,008
Secured bank borrowing	RMB	3.90%	2028.1	630,022
Less: current portion				(344,680)
Total				<u>\$ 2,766,350</u>
Unused credit lines				<u>\$ 1,049,383</u>
	<b>December 31, 2023</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	NTD and RMB	1.61%~5.58%	2025.5~2027.7	\$ 2,015,562
Secured bank borrowing	RMB	3.90%	2028.1	605,575
Less: current portion				(274,947)
Total				<u>\$ 2,346,190</u>
Unused credit lines				<u>\$ 983,573</u>

(Continued)

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

	<b>March 31, 2023</b>			
	<b>Currency</b>	<b>Interest rate collars</b>	<b>Expiration</b>	<b>Amount</b>
Unsecured bank borrowings	NTD and RMB	1.48%~3.18%	2023.4~2025.9	\$ 2,050,794
Secured bank borrowing	RMB	3.90%	2028.1	464,449
Less: current portion				<u>(17,171)</u>
Total				<u>\$ 2,498,072</u>
Unused credit lines				<u>\$ 1,170,741</u>

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

(l) Lease liabilities

Lease liabilities of the Group were as follows:

	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Current	<u>\$ 64,419</u>	<u>61,884</u>	<u>62,890</u>
Non-current	<u>\$ 200,470</u>	<u>210,116</u>	<u>259,253</u>

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

Amount recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses on lease liabilities	<u>\$ 1,858</u>	<u>2,074</u>
Expenses relating to short-term leases and leases of low-value asset	<u>\$ 10,778</u>	<u>12,575</u>

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Total cash outflow for leases	<u>\$ 28,286</u>	<u>30,595</u>

(i) Leases of lands and buildings

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

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

(Continued)

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

(m) Employee benefits

(i) Defined benefit plans

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Operating expenses	<b>\$ (115)</b>	<b>(114)</b>

(ii) Defined contribution plans

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to \$3,377 thousand, \$3,444 thousand for the three months ended March 31, 2024 and 2023, respectively.

The Group's subsidiaries including ITEQ (DG), ITEQ (JX), ITEQ (WX), ITEQ (GZ) and ITEQ (HJ), adopted the defined contribution plans, with the pension costs of \$39,155 thousand, \$38,409 thousand, respectively.

(n) Income taxes

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Current tax expense	\$ 117,798	95,254
Deferred tax benefit	-	(35,102)
Income tax expense	<b>\$ 117,798</b>	<b>60,152</b>

(ii) There were no income tax expense recognized in other comprehensive income for the three months ended March 31, 2024 and 2023.

(iii) Assessment of tax

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

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

(o) Capital and other equity

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

(i) Retained earnings

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

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

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

1) Legal reserve

Appropriation of earnings to legal reserve shall be made until the reserve equals the Company's paid-in capital. Legal reserves may be used to offset the deficit. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

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

2) Special reserve

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

3) Appropriation of earnings

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

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

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

(ii) Other equity (net after tax)

	Exchange differences on translation of foreign financial statement	Unrealized gain (losses) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2024	\$ (555,434)	2,296	(553,138)
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	-	853	853
Exchange difference on translation of foreign financial statements	824,275	-	824,275
Balance on March 31, 2024	\$ 268,841	3,149	271,990
	Exchange differences on translation of foreign financial statement	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance on January 1, 2023	\$ (274,855)	(6,483)	(281,338)
Unrealized gain (losses) on financial assets at fair value through other comprehensive income	-	(256)	(256)
Exchange difference on translation of foreign financial statements	100,247	-	100,247
Balance on March 31, 2023	\$ (174,608)	(6,739)	(181,347)

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

(p) Earnings per share

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

		Unit: thousand shares	
		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
<b>Basic earnings per share</b>			
Profit attributable to common shareholders of the Company	\$	<u>153,612</u>	<u>73,983</u>
Weighted average number of common shares		<u>362,957</u>	<u>362,957</u>
Basic earnings per share (express in New Taiwan dollars)	\$	<u>0.42</u>	<u>0.20</u>
		<b>For the three months ended March 31</b>	
		<b>2024</b>	<b>2023</b>
<b>Diluted earnings per share</b>			
Profit attributable to common shareholders of the Company	\$	<u>153,612</u>	<u>73,983</u>
Weighted average number of common shares (basic)		362,957	362,957
Effect of employee compensation		428	765
Weighted average number of common shares (diluted)		<u>363,385</u>	<u>363,722</u>
Diluted earnings per share (express in New Taiwan dollars)	\$	<u>0.42</u>	<u>0.20</u>

(q) Share-based payment

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

For the three months ended March 31, 2024 and 2023, the Group recognized the employee stock option compensation cost (attributable to subsidiaries employee) were \$3,122 thousand and \$3,880 thousand, respectively, and recorded under capital surplus-employee stock options.

