

ITEQ Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Nine Months Ended September 30, 2022 and 2021

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Independent Auditors' Review Report

The Board of Directors and Shareholders ITEQ Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of ITEQ Corporation and its subsidiaries (the "Group") for nine months ended in 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and cash flows for the period for three months ended September 30, 2022 and 2021 and for 9 months ended in 2022 and 2021, 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 Regulation Governing the Presentation 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 following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A consolidated financial statements review consists of 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, 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 disclosed in Note 4 and 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements and investments using the equity method referred to in the first paragraph were not reviewed. As of September 30, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT\$1,511,469 thousand and NT\$1,140,159 thousand, respectively both representing 5% and 3% of the consolidated total assets, and the combined total liabilities of non-significant subsidiaries

were NT\$1,370,883 thousand and NT\$1,840,660 thousand respectively both representing 11% and 12% of the consolidated total liabilities; for the three months ended September 30, 2022 and 2021, the amounts of combined comprehensive income of these subsidiaries were NT\$(9,678) thousand, NT\$12,367 thousand, and (12,270) thousand that representing (2%), 2%, (0.6%) and 2% of the consolidated total comprehensive income. The carrying amount of the investment using the equity method as at September 30, 2022 was NT\$49,000 thousand; and the share of profit or loss of joint ventures recognized using the equity method for the nine months ended September 30, 2022 and 2021 were NT\$0.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of non-significant subsidiaries and investments using the equity method as described in the preceding paragraph been reviewed, based on our review, noting 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 the group as of September 30, 2022 and 2021, and of its the consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated business performance and cash flow for the three months then ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Position by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche

CPA Chen-Hsiu, Yang

CPA Kuan-Hao, Li

The Financial Supervisory Commission

R.O.C. Approved No.

Jing Guang Zheng Shen No.

0980032818

The Financial Supervisory Commission

R.O.C. Approved No.

Jing Guang Zheng Shen No. 1100372936

November 1, 2022

Notice to Readers

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

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

ITEQ Corporation and Subsidiaries
Consolidated Balance Sheets
September 30, 2022, December 31, 2021, and September 30, 2021

Unit: NTD thousand

Code	Asset	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							
1100	Cash and cash equivalents (Note 6)	\$ 4,310,053	13	\$ 4,423,278	12	\$ 4,035,187	11
1110	Financial assets at fair value through profit or loss (Note 7)	4,562	-	4,618	-	4,732	-
1170	Notes & accounts receivable-Net (Note 8)	12,314,940	38	13,260,199	37	14,099,654	39
1200	Other receivables (Note 22 and 27)	247,138	1	225,839	1	246,379	1
1220	Current tax assets	32,311	-	32,456	-	32,452	-
130X	Inventories - net (Note 9)	2,578,580	8	5,166,981	14	5,193,616	15
1479	Other current assets (Note 15)	1,164,923	4	1,261,998	3	1,519,150	4
11XX	Total current assets	<u>20,652,507</u>	<u>64</u>	<u>24,375,369</u>	<u>67</u>	<u>25,131,170</u>	<u>70</u>
NON-CURRENT ASSETS							
1517	Financial assets at fair value through other comprehensive income - non-current (Note 10)	35,959	-	29,687	-	29,875	-
1550	Investments using the equity method (Note 11)	49,000	-	-	-	-	-
1600	Property, plant and equipment (Note 12)	6,673,909	21	6,504,769	18	6,427,837	18
1755	Right-of-use assets (Notes 13 and 28)	316,769	1	310,873	1	324,330	1
1780	Intangible assets (Note 14)	9,478	-	8,360	-	8,242	-
1840	Deferred tax assets	149,138	-	293,471	1	307,446	1
1990	Other non-current assets (Notes 15 and 28)	4,636,274	14	4,714,757	13	3,806,355	10
15XX	Total non-current assets	<u>11,870,527</u>	<u>36</u>	<u>11,861,917</u>	<u>33</u>	<u>10,904,085</u>	<u>30</u>
1XXX	Total assets	<u>\$ 32,523,034</u>	<u>100</u>	<u>\$ 36,237,286</u>	<u>100</u>	<u>\$ 36,035,255</u>	<u>100</u>
LIABILITIES AND EQUITY							
CURRENT LIABILITIES							
2100	Short-term borrowings (Note 16)	\$ 3,321,374	10	\$ 2,131,144	6	\$ 1,433,569	4
2110	Short-term bills payable - net (Note 16)	199,800	1	-	-	-	-
2170	Notes and accounts payable	3,953,993	12	7,121,256	19	8,432,429	24
2219	Other payables (Note 17)	2,192,562	7	4,259,191	12	4,185,118	12
2230	Current tax liabilities	543,891	2	640,862	2	861,163	2
2250	Provisions for liabilities - current (Note 18)	11,607	-	17,023	-	13,273	-
2280	Lease liabilities - current (Notes 13 and 28)	58,594	-	49,366	-	52,585	-
2399	Other current liabilities (Note 21)	53,065	-	45,963	-	62,137	-
21XX	Total current liabilities	<u>10,334,886</u>	<u>32</u>	<u>14,264,805</u>	<u>39</u>	<u>15,040,274</u>	<u>42</u>
Non-current liabilities							
2580	Lease liabilities - non-current (Note 13 and 28)	227,558	1	227,546	1	237,207	1
2540	Long-term borrowings (Note 16)	1,477,261	5	-	-	-	-
2570	Deferred tax liabilities	450,742	1	396,501	1	370,900	1
2645	Guarantee deposits	35,055	-	33,696	-	32,412	-
25XX	Total non-current liabilities	<u>2,190,616</u>	<u>7</u>	<u>657,743</u>	<u>2</u>	<u>640,519</u>	<u>2</u>
2XXX	Total liabilities	<u>12,525,502</u>	<u>39</u>	<u>14,922,548</u>	<u>41</u>	<u>15,680,793</u>	<u>44</u>
EQUITY							
Equity attributable to the Company (Notes 20 and 25)							
3100	Share capital	3,829,572	12	3,829,572	10	3,829,572	10
3200	Capital surplus	9,701,921	30	9,690,481	27	9,686,132	27
Retained earnings							
3310	Legal reserve	2,199,863	7	1,885,194	5	1,885,194	5
3320	Special reserve	514,181	1	444,936	1	444,936	1
3350	Unappropriated earnings	5,201,212	16	5,978,737	17	5,169,733	15
3300	Total retained earnings	<u>7,915,256</u>	<u>24</u>	<u>8,308,867</u>	<u>23</u>	<u>7,499,863</u>	<u>21</u>
3400	Other equities	(49,608)	-	(514,182)	(1)	(661,105)	(2)
3500	Treasury stock	(1,399,609)	(5)	-	-	-	-
3XXX	Total equity	<u>19,997,532</u>	<u>61</u>	<u>21,314,738</u>	<u>59</u>	<u>20,354,462</u>	<u>56</u>
Total liabilities and equity		<u>\$ 32,523,034</u>	<u>100</u>	<u>\$ 36,237,286</u>	<u>100</u>	<u>\$ 36,035,255</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on November 1, 2022)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the three months and nine months ended September 30, 2022 and 2021
(Reviewed after Re-statement, Not Audited)