(r) Employees' compensation and Directors' remuneration

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

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

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Employees' compensation	\$ 8,167	3,937
Directors' remuneration	2,042	997
	<b>\$ 10,209</b>	<b>4,934</b>

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

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

(s) Revenue from contracts with customers

(i) Details of revenue

	<b>For the three months ended March 31, 2024</b>					
	<b>ITEQ</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Other department</b>	<b>Total</b>
Primary geographical markets:						
Asia	\$ 206,287	2,505,200	1,608,060	1,268,601	497,638	6,085,786
Europe	42,900	644	5	-	6,138	49,687
Other	18,697	-	-	-	515	19,212
	<b>\$ 267,884</b>	<b>2,505,844</b>	<b>1,608,065</b>	<b>1,268,601</b>	<b>504,291</b>	<b>6,154,685</b>
Major products:						
Copper clad laminate	\$ 189,480	1,742,162	1,110,966	906,294	489,416	4,438,318
Prepreg	78,382	763,682	497,099	362,296	535	1,701,994
Other	22	-	-	11	14,340	14,373
	<b>\$ 267,884</b>	<b>2,505,844</b>	<b>1,608,065</b>	<b>1,268,601</b>	<b>504,291</b>	<b>6,154,685</b>

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

For the three months ended March 31, 2023						
	ITEQ	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Other department	Total
Primary geographical markets:						
Asia	\$ 238,470	2,171,181	2,284,884	914,320	579,374	6,188,229
Europe	46,756	4,615	-	-	7,248	58,619
Other	11,408	-	-	-	1,399	12,807
	<b>\$ 296,634</b>	<b>2,175,796</b>	<b>2,284,884</b>	<b>914,320</b>	<b>588,021</b>	<b>6,259,655</b>
Major products:						
Copper clad laminate	\$ 165,678	1,570,591	1,637,792	679,347	559,398	4,612,806
Prepreg	130,339	604,826	647,092	234,973	-	1,617,230
Other	617	379	-	-	28,623	29,619
	<b>\$ 296,634</b>	<b>2,175,796</b>	<b>2,284,884</b>	<b>914,320</b>	<b>588,021</b>	<b>6,259,655</b>

(ii) Contract balance

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable	\$ 2,052,253	1,019,692	1,673,065
Accounts receivable	9,878,113	10,498,105	10,023,708
Less: loss allowance	(27,133)	(20,078)	(4,415)
Total	<b>\$ 11,903,233</b>	<b>11,497,719</b>	<b>11,692,358</b>

As of March 31, 2024, December 31 and March 31, 2023, the balance of contract liabilities from sales of products were amounted to \$15,232 thousand, \$43,400 thousand and \$17,188 thousand (accounted for other current liabilities), respectively. The amount of revenue recognized for the years ended March 31, 2024 and 2023 that were included in the contract liabilities at the beginning of the period amounted to \$43,232 thousand and \$6,681 thousand, respectively. The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(t) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2024	2023
Interest income from bank deposits	<b>\$ 14,916</b>	<b>12,485</b>

(ii) Other income

	For the three months ended March 31	
	2024	2023
Government grant income	\$ 41,933	12,864
Other income	2,146	1,468
	<b>\$ 44,079</b>	<b>14,332</b>

(Continued)

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

(iii) Other gains and losses

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Foreign exchange gains (losses)	\$ (1,701)	11,312
Net losses on financial assets and liabilities at fair value through profit or loss	(88)	(6,048)
Reversal of impairment losses on property, plant and equipment facilities	-	738
Gains (losses) on disposals of property, plant and equipment	8,860	(1,032)
Others	(549)	6,792
	<b><u>\$ 6,522</u></b>	<b><u>11,762</u></b>

(iv) Financial costs

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Interest expenses	<b><u>\$ 39,065</u></b>	<b><u>31,547</u></b>

(u) Disclosures for financial instruments

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

(i) Credit risk

1) Concentration of credit risk

As of March 31, 2024, December 31 and March 31, 2023, 55%, 48% and 50%, respectively, of accounts receivable were concentrated on the Group's ten major customers. Thus, the Group's credit risk is significantly centralized.

2) Credit risk of receivables

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

Other financial assets at amortized cost includes time deposits, other receivables and guarantee deposits received, there were no loss allowance for the three months ended March 31, 2024 and 2023.

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

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

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	More than 5 years
<b>March 31, 2024</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,787,215	2,797,203	2,797,203	-	-	-
Accounts payable	5,299,572	5,299,572	5,299,572	-	-	-
Other payables	983,272	983,272	983,272	-	-	-
Lease liabilities	264,889	278,895	70,752	72,334	135,809	-
Dividends payable	544,436	544,436	544,436	-	-	-
Long-term borrowings (including current portion)	3,111,030	3,239,818	419,820	1,936,594	883,404	-
Guarantee deposits received	51,014	51,014	-	51,014	-	-
	<u>\$ 13,041,428</u>	<u>13,194,210</u>	<u>10,115,055</u>	<u>2,059,942</u>	<u>1,019,213</u>	<u>-</u>
<b>December 31, 2023</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,646,225	2,652,176	2,652,176	-	-	-
Accounts payable	5,991,383	5,991,383	5,991,383	-	-	-
Other payables	1,178,211	1,178,211	1,178,211	-	-	-
Lease liabilities	272,000	287,360	68,463	68,770	150,127	-
Long-term borrowings (including current portion)	2,621,137	2,769,145	353,382	1,974,964	440,799	-
Guarantee deposits received	42,895	42,895	-	42,895	-	-
	<u>\$ 12,751,851</u>	<u>12,921,170</u>	<u>10,243,615</u>	<u>2,086,629</u>	<u>590,926</u>	<u>-</u>
<b>March 31, 2023</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,385,759	2,390,559	2,390,559	-	-	-
Short-term notes and bills payable	149,964	150,000	150,000	-	-	-
Accounts payable	5,755,485	5,755,485	5,755,485	-	-	-
Other payables	1,096,156	1,096,156	1,096,156	-	-	-
Lease liabilities	322,143	343,952	70,978	69,294	180,478	23,202
Dividends payable	1,088,872	1,088,872	1,088,872	-	-	-
Long-term borrowings (including current portion)	2,515,243	2,667,792	69,201	1,060,668	1,537,923	-
Guarantee deposits	33,766	33,766	-	33,766	-	-
	<u>\$ 13,347,388</u>	<u>13,526,582</u>	<u>10,621,251</u>	<u>1,163,728</u>	<u>1,718,401</u>	<u>23,202</u>

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

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

(iii) Foreign currency risk

1) Exposure to currency risk

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

	March 31, 2024			December 31, 2023			March 31, 2023			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	44,311	32.00	1,417,952	47,177	30.71	1,448,806	55,535	30.45	1,691,051
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		73,612	32.00	2,355,584	75,098	30.71	2,306,260	67,638	30.45	2,059,576

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and accounts payable and etc. that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD as of March 31, 2024 and 2023 would have increased (decreased) the profit before tax by \$9,376 thousand and \$3,685 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and performed on the same basis for 2023 and 2022.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2024 and 2023, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(1,701) thousand and \$11,312 thousand, respectively.

(iv) Interest rate analysis

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

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

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

If the interest rate had increased / decreased by 1%, the Group's profit before tax would have increased / decreased by \$14,746 thousand and \$12,628 thousand, respectively, for the three months ended March 31, 2024 and 2023, 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 three months ended March 31, 2024 and 2023, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Price of securities on the reporting date	For the three months ended March 31			
	2024		2023	
	Other comprehensive income after tax	Profit	Other comprehensive income after tax	Profit
Increasing 1%	\$ 371	36	324	38
Decreasing 1%	\$ (371)	(36)	(324)	(38)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

	Carrying amount	March 31, 2024			Total
		Fair value			
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,566	-	-	3,566	3,566
Financial assets at fair value through other comprehensive income					
Unlisted fund	32,067	-	-	32,067	32,067
Domestic unlisted common shares	5,065	-	-	5,065	5,065
Subtotal	37,132	-	-	37,132	37,132
Financial assets measured at amortized cost					
Cash and equivalents	\$ 5,417,785	-	-	-	-
Financial assets measured at amortized cost	58,633	-	-	-	-
Notes receivable and accounts receivable	11,903,233	-	-	-	-
Other receivables	78,985	-	-	-	-
Refundable deposits	133,062	-	-	-	-
Subtotal	17,591,698	-	-	-	-
Total	\$ 17,632,396	-	-	40,698	40,698

(Continued)