NTD thousand, Except Earnings Per Share

Code		For the Three Months Ended September 30, 2022		For the Three Months Ended September 30, 2021		For the Nine Months Ended September 30, 2022		For the Nine Months Ended September 30, 2021	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Note 21)	\$ 6,352,008	100	\$ 8,929,775	100	\$ 22,266,721	100	\$ 24,493,890	100
5000	OPERATING COSTS (Notes 9 and 22)	<u>5,620,709</u>	<u>88</u>	<u>7,191,964</u>	<u>80</u>	<u>19,350,703</u>	<u>87</u>	<u>19,760,595</u>	<u>81</u>
5900	GROSS PROFIT	<u>731,299</u>	<u>12</u>	<u>1,737,811</u>	<u>20</u>	<u>2,916,018</u>	<u>13</u>	<u>4,733,295</u>	<u>19</u>
	OPERATING EXPENSES (Notes 22 and 28)								
6100	Selling and marketing expenses	147,590	2	190,065	2	443,766	2	491,606	2
6200	General and administrative expenses	111,365	2	272,531	3	619,742	2	778,276	3
6300	Research and development expenses	123,298	2	165,838	2	408,814	2	349,256	1
6450	Expected credit loss (gain)	(191)	-	2,129	-	934	-	(2,039)	-
6000	Total operating expenses	<u>382,062</u>	<u>6</u>	<u>630,563</u>	<u>7</u>	<u>1,473,256</u>	<u>6</u>	<u>1,617,099</u>	<u>6</u>
6900	INCOME FROM OPERATIONS	<u>349,237</u>	<u>6</u>	<u>1,107,248</u>	<u>13</u>	<u>1,442,762</u>	<u>7</u>	<u>3,116,196</u>	<u>13</u>
	NON-OPERATING INCOME AND EXPENSES (Notes 22 and 28)								
7100	Interest income	4,944	-	2,428	-	13,573	-	8,417	-
7010	Other income	87,716	1	16,600	-	141,720	-	48,656	-
7020	Other gains or losses	(49,571)	(1)	(1,700)	-	410,568	2	(48,282)	-
7050	Financial costs	(30,203)	-	(27,948)	-	(74,515)	-	(62,863)	-
7000	Total non-operating income and expenses	<u>12,886</u>	<u>-</u>	<u>(10,620)</u>	<u>-</u>	<u>491,346</u>	<u>2</u>	<u>(54,072)</u>	<u>-</u>
7900	INCOME BEFORE INCOME TAX	362,123	6	1,096,628	13	1,934,108	9	3,062,124	13
7950	INCOME TAX EXPENSE (Note 23)	<u>84,763</u>	<u>2</u>	<u>261,441</u>	<u>3</u>	<u>412,933</u>	<u>2</u>	<u>724,442</u>	<u>3</u>
8200	NET INCOME FOR THE PERIOD	<u>277,360</u>	<u>4</u>	<u>835,187</u>	<u>10</u>	<u>1,521,175</u>	<u>7</u>	<u>2,337,682</u>	<u>10</u>
	OTHER COMPREHENSIVE INCOME								
8310	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 20)	1,741	-	(1,096)	-	7,372	-	(7,780)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 23)	(388)	-	(141)	-	(2,075)	-	205	-
8360	Items that may be reclassified subsequently to profit or loss:								
8361	Exchange differences on translating the financial statements of foreign operations (Note 20)	204,482	3	(70,911)	(1)	574,096	3	(260,743)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Notes 10 and 23)	(40,896)	-	14,183	-	(114,819)	(1)	52,149	-
8300	Other comprehensive income for the period (net amount after-tax)	<u>164,939</u>	<u>3</u>	<u>(57,965)</u>	<u>(1)</u>	<u>464,574</u>	<u>2</u>	<u>(216,169)</u>	<u>(1)</u>
8500	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 442,299</u>	<u>7</u>	<u>\$ 777,222</u>	<u>9</u>	<u>\$ 1,985,749</u>	<u>9</u>	<u>\$ 2,121,513</u>	<u>9</u>
	NET PROFIT ATTRIBUTABLE TO:								
8610	Owners of the Company	<u>\$ 277,360</u>	<u>4</u>	<u>\$ 835,187</u>	<u>10</u>	<u>\$ 1,521,175</u>	<u>7</u>	<u>\$ 2,337,682</u>	<u>10</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	<u>\$ 442,299</u>	<u>7</u>	<u>\$ 777,222</u>	<u>9</u>	<u>\$ 1,985,749</u>	<u>9</u>	<u>\$ 2,121,513</u>	<u>9</u>
	EARNINGS PER SHARE (Note 24)								
	From continuing operations								
9710	Basic	<u>\$ 0.74</u>		<u>\$ 2.40</u>		<u>\$ 4.01</u>		<u>\$ 6.91</u>	
9810	Diluted	<u>\$ 0.74</u>		<u>\$ 2.39</u>		<u>\$ 3.98</u>		<u>\$ 6.86</u>	