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

	March 31, 2024				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank borrowings	\$ 5,898,245	-	-	-	-
Accounts payable	5,299,572	-	-	-	-
Lease liabilities	264,889	-	-	-	-
Other payables	983,272	-	-	-	-
Dividends payable	544,436	-	-	-	-
Guarantee deposits received	51,014	-	-	-	-
Total	<u>\$ 13,041,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	December 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,654	-	-	3,654	3,654
Financial assets at fair value through other comprehensive income					
Unlisted fund	31,058	-	-	31,058	31,058
Domestic unlisted common shares	5,221	-	-	5,221	5,221
Subtotal	<u>36,279</u>	<u>-</u>	<u>-</u>	<u>36,279</u>	<u>36,279</u>
Financial assets measured at amortized cost					
Cash and equivalents	\$ 5,594,270	-	-	-	-
Financial assets measured at amortized cost	86,704	-	-	-	-
Notes receivable and accounts receivable	11,497,719	-	-	-	-
Other receivables	51,147	-	-	-	-
Refundable deposits	132,179	-	-	-	-
Subtotal	<u>17,362,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,401,952</u>	<u>-</u>	<u>-</u>	<u>39,933</u>	<u>39,933</u>
Financial liabilities at amortized cost					
Bank borrowings	\$ 5,267,362	-	-	-	-
Accounts payable	5,991,383	-	-	-	-
Lease liabilities	272,000	-	-	-	-
Other payables	1,178,211	-	-	-	-
Guarantee deposits received	42,895	-	-	-	-
Total	<u>\$ 12,751,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	March 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Stocks listed on domestic emerging markets	\$ 3,772	-	-	3,772	3,772
Financial assets at fair value through other comprehensive income					
Unlisted fund	30,057	-	-	30,057	30,057
Domestic unlisted common shares	2,371	-	-	2,371	2,371
Subtotal	<u>32,428</u>	<u>-</u>	<u>-</u>	<u>32,428</u>	<u>32,428</u>

(Continued)

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

	March 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and equivalents	\$ 5,680,786	-	-	-	-
Financial assets measured at amortized cost	88,624	-	-	-	-
Notes receivable and accounts receivable	11,692,358	-	-	-	-
Other receivables	257,770	-	-	-	-
Refundable deposits	132,169	-	-	-	-
Subtotal	<u>17,851,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,887,907</u>	<u>-</u>	<u>-</u>	<u>36,200</u>	<u>36,200</u>
Financial liabilities at amortized cost					
Bank borrowings	\$ 4,901,002	-	-	-	-
Short-term notes and bills payable	149,964	-	-	-	-
Accounts payable	5,755,485	-	-	-	-
Lease liabilities	322,143	-	-	-	-
Other payables	1,096,156	-	-	-	-
Dividends payable	1,088,872	-	-	-	-
Guarantee deposits received	33,766	-	-	-	-
Total	<u>\$ 13,347,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

- 2) Valuation techniques for financial instruments measured at fair value
- a) Non-derivative financial instruments

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

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

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

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

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

(Continued)



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

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

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

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

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the three months ended March 31, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	<b>Unquoted equity instruments</b>	<b>Total</b>
Balance on January 1, 2024	\$ 3,654	36,279	39,933
Total gains or losses:			
Recognized in profit or loss	(88)	-	(88)
Recognized in other comprehensive income	-	853	853
Balance on March 31, 2024	<u>\$ 3,566</u>	<u>37,132</u>	<u>40,698</u>

(Continued)

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

	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	<b>Unquoted equity instruments</b>	<b>Total</b>
Balance on January 1, 2023	\$ 3,273	32,684	35,957
Total gains or losses:			
Recognized in profit or loss	499	-	499
Recognized in other comprehensive income	-	(256)	(256)
Balance on March 31, 2023	<u>\$ 3,772</u>	<u>32,428</u>	<u>36,200</u>

The aforementioned total gains and losses that were included in “other gains and losses” and “unrealized gains and losses on fair value through other comprehensive income-equity investments”, which related to holding assets on March 31, 2024 and 2023 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Recognized in profit or loss	<u>\$ (88)</u>	<u>499</u>
Recognized in other comprehensive income	<u>\$ 853</u>	<u>(256)</u>

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

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

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

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

Quantified information of significant unobservable inputs was as follows:

<u>Items</u>	<u>Evaluation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> <li>• Price-book ratio (as of March 31, 2024, December 31 and March 31, 2023 were 1.52, 1.55 and 1.22, respectively)</li> <li>• Market liquidity discount rate (as of March 31, 2024, December 31 and March 31, 2023 were all 20%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Comparable companies approach	<ul style="list-style-type: none"> <li>• Price-book ratio (as of March 31, 2024, December 31 and March 31, 2023 were 3.12, 3.24 and 3.07, respectively)</li> <li>• Market liquidity discount rate (as of March 31, 2024, December 31 and March 31, 2023 were all 25%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the price-book ratio, the higher the fair value</li> <li>• The higher the market liquidity discount rate, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income-unlisted fund	Net asset value method	<ul style="list-style-type: none"> <li>• Net asset value</li> </ul>	Not applicable