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on November 1, 2022)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Changes Equity
For the nine months ended September 30, 2022 and 2021
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		Share capital		Capital surplus (Note 20 and 25)	Retained earnings (Note 20)			Other equity interest (Note 20)		Treasury stock	Total Equity
		Ordinary Shares (Thousands)	Amount (Note 20)		Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at FVTOCI		
A1	BALANCE AT JANUARY 1, 2021	332,957	\$ 3,329,572	\$ 3,682,051	\$ 1,618,630	\$ 583,390	\$ 4,624,947	(\$ 442,507)	(\$ 2,429)	\$ -	\$ 13,393,654
D1	Net income for the nine months ended September 30, 2021	-	-	-	-	-	2,337,682	-	-	-	2,337,682
D3	Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(208,594)	(7,575)	-	(216,169)
D5	Total comprehensive income for the nine months ended September 30, 2021	-	-	-	-	-	2,337,682	(208,594)	(7,575)	-	2,121,513
	Appropriation and distribution of retained earnings for 2020:										
B1	Legal reserve	-	-	-	266,564	-	(266,564)	-	-	-	-
B3	Special reserve	-	-	-	-	(138,454)	138,454	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(1,664,786)	-	-	-	(1,664,786)
E1	Capital increase by cash	50,000	500,000	5,994,363	-	-	-	-	-	-	6,494,363
N1	Share-based payment transactions (Note 25)	-	-	9,718	-	-	-	-	-	-	9,718
Z1	BALANCE AS AT SEPTEMBER 30, 2021	382,957	\$ 3,829,572	\$ 9,686,132	\$ 1,885,194	\$ 444,936	\$ 5,169,733	(\$ 651,101)	(\$ 10,004)	\$ -	\$ 20,354,462
A1	BALANCE AT JANUARY 1, 2022	382,957	\$ 3,829,572	\$ 9,690,481	\$ 1,885,194	\$ 444,936	\$ 5,978,737	(\$ 505,008)	(\$ 9,174)	\$ -	\$ 21,314,738
D1	Net income for the nine months ended September 30, 2022	-	-	-	-	-	1,521,175	-	-	-	1,521,175
D3	Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	-	459,277	5,297	-	464,574
D5	Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	-	1,521,175	459,277	5,297	-	1,985,749
	Appropriation and distribution of retained earnings for 2021:										
B1	Legal reserve	-	-	-	314,669	-	(314,669)	-	-	-	-
B3	Special reserve	-	-	-	-	69,245	(69,245)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(1,914,786)	-	-	-	(1,914,786)
N1	Share-based payment transactions (Note 25)	-	-	11,440	-	-	-	-	-	-	11,440
L1	Treasury stock	-	-	-	-	-	-	-	-	(1,399,609)	(1,399,609)
Z1	BALANCE AT SEPTEMBER 30, 2022	382,957	\$ 3,829,572	\$ 9,701,921	\$ 2,199,863	\$ 514,181	\$ 5,201,212	(\$ 45,731)	(\$ 3,877)	(\$ 1,399,609)	\$ 19,997,532

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on November 1, 2022)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Reviewed after Re-statement, Not Audited)

Unit: NTD thousand

Code		For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Income before income tax	\$ 1,934,108	\$ 3,062,124
A20010	Adjustments for:		
A20100	Depreciation expenses	813,322	697,528
A20300	Expected credit loss recognized (reversal)	934	(2,039)
A20400	Loss on Financial assets at FVITPL	56	964
A20900	Financial costs	74,515	62,863
A21200	Interest income	(13,573)	(8,417)
A21900	Share-based compensation payment	11,440	9,718
A22500	Loss on disposal of property, plant and equipment	2,800	11,008
A23700	Reversal of loss on impairment of property, plant and equipment and prepayments for business facilities	(17,475)	(18,707)
A23800	Write-down of inventories	39,324	91,127
A24100	Net (gain) loss on the exchange of foreign currency	(8,949)	17,081
A29900	Amortization expense	71,572	51,799
A29900	Reversal of provisions fair value through profit or loss	(5,926)	(18,042)
A29900	Losses from disaster	-	464,195
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(1,065,072)	718,863
A31150	Accounts receivable	3,701,394	(4,235,186)
A31180	Other receivables	(16,113)	(157,679)
A31200	Inventories	2,998,971	(2,261,321)
A31230	Offset against value-added tax payable	296,559	(354,315)
A31240	Other current assets	(46,424)	(28,101)
A32150	Accounts payable	(3,867,799)	3,533,242
A32180	Other payables	(243,432)	1,453,042
A32230	Other current liabilities	(802)	10,233
A33000	Cash inflow generated from operations	4,659,430	3,099,980
A33300	Interest paid	(57,630)	(58,598)
A33500	Income tax paid	(355,014)	(547,822)
AAAA	Net cash generated from operating activities	<u>4,246,786</u>	<u>2,493,560</u>

(To be Continued)

(Continued)