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

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

<u>Input</u>	<u>Upwards or downward changes</u>	<u>Fair value variation on profit or loss</u>					
		<u>Favorable</u>			<u>Unfavorable</u>		
		<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Price-book ratio	5%	95	114	168	(95)	(114)	(168)
Market liquidity discount rate	5%	50	46	305	(50)	(46)	(305)

(Continued)

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

Input	Upwards or downward changes	Fair value variation on other comprehensive income					
		Favorable			Unfavorable		
		March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	December 31, 2023	March 31, 2023
Price-book ratio	5%	195	211	68	(195)	(211)	(68)
Market liquidity discount rate	5%	79	82	43	(79)	(82)	(43)

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

(v) Financial risk management

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

(w) Capital management

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

(x) Investing and financing activities not affecting cash flow

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

	January 1, 2024	Cash flows	Non-cash changes		March 31, 2024
			Foreign exchange movement	Other	
Short-term borrowings	\$ 2,646,225	132,618	8,372	-	2,787,215
Long-term borrowings	2,621,137	432,845	57,048	-	3,111,030
Lease liabilities	272,000	(15,650)	4,824	3,715	264,889
Guarantee deposits received	42,895	6,257	1,862	-	51,014
Total liabilities from financing activities	<u>\$ 5,582,257</u>	<u>556,070</u>	<u>72,106</u>	<u>3,715</u>	<u>6,214,148</u>

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

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>March 31, 2023</b>
			<b>Foreign exchange movement</b>	<b>Other</b>	
Short-term borrowings	\$ 2,465,577	(72,481)	(7,337)	-	2,385,759
Short-term notes and bills payable	149,915	49	-	-	149,964
Long-term borrowings	1,693,857	824,382	(2,996)	-	2,515,243
Lease liabilities	268,981	(15,946)	275	68,833	322,143
Guarantee deposits received	37,980	(3,895)	(319)	-	33,766
Total liabilities from financing activities	<u>\$ 4,616,310</u>	<u>732,109</u>	<u>(10,377)</u>	<u>68,833</u>	<u>5,406,875</u>

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Leases

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

<b>Account items</b>	<b>March 31, 2024</b>	<b>December 31, 2023</b>	<b>March 31, 2023</b>
Right-of-use assets	\$ <u>144,921</u>	<u>148,833</u>	<u>170,864</u>
Refundable deposits (under other non-current assets)	\$ <u>104,429</u>	<u>104,145</u>	<u>103,294</u>
Lease liabilities-current	\$ 29,622	28,785	28,444
Lease liabilities-non-current	<u>115,366</u>	<u>119,820</u>	<u>141,452</u>
	<u>\$ 144,988</u>	<u>148,605</u>	<u>169,896</u>

(Continued)

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

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Financial cost	\$ <b>595</b>	<b>693</b>
Depreciation expense	\$ <b>7,627</b>	<b>7,442</b>
Interest income	\$ <b>285</b>	<b>282</b>

(ii) Rental agreement

The Group leased the office to MGC Corporation as an operating lease for a period in one year. As of March 31, 2023, the operating lease receivable was \$16 thousand, and the total lease payment to be collected in the future is \$18 thousand. For the three months ended March 31, 2023, the rental income recognized were \$12 thousand.

There was no such transaction for the three months ended March 31, 2024.

(iii) Other income

The Group provide human support to MGC Corporation, for the three months ended March 31, 2024 and 2023, the revenue recognized was \$512 thousand and \$65 thousand, respectively.

(iv) Other

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

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

(c) Key management personnel compensation

	<b>For the three months ended March 31</b>	
	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ 6,966	9,805
Post-employment benefits	141	156
	<b>\$ 7,107</b>	<b>9,961</b>

(Continued)

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

**(8) Pledged assets:**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Property, plant and equipment	Long-term borrowings	\$ 593,717	579,838	620,762
Right-of-use assets	Long-term borrowings	60,340	58,328	60,630
Other non-current assets	Gas deposits	3,952	3,952	3,952
		<u>\$ 658,009</u>	<u>642,118</u>	<u>685,344</u>

**(9) Commitments and contingencies:**

## (a) Unrecognized contractual commitments

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Acquisition of property, plant and equipment	<u>\$ 3,939,202</u>	<u>4,725,786</u>	<u>3,885,933</u>

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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unused letters of credit	<u>\$ 300,134</u>	<u>399,711</u>	<u>382,748</u>

**(10) Losses due to major disasters: None****(11) Subsequent events: None****(12) Other:**

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

	<b>For the three months ended March 31</b>					
	<b>2024</b>			<b>2023</b>		
	<b>Operating cost</b>	<b>Operating expense</b>	<b>Total</b>	<b>Operating cost</b>	<b>Operating expense</b>	<b>Total</b>
<b>By item</b>						
Employee benefits						
Salary	275,917	108,880	384,797	246,640	164,601	411,241
Labor and health insurance	20,102	13,922	34,024	17,469	15,573	33,042
Pension	27,131	15,286	42,417	27,476	14,263	41,739
Remuneration of directors	-	2,077	2,077	-	1,067	1,067
Others	17,449	16,769	34,218	31,317	11,600	42,917
Depreciation	260,429	53,465	313,894	231,815	42,755	274,570
Amortization	23,784	2,750	26,534	19,029	3,364	22,393

## (b) Seasonality of operations

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

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**ITEQ Corporation**  
**Notes to the Consolidated Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Company for the three months ended March 31, 2024:

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	IIL	ITEQ (WX)	Account receivables - related parties and other receivables - related parties	Yes	124,033	99,801	99,801	-	2	-	Operating Capital	-	None	-	443,628	443,628
2	ITEQ (WX)	IIL	Account receivables - related parties and other receivables - related parties	Yes	175,618	147,320	147,320	-	2	-	Operating Capital	-	None	-	3,975,454	3,975,454
3	"	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	676,530	676,530	586,326	1.5	2	-	Operating Capital	-	None	-	3,975,454	3,975,454
3	"	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	1,333,680	-	-	1.5	2	-	Operating Capital	-	None	-	3,975,454	3,975,454
3	"	ITEQ (JX)	Account receivables - related parties and other receivables - related parties	Yes	1,353,060	1,353,060	1,353,060	1.5	2	-	Operating Capital	-	None	-	3,975,454	3,975,454

Note 1 : The Company's "Operating Procedures for financing 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 sub-subsidiaries is subject to 600% of the Company's net worth based on the most recent statements of each counterparty audited or reviewed by the Certified Public Accountants. However, if the maximum amount of the capital accommodation exceeds 20% of the net worth of the Company's most recent financial statements audited or reviewed, the limit shall be subject to 20% of the Company's net worth based on the most recent financial statements.

Note 3 : Nature of financing:

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

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

ii. Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)(Note 2)	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)(Note 2)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to companies in Mainland China
		Name	Relationship with the Company (Note 4)										
0	The Company	IIL	2	19,877,274	736,000(Note3)	736,000	80,394	-	3.70%	19,877,274	Yes	No	No
0	"	IPL	2	19,877,274	3,710,650(Note3)	3,504,000	814,211	-	17.63%	19,877,274	Yes	No	No
0	"	ITEQ (DG)	2	19,877,274	480,000(Note3)	480,000	-	-	2.41%	19,877,274	Yes	No	Yes
0	"	ITEQ (JX)	2	19,877,274	3,043,445(Note3)	2,531,020	831,004	-	12.73%	19,877,274	Yes	No	Yes
0	"	ITEQ (TL)	2	19,877,274	480,000(Note3)	480,000	-	-	2.41%	19,877,274	Yes	No	No

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

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

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

Note 4 : Relationship with the Company:

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



**ITEQ Corporation**  
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iii. Securities held as of March 31, 2024 (excluding investment in subsidiaries, associates and joint ventures) :

(In Thousands of Shares/New Taiwan Dollar)

Name of holder	Category and name of security	Relationship with company	Account name	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
The Company	Pan Win Biotechnology Inc.	-	Current financial assets at fair value through profit or loss	100	-	5.0%	-	
"	TMY Technology Inc.	-	Non-current financial assets at fair value through other comprehensive income	357	5,065	0.8%	5,065	
Bang Mao	Mortech Corporation	-	Current financial assets at fair value through profit or loss	381	3,566	1.0%	3,566	
"	Big Sun Energy Technology Inc.	-	Non-current financial assets at fair value through profit or loss	1,736	-	0.4%	-	
"	Ding Mou Corporation	-	Non-current financial assets at fair value through profit or loss	100	-	0.4%	-	
"	TIEF FUND, L.P.	-	Non-current financial assets at fair value through other comprehensive income	-	32,067	4.8%	32,067	