Code		For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Return of investments from financial assets at fair value through other comprehensive income	\$ 1,100	\$ -
B01800	Joint venture acquired	(49,000)	-
B02700	Payments for property, plant and equipment and prepayments for business facilities	(2,441,931)	(3,859,629)
B02800	Proceeds from disposal of property, plant and equipment	173	2,383
B03700	Increase in refundable deposits	(25,835)	(4,994)
B03800	Decrease in refundable deposits	28,019	65,146
B06700	Increase or decrease in other non-current assets	5,443	(69,925)
B07500	Interest received	12,734	7,587
BBBB	Net cash used in investing activities	<u>(2,469,297)</u>	<u>(3,859,432)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	Increase (decrease) in short-term borrowings	926,090	(774,395)
C00600	Increase (decrease) in commercial paper payables	199,760	(50,412)
C01600	Proceeds from long-term borrowings	1,455,598	230,000
C01700	Re-payments of long-term borrowings	-	(1,958,235)
C03000	Increase in guarantee deposits	8,879	7,014
C03100	Decrease in guarantee deposits	(9,000)	(6,685)
C04020	Re-payment of the principal portion of lease liabilities	(44,731)	(40,803)
C04500	Distribution of cash dividends	(1,914,786)	(1,664,786)
C04600	Capital increase by cash	-	6,494,363
C04900	Share buyback	(1,399,609)	-
CCCC	Net cash (outflow) inflow from financing activities	<u>(777,799)</u>	<u>2,236,061</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(1,112,915)</u>	<u>(122,136)</u>
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(113,225)</u>	<u>748,053</u>
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,423,278</u>	<u>3,287,134</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,310,053</u>	<u>\$ 4,035,187</u>

The accompanying notes are an integral part of the consolidated financial statements
(Please see the Review Report of Deloitte & Touche on November 1, 2022)

Chairman: Chin-Tsai, Chen Manager: Hsin-Hui, Tsai Accounting Supervisor: Jung-Tsan, Chou

ITEQ Corporation and Subsidiaries
Note to consolidated financial statements
For the nine months ended September 30, 2022 and 2021
(Reviewed after Re-statement, Not Audited)
(NTD thousand, Unless Stated Otherwise)

I. Company history

ITEQ Corporation (the “Company”) was incorporated on April 10, 1997. It manufactures and sells mass lamination boards, copper-clad laminates, prepreg, and electronic components. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE).

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group” are presented in the Company’s functional currency, the New Taiwan dollar.

II. Authorization of Financial Statements

The Group’s consolidated financial report were reported to the Board of Directors and issued on November 11, 2022.

III. Application of New and Revised International Financial Reporting Standards

- (I) Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (hereinafter referred to collectively as the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies

- (II) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC in 2023

<u>New, Revised, or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments apply for the annual reporting period beginning on and after January 1, 2023.

Note 2: The amendments apply to changes in accounting estimates and in accounting policies that occur during the annual reporting period beginning on and after January 1, 2023.

Note 3: In addition to recognizing deferred income tax on the temporary differences between a lease and decommissioning liabilities as at January 1, 2022. The amendment also applies to transactions that occur on and after January 1, 2022.

The Group continues to evaluate how amendments of the above-mentioned standards and interpretations affect its financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

- (III) The IFRSs issued by the International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendment to IFRS 16 - "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendment to IAS 1 - "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: Amendment to IFRS 16 is applicable retrospectively to sellers as lessees for sales and leasebacks signed after the initial applicable date of IFR 16.

The Group continues to evaluate how amendments of the above-mentioned standards and interpretations affect its financial position and business performance as of the publication date of this financial report. Outcomes of these assessments will be disclosed upon completion.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(II) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs are unobservable inputs for the asset or liability.

(III) Basis of consolidation

1. Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial instruments of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation.

2. Subsidiaries included in consolidated financial statements

The detailed information of the subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	% of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
ITEQ Corp	ITEQ International	Investment	100%	100%	100%
	Bou Mou	Investment	100%	100%	100%
ITEQ International	ITEQ Holding	Investment	100%	100%	100%
ITEQ Holding	ESIC	Mainland China	100%	100%	100%
		Re-investment			
	IPL	Import/Export	100%	100%	100%
	IIL	Import/Export	100%	100%	100%
	Eagle Great	Mainland China	100%	100%	100%
		Re-investment			
	ITEQ (HK)	Mainland China	100%	100%	100%
ESIC	ITEQ (DG)	Re-investment			
		Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (JX) (Note)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%

(To be Continued)

(Continued)

Investor	Investee	Main Business	% of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
ITEQ (HK)	ITEQ (WX)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
	ITEQ (GZ)	Produces and sells pre-preg products and copper-clad laminates	100%	100%	100%
Eagle Great	ITEQ (HJ)	Production and sales of MLBs.	100%	100%	100%

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

The Company's Board of Directors resolved and approved the proposal to increase the capital of ITEQ (JX) by US\$80,000 thousand during the meeting held on March 23, 2021, which has been fully received.

Among the subsidiaries included in the financial report above, except for the financial reports of ITEQ (DG), ITEQ (WX), ITEQ (GZ), and ITEQ (JX) that have been reviewed, other non-significant subsidiaries are not reviewed by Deloitte & Touche.

(IV) Other significant accounting policies

Except for the related accounting policies of the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1. Retirement 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 significant plan amendments, settlements or other significant one-time events.

2. Income tax

Income tax expense represents the sum of the current tax payable and deferred tax. The Interim period income tax expense is assessed using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

3. Derivatives

The derivatives the consolidating company enter into are forward exchange contracts, to manage its interest rate and exchange rate risks.

Upon the signing of derivatives contracts, the derivatives are recognized at the fair value and subsequently remeasured at the fair value on balance sheet dates. The gain or loss resulting from subsequent remeasurements are recognized as profit or loss. As these derivatives are effective hedging tools designated for hedge accounting, the timing of profit or loss recognition depends on the nature of hedging relationships. When the fair value is positive, a derivative is listed as a financial asset. When the fair value is negative, a derivative is listed as a financial liability.

V. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

Please refer to the Company's consolidated financial statements for the year ended December 31, 2021 for the explanation of critical accounting judgments, key sources of estimates, and uncertainty.

VI. Cash and Equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand	\$ 192	\$ 198	\$ 241
Cash in banks	2,686,139	3,202,036	3,007,656
Cash equivalents			
Bank acceptances	<u>1,623,722</u>	<u>1,221,044</u>	<u>1,027,290</u>
	<u>\$ 4,310,053</u>	<u>\$ 4,423,278</u>	<u>\$ 4,035,187</u>

The range of market interest rates on deposits and cash equivalents on the balance sheet date is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash in banks	0.00%~1.65%	0.00%~1.55%	0.00%~1.55%

VII. Financial instruments at fair value through profit or loss

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Financial assets mandatorily measured at FVTPL			
Derivatives (not designated for hedge accounting)			
- Forward exchange contracts	\$ 1,076	\$ -	\$ -
Non-derivative financial assets			
- Securities listed in ROC Emerging Stock Market	<u>3,486</u>	<u>4,618</u>	<u>4,732</u>
	<u>\$ 4,562</u>	<u>\$ 4,618</u>	<u>\$ 4,732</u>

The forward exchange contracts outstanding and not applicable to hedge accounting as of the balance sheet date are as follows:

September 30, 2022

	<u>Currency</u>	<u>Maturity</u>	<u>Contract amount (NTD thousand)</u>
Buy: forward exchange contracts	USD to RMB	October 13, 2022 to December 29, 2022	USD 9,000/CNY 63,484

The consolidating company engages in the transaction of foreign exchange contracts primarily for hedging of exchange rate volatility with assets and liabilities denominated in foreign currencies.

VIII. Notes & accounts receivable-Net

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Notes receivable</u>			
At amortized cost	<u>\$ 1,681,163</u>	<u>\$ 464,677</u>	<u>\$ 940,039</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	10,640,795	12,801,771	13,167,810
Less: Loss allowance	<u>7,018</u>	<u>6,249</u>	<u>8,195</u>
Net	<u>10,633,777</u>	<u>12,795,522</u>	<u>13,159,615</u>
Total	<u>\$12,314,940</u>	<u>\$13,260,199</u>	<u>\$14,099,654</u>

The average credit term on sales is 120 days. The Group also has administrative measures to strengthen sales, finance and legal collection procedures for overdue receivables. The Group evaluates the credit quality, determines the credit limit of potential customers according to an internal rating system, reviews the credit status of customers in order to adjust their credit limits every half year and assigns a team responsible for the determination and approval of credit limits. The team continually reviews the financial condition of accounts receivable and will take further actions of factoring or insurance, if necessary, in order to reduce the Group's credit risk.

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivable. The expected credit losses on accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows that there is no significant difference in the loss patterns of different customer groups, it does not further differentiate the customer groups for the provision matrix and only sets the expected credit loss based on the number of days past due for notes and accounts receivable.

The Group writes off accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, *e.g.*, when the debtor has been placed under liquidation or for the accounts receivables past due are over 90 days, whichever occurs earlier. For accounts receivables that have been written off, the Group continues its attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the allowances for losses on notes and accounts receivables based on the Group's provision matrix.

September 30, 2022

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%~0.04%	0.00%~3.48%	0.00%~16.60%	100.00%	
Gross carrying amount	\$ 12,297,312	\$ 15,062	\$ 9,584	\$ -	\$ 12,321,958
Loss allowance (lifetime ECLs)	(6,881)	(84)	(53)	-	(7,018)
Amortized cost	<u>\$ 12,290,431</u>	<u>\$ 14,978</u>	<u>\$ 9,531</u>	<u>\$ -</u>	<u>\$ 12,314,940</u>

December 31, 2021

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%	0.00%	0.00%~11.83%	100.00%	
Gross carrying amount	\$ 12,843,445	\$ 311,652	\$ 107,128	\$ 4,223	\$ 13,266,448
Loss allowance (lifetime ECLs)	-	-	(2,026)	(4,223)	(6,249)
Amortized cost	<u>\$ 12,843,445</u>	<u>\$ 311,652</u>	<u>\$ 105,102</u>	<u>\$ -</u>	<u>\$ 13,260,199</u>

September 30, 2021

	<u>Not Past Due</u>	<u>Past Due within 30 Days</u>	<u>Past Due 31 to 90 Days</u>	<u>Past Due over 91 Days</u>	<u>Total</u>
Expected credit loss rate	0.00%~0.14%	0.00%~4.97%	0.00%~37.23%	100.00%	
Gross carrying amount	\$ 14,081,245	\$ 14,511	\$ 8,670	\$ 3,423	\$ 14,107,849
Loss allowance (lifetime ECLs)	(2,509)	(212)	(2,051)	(3,423)	(8,195)
Amortized cost	<u>\$ 14,078,736</u>	<u>\$ 14,299</u>	<u>\$ 6,619</u>	<u>\$ -</u>	<u>\$ 14,099,654</u>

Information on changes in the allowance for losses on notes and accounts receivable is as follows:

	For the Nine Months Ended September 30	
	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 6,249	\$ 10,341
Impairment losses presented (reversed) in the current period	934	(2,039)
Less: Amounts written off	(250)	-
Foreign exchange gains and losses	85	(107)
Ending balance	<u>\$ 7,018</u>	<u>\$ 8,195</u>

See Note 27 for the information on the Company's factored accounts receivables.