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

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

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
ITEQ (TL)	Factory building	2023/10/20	548,046	As of March 31, 2024 the price paid \$138,090 thousand	New Nanyang Construction Co. LTD	-	N/A	N/A	N/A	N/A	Price negotiation	Operating and production purpose	None

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

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

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)	
IPL	ITEQ (JX)	Same parent company	(Sale)	(252,079)	(71.30%)	OA120 days	No material difference with general customers	No material difference with general customers	551,206	74.80%	Note
ITEQ (WX)	IIL	Same parent company	"	(123,677)	(4.63%)	"	"	"	380,239	7.10%	"
ITEQ (JX)	ITEQ (WX)	Same parent company	"	(662,480)	(21.29%)	"	"	"	302,088	7.05%	"
ITEQ (JX)	ITEQ (DG)	Same parent company	"	(1,166,833)	(37.49%)	"	"	"	1,787,691	41.72%	"
ITEQ (JX)	IPL	Same parent company	Purchase	252,079	8.99%	"	"	"	(551,206)	(16.62%)	"
IIL	ITEQ (WX)	Same parent company	"	123,677	66.35%	"	"	"	(380,239)	(88.89%)	"
ITEQ (WX)	ITEQ (JX)	Same parent company	"	662,480	29.25%	"	"	"	(302,088)	(13.25%)	"
ITEQ (DG)	ITEQ (JX)	Same parent company	"	1,166,833	72.00%	"	"	"	(1,787,691)	(83.35%)	"

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

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

Name of company	Related party	Nature of relationship	Ending balance (Note)	Turnover Rate	Overdue		Amounts received in subsequent period (As of May 6, 2024)	Loss allowance
					Amount	Action taken		
The Company	ITEQ (JX)	The Company holds 100% indirectly	116,597	1.02	-	-	31,628	-
IPL	ITEQ (JX)	Same parent company	551,206	2.01	-	-	99,973	-
IPL	ITEQ (GZ)	Same parent company	110,570	2.15	-	-	27,221	-
IIL	The Company	The Company holds 100% indirectly	171,831	2.32	-	-	21,084	-
IIL	ITEQ (WX)	Same parent company	229,450	0.96	-	-	21,321	-
ITEQ (DG)	ITEQ (JX)	Same parent company	162,393	1.41	-	-	40,592	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,787,691	2.98	-	-	437,408	-
ITEQ (JX)	ITEQ (WX)	Same parent company	302,088	8.13	-	-	284,749	-
ITEQ (WX)	IIL	Same parent company	380,239	1.34	-	-	39,959	-

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

**ITEQ Corporation**  
**Notes to the Consolidated Financial Statements**

ix. Trading in derivative instruments: None.

x. Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions (Note 3)(Note 5)			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	IIL	ITEQ (WX)	3	Account receivable	229,450	Note 4	0.67%
2	IPL	ITEQ (JX)	3	Sale	252,079	Note 4	4.10%
2	IPL	ITEQ (JX)	3	Account receivable	551,206	Note 4	1.61%
3	ITEQ Holding	ITEQ (HK)	3	Other receivable	872,989	Note 4	2.55%
4	ITEQ (JX)	ITEQ (WX)	3	Sale	662,480	Note 4	10.76%
4	ITEQ (JX)	ITEQ (DG)	3	Sale	1,166,833	Note 4	18.96%
4	ITEQ (JX)	ITEQ (DG)	3	Account receivable	1,787,691	Note 4	5.23%
4	ITEQ (JX)	ITEQ (WX)	3	Account receivable	302,088	Note 4	0.88%
5	ITEQ (WX)	IIL	3	Account receivable	380,239	Note 4	1.11%
5	ITEQ (WX)	ITEQ (JX)	3	Other receivable	1,941,933	Note 4	5.68%

Note 1: Company numbering as follows:

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

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

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

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

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

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

**ITEQ Corporation**  
**Notes to the Consolidated Financial Statements**

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

(In Thousands of New Taiwan Dollar)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2024			Net income (losses) of investee	Share of profits/losses of investee	Note
				The ending balance at the end	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value			
The Company	ITEQ International	Samoa	Investment activities	1,879,344	1,879,344	18,500	100%	21,909,439	399,772	399,772	Note 1
"	Bang Mao	Hsinchu	Investment activities	70,000	70,000	7,000	100%	103,336	906	906	Note 1
"	MGC	Hsinchu	Electronic parts and components manufacturing	49,000	49,000	4,900	49%	40,632	(3,041)	(1,490)	
"	ITEQ (TL)	Thailand	Manufacturing and sales of prepreg and copper clad lamination	586,083	586,083	6,500	100%	573,550	(1,299)	(1,299)	Note 1
ITEQ International	ITEQ Holding	British Cayman Islands	Investment activities	1,879,344	1,879,344	18,500	100%	21,745,440	399,756	399,756	Note 1
ITEQ Holding	ESIC	The British Virgin Islands	Investments in mainland China	395,850	395,850	10,750	100%	8,576,544	93,548	93,548	Note 1
"	IPL	Samoa	Import and export business	30,450	30,450	1,000	100%	73,344	1,729	1,729	Note 1
"	IIL	Samoa	Import and export business	30,450	30,450	1,000	100%	75,072	(1,981)	(1,981)	Note 1
"	Eagle Great	The British Virgin Islands	Investments in mainland China	258,795	258,795	8,499	100%	408,224	(17,546)	(17,546)	Note 1
"	ITEQ (HK)	Hong Kong	Investments in mainland China	736,890	736,890	24,200	100%	11,729,248	324,038	324,038	Note 1

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

**ITEQ Corporation**  
**Notes to the Consolidated Financial Statements**

(c)Information on investment in mainland China:

i)The names of investees in Mainland China, the main businesses and products, and other information :

(In Thousands of New Taiwan Dollar)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2024	Net income (losses) of the investee	Percentage of ownership	Investment income (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	609,000	(Note 1)(Note 4)	395,850	-	-	395,850	32,807	100%	32,807	5,117,510	-
ITEQ (WX) (Note 5)	Manufacturing and sales of prepreg and copper clad	1,248,450	(Note 1)(Note 4)	672,945	-	-	672,945	311,429	100%	311,429	9,478,050	3,501,517
ITEQ (HJ) (Note 5)	Manufacturing and sales of mass lamination	258,795	(Note 1)(Note 4)	252,309	-	-	252,309	(17,167)	100%	(17,167)	353,353	-
ITEQ (GZ) (Note 5)	Manufacturing and sales of prepreg and copper clad	721,665	(Note 1)	493,290	-	-	493,290	9,658	100%	9,658	2,590,612	1,119,692
ITEQ (JX) (Note 5)	Manufacturing and sales of prepreg and copper clad	4,896,360	(Note 1)(Note 4)	-	-	-	-	119,948	100%	119,948	6,290,687	-

ii)Limitation on investment in mainland China:

Accumulated Investment in mainland China as of March 31, 2024	Investment Amount Authorized by Investment Commission, MOEA(Note 6)	Upper Limit on Investment (Note 3)
1,814,394 (USD 59,586)	2,572,800 (USD 80,400)	11,926,364

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

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

Note3 : The Company's amount was based on the regulation issued on August 29, 2008 by the Investment Commission under the Ministry of Economic Affairs, 60% of total equity or total consolidated equity.

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

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

Note6 : Translated using the exchange rates on March 31, 2024.

iii)Significant transactions

For the three months ended March 31, 2024, the direct and indirect significant transactions of investees in mainland China have been eliminated in the consolidated financial statements, please refer to note 13(a) "Information on significant transactions" for details.

**ITEQ Corporation**  
**Notes to the Consolidated Financial Statements**

**(d)Major shareholders**

(In shares)

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

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

**(14) Segment information:**

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

	For the three months ended March 31, 2024					
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Revenue from external customers	\$ 267,884	2,505,844	1,608,065	1,268,601	504,291	6,154,685
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 267,884</u>	<u>2,505,844</u>	<u>1,608,065</u>	<u>1,268,601</u>	<u>504,291</u>	<u>6,154,685</u>
Reportable segment profit (loss)	<u>\$ (205,400)</u>	<u>327,273</u>	<u>4,797</u>	<u>150,467</u>	<u>(5,727)</u>	<u>271,410</u>

  

	For the three months ended March 31, 2023					
	<u>ITEQ Corporation</u>	<u>ITEQ (WX)</u>	<u>ITEQ (DG)</u>	<u>ITEQ (JX)</u>	<u>Other department</u>	<u>Total</u>
Revenue from external customers	\$ 296,634	2,175,796	2,284,884	914,320	588,021	6,259,655
Intersegment revenues	-	-	-	-	-	-
Total revenue	<u>\$ 296,634</u>	<u>2,175,796</u>	<u>2,284,884</u>	<u>914,320</u>	<u>588,021</u>	<u>6,259,655</u>
Reportable segment profit (loss)	<u>\$ (194,502)</u>	<u>249,055</u>	<u>20,217</u>	<u>49,610</u>	<u>9,755</u>	<u>134,135</u>