IX. Inventories - net

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Finished goods	\$ 563,495	\$ 1,033,392	\$ 958,477
Work in progress	168,934	230,821	254,386
Raw materials	1,829,346	3,820,602	3,900,894
Inventories in transit	<u>16,805</u>	<u>82,166</u>	<u>79,859</u>
	<u>\$ 2,578,580</u>	<u>\$ 5,166,981</u>	<u>\$ 5,193,616</u>

Inventory-related cost of goods sold for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, were NT\$5,620,709 thousand and NT\$7,191,964 thousand, NT\$19,350,703 thousand and NT\$19,760,595 thousand, respectively, including write-downs of inventory of NT\$2,528 thousand, NT\$53,040 thousand and NT\$39,324 thousand, and NT\$91,127 thousand, respectively.

The Group encountered a fire accident at night on April 13, 2021. For related losses and insurance claims, please refer to Note 22 (2).

X. Financial assets at FVTOCI

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>NON-CURRENT</u>			
Domestic investment			
TMY Technology Inc.	\$ 2,300	\$ 5,304	\$ 3,243
Foreign investments			
TIEF FUND, L.P.	<u>33,659</u>	<u>24,383</u>	<u>26,632</u>
	<u>\$ 35,959</u>	<u>\$ 29,687</u>	<u>\$ 29,875</u>

The consolidating company invests in the abovementioned equity instruments as mid-term and long-term positions.

Hence, such investments are financial assets at fair value through other comprehensive income.

XI. Investments using the equity method

The Group's associates are listed below:

Investor Company	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	Amount	Shareholding %	Amount	Shareholding %	Amount	Shareholding %
<u>Joint venture</u>						
MGC-ITEQ						
Technology Co.,Ltd.	<u>\$ 49,000</u>	49%	<u>\$ -</u>	-	<u>\$ -</u>	-

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 of meetings, so the Group has no control over the joint venture.

The investments using the equity method and the Group's share of profit or loss and other comprehensive income of such investments were calculated based on the financial statements that were not reviewed by a CPA.

Please refer to Table 6 "Name, locations, and other information of investees" for the business nature of the above-mentioned joint venture, its principal place of business, and the country in which it is registered.

XII. Property, plant, and equipment

<u>BOOK VALUE FOR EACH</u> <u>CATEGORY</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Buildings	\$ 2,224,530	\$ 2,263,225	\$ 2,261,523
Equipment	3,495,383	3,441,270	3,415,747
Transport Equipment	9,752	8,382	7,682
Facilities	77,389	110,361	97,635
Other Equipment	652,617	593,024	582,415
Leased Improvements	<u>214,238</u>	<u>88,507</u>	<u>62,835</u>
	<u>\$ 6,673,909</u>	<u>\$ 6,504,769</u>	<u>\$ 6,427,837</u>

The Group recognized net reversal of impairment losses on property, plant, and equipment and prepayments for business facilities totaling NT\$17,475 thousand for the nine months ended September 30, 2022. This amount included a NT\$17,856 thousand reversal on the Company as it was no longer considered impaired following an increase in expected future cash flow, and a NT\$381 thousand impairment loss on subsidiary - ITEQ (WX) as some of its machinery became idle and had recoverable amount falling below book value following a decrease in market demand.

The Group recognized net reversal of impairment losses on property, plant, and equipment totaling NT\$18,707 thousand for the nine months ended September 30, 2021. This amount included a NT\$21,345 thousand reversal on subsidiary - ITEQ (DG) as it was no longer considered impaired following an increase in expected future cash flow, and a NT\$2,638 thousand impairment loss on subsidiary - ITEQ (WX) as some of its machinery became idle and had recoverable amount falling below book value following a decrease in market demand.

The Group encountered a fire accident at night on April 13, 2021. For related losses and insurance claims, please refer to Note 22 (2).

Apart from depreciation expenses, reclassifications, and the situations described above, there was no material addition, disposal, or impairment of the consolidated entity's property, plant, and equipment for the nine months ended September 30, 2022 and 2021. Depreciation costs of the property, plant and equipment are calculated on a straight-line basis over their estimated useful lives as shown in the following:

Buildings	
Main buildings	15-20 years
Engineering systems	3-8 years
Equipment	
Mechanical and electrical power equipment	5-12 years
Renovation	2-5 years
Transport Equipment	5-10 years
Facilities	
Computers	3-10 years
Office furniture	3-5 years
Other Equipment	
Research and development equipment	3-12 years
Pollution prevention equipment	3-12 years
Miscellaneous equipment	1-12 years
Leased Improvements	3-9 years

XIII. Lease arrangements

(I) Right-of-use assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Right-of-use assets amounts			
Buildings	\$ 277,428	\$ 271,599	\$ 285,127
Land	<u>39,341</u>	<u>39,274</u>	<u>39,203</u>
	<u>\$ 316,769</u>	<u>\$ 310,873</u>	<u>\$ 324,330</u>
	For the Three Months Ended September 30	For the Nine Months Ended September 30	
	2022	2021	2022
	2022	2021	2021
The additions of the right-of-use assets	<u>\$ 43,865</u>	<u>\$ -</u>	<u>\$ 51,386</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 17,622	\$ 14,324	\$ 47,871
Land	<u>369</u>	<u>357</u>	<u>1,104</u>
	<u>\$ 17,991</u>	<u>\$ 14,681</u>	<u>\$ 48,975</u>
			<u>\$ 44,203</u>

Except for the additions and depreciation expense recognized above, the consolidated company's right-of-use assets have no significant sublease or impairment for the nine months ended September 30, 2022 and 2021.

(II) Lease liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Lease liabilities amounts			
Current	<u>\$ 58,594</u>	<u>\$ 49,366</u>	<u>\$ 52,585</u>
NON-CURRENT	<u>\$ 227,558</u>	<u>\$ 227,546</u>	<u>\$ 237,207</u>

The range of discount rate for lease liabilities are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Buildings	1.60%~4.90%	1.60%~4.90%	1.60%~4.90%

(III) Material lease activities and terms

The Group leased certain land, plants and office spaces with a lease term from August 2012 to December 2028. The lease contract for land located in Taiwan specifies that lease payments will be adjusted every year based on changes in the consumer price index. The Group does not have bargain purchase options to acquire the leasehold land, plants and office spaces at the end of the lease term.

ITEQ (DG) obtained the land use right of 17,919.5 m² in Beizha Village, Humen Town, Dongguan City in 2002, and the amortization of the right is 30 years. ITEQ (WX) obtained both land use rights of 76,002 m² and 15,432 m² in Xishan Economic & Technological Development Zone, Wuxi in 2004 and 2005, and the amortization of the right is 50 years. ITEQ (GZ) obtained the land use right of 18,508 m² in Yonghe Economic Zone, Guangzhou Economic and Technological Development Zone in 2009, and the amortization of the right is 50 years. In 2018, ITEQ (JX) obtained the land use right of 163,680 m² in Longnan County, JiangXi and the amortization of the right is 50 years.

The Group leases land for the use of product manufacturing in China with a lease term from 30 to 50 years. The lease payment is paid at the time of the contract. The Group does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

(IV) Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term and low-value asset leases	<u>\$ 13,575</u>	<u>\$ 12,642</u>	<u>\$ 41,880</u>	<u>\$ 37,209</u>
Total cash outflow for leases	<u>(\$ 30,772)</u>	<u>(\$ 28,220)</u>	<u>(\$ 91,972)</u>	<u>(\$ 84,115)</u>

The Group leases certain mechanical equipment, which qualifies as short-term leases and certain office equipment which qualifies as low-value asset leases. The Group elected to apply for the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

XIV. Intangible assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Goodwill	<u>\$ 9,478</u>	<u>\$ 8,360</u>	<u>\$ 8,242</u>

Goodwill refers to the excess of the purchase price from ITEQ Holding over the fair market value of the proportionate share in the net identifiable assets of ESIC.

XV. Other assets

Other current assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Offset against value-added tax payable	\$ 972,010	\$ 1,136,123	\$ 1,376,556
Pre-payment to suppliers	60,271	16,507	15,190
Prepaid expense and others	<u>132,642</u>	<u>109,368</u>	<u>127,404</u>
	<u>\$ 1,164,923</u>	<u>\$ 1,261,998</u>	<u>\$ 1,519,150</u>

Other non-current assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Pre-payments for equipment facilities	\$ 4,175,308	\$ 4,262,049	\$ 3,364,740
Long-term prepayments	195,789	212,651	216,786
Materials and supplies	93,426	82,570	72,962
Net defined benefit plan assets	22,198	22,082	20,181
Refundable deposits (Note 28)	<u>149,553</u>	<u>135,405</u>	<u>131,686</u>
	<u>\$ 4,636,274</u>	<u>\$ 4,714,757</u>	<u>\$ 3,806,355</u>

XVI. Borrowings

(I) Short-term borrowings

Refers to bank revolving credit loans; borrowing interest rates as at September 30, 2022, December 31, 2021, and September 30, 2021 were 0.63%-5.04%, 0.60%-3.22% and 0.60%-3.17%, respectively.

(II) Short-term bills payable - net

Outstanding short-term bills payable were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Commercial paper	\$ 200,000	\$ -	\$ -
Less: Unamortized discounts on bills payable	<u>200</u>	<u>-</u>	<u>-</u>
	<u>\$ 199,800</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate	1.43%~1.49%	-	-

(III) Long-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Credit loans	\$ 1,477,261	\$ -	\$ -
Less: Current portion	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 1,477,261</u>	<u>\$ -</u>	<u>\$ -</u>
Interest rate	1.23%~2.67%	-	-
	111/7/13-		
Contract start/end	116/7/1	-	-

The Company entered into a five-year credit facility on June 16, 2022, for RMB 62,000 thousand with the Shanghai Commercial & Savings Bank. As of September 30, 2022, RMB 62,000 thousand of the credit facility was utilized.

The consolidating company entered into a two-year credit facility on May 26, 2022, for US\$25,000 thousand with Bank of China. As of September 30, 2022, 700,000 thousand of the credit facility was utilized.

The consolidating company entered into a three-year credit facility on May 25, 2022, for NT\$500,000 thousand with Agricultural Bank of Taiwan. As of September 30, 2022, NT\$500,000 thousand of the credit facility was utilized.

XVII. Other payables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Salary payables and employees' compensation	\$ 472,689	\$ 557,971	\$ 584,762
Construction and equipment payables	1,341,853	3,216,681	3,196,257
Others	<u>378,020</u>	<u>484,539</u>	<u>404,099</u>
	<u>\$ 2,192,562</u>	<u>\$ 4,259,191</u>	<u>\$ 4,185,118</u>

XVIII. Provisions for Liabilities - Current

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Sales returns and allowances	<u>\$ 11,607</u>	<u>\$ 17,023</u>	<u>\$ 13,273</u>

Changes in provisions were as follows:

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 17,023	\$ 31,619
Reversal	(5,926)	(18,042)
Effect of exchange rate changes	<u>510</u>	<u>(304)</u>
Ending balance	<u>\$ 11,607</u>	<u>\$ 13,273</u>

The provision for sales returns and rebates was based on historical experience, management's judgments and other known reasons for the occurrence of product returns and rebates in the year.

XIX. Retirement benefit plans

Employee benefit expenses in respect of the Group's defined benefit retirement plans were NT\$39 thousand, NT\$18 thousand, NT\$116 thousand and NT\$54 thousand for the three months ended September 30, 2022 and 2021, and for the nine months September June 30, 2022 and 2021, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2021 and 2020.

XX. Equity

(I) Share capital

Ordinary shares

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Authorized ordinary shares (Thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Authorized capital	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Issued and paid ordinary shares (Thousands)	<u>382,957</u>	<u>382,957</u>	<u>382,957</u>
Issued capital	<u>\$ 3,829,572</u>	<u>\$ 3,829,572</u>	<u>\$ 3,829,572</u>

On May 4, 2021, the Company's Board of Directors approved a resolution to issue 50,000 thousand new shares, with a par value of NT\$10, with subscription price of NT\$130 per share. The sum of cash issue in par value terms is NT\$500,000 thousand and the subscription base date was set by the Board of Directors on September 2, 2021. The total collected capital is NT\$6,494,363 thousand after deducting the administration fee. The capital was all collected and the change of capital was registered.

(II) Capital surplus

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>May be used to offset a deficit, distributed cash dividend or transferred to shares (1)</u>			
Shares premium from issuance	\$ 9,672,774	\$ 9,672,774	\$ 9,672,794
Expired employee stock options	10,378	10,378	10,378
<u>Not to be used for any purpose</u>			
Employee Stock Options	<u>18,769</u>	<u>7,329</u>	<u>2,960</u>
	<u>\$ 9,701,921</u>	<u>\$ 9,690,481</u>	<u>\$ 9,686,132</u>

- Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

(III) Retained earnings and dividends policy

The Company's shareholders' meeting, on July 2, 2021, passed a resolution to amend the Company's Articles of Incorporation, to authorize the Board of Directors to adopt a supermajority resolution to pay out dividends and bonuses in cash and report it to the shareholders' meeting.

Under the dividend policy as set forth in the Company's amended Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. Where the earnings, legal reserve, or capital surplus mentioned in the preceding paragraph 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.

Under the dividends policy as set forth in the Company's Articles of Incorporation before amendment, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the employee, and director and supervisor remuneration distribution policy stated in the Company's Articles of Incorporation, please refer to Note 22(6) for employees' compensation and remuneration of directors and supervisors.

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.

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. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held an annual general meeting on June 14, 2022 and July 2, 2021. Earnings distribution motions for 2021 and 2020 have been resolved and passed as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Legal reserve	\$ 314,669	\$ 266,564		
Special reserve	69,245	(138,454)		
Cash dividends	1,914,786	1,664,786	\$ 5.0	\$ 5.0

Information on the bonus to employees, directors, and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(IV) Other equity items

- Exchange differences on translating the financial statements of foreign operations

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 505,008)	(\$ 442,507)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	574,096	(260,743)
Effect of income tax	(114,819)	52,149
Other comprehensive income recognized for the period	<u>459,277</u>	<u>(208,594)</u>
Ending balance	<u>(\$ 45,731)</u>	<u>(\$ 651,101)</u>

- Unrealized gain/(loss) on financial assets at FVTOCI

	<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Beginning balance	(\$ 9,174)	(\$ 2,429)
Recognized during the period		
Unrealized gain/(loss) - equity instruments	7,372	(7,780)
Effect of income tax	(2,075)	205
Other comprehensive income recognized for the period	<u>5,297</u>	<u>(7,575)</u>
Ending balance	<u>(\$ 3,877)</u>	<u>(\$ 10,004)</u>

(V) Treasury stock

Unit: Thousand Shares

<u>Period</u>	<u>Number of shares at the beginning of the period</u>	<u>Change during the period</u>	<u>Number of shares at the end of the period</u>
For the Nine Months Ended September 30, 2022	<u>-</u>	<u>20,000</u>	<u>20,000</u>

The Company repurchased a total of 20,000 thousand shares on July 8, 2022, and August 23, 2022, as per the approval by the Board of Directors. The repurchase prices were in the range between NT\$60 and NT\$134. As of September 30, 2022, the Company has completed the program and repurchased shares for a total of NT\$1,399,609 thousand.

According to the Securities & Exchange Act, the treasury shares held by the Company may not be pledged and are not entitled to dividends or voting rights.

XXI. Operating revenue

The following is an analysis of the Group's revenue from its major products during the period:

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Copper Clad Laminate	\$ 4,542,206	\$ 6,387,468	\$ 15,909,412	\$ 16,996,713
Prepreg	1,789,203	2,426,886	6,245,187	7,014,597
Others	<u>20,599</u>	<u>115,421</u>	<u>112,122</u>	<u>482,580</u>
	<u>\$ 6,352,008</u>	<u>\$ 8,929,775</u>	<u>\$ 22,266,721</u>	<u>\$ 24,493,890</u>

Up until September 30, 2022, December 31, 2021, and September 30, 2021, the balance of the Consolidated Company's contract liabilities from product sales totaled NT\$38,025 thousand, NT\$13,797 thousand, and NT\$33,498 thousand (recorded as other current liabilities), respectively. The change in contract liabilities is mainly due to the difference between the point of meeting the performance obligation and the time of payment by the customer.

XXII. Income Before Income Tax

(I) Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Grant income	\$ 82,595	\$ 8,156	\$ 130,954	\$ 23,204
Other income	<u>5,121</u>	<u>8,444</u>	<u>10,766</u>	<u>25,452</u>
	<u>\$ 87,716</u>	<u>\$ 16,600</u>	<u>\$ 141,720</u>	<u>\$ 48,656</u>

(II) Other gains or losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Exchange (loss) gain	(\$ 49,215)	(\$ 2,978)	(\$ 52,187)	\$ 15,475
Net gain or loss on financial assets at FVTPL	520	(583)	(56)	(964)
Loss from disposal of property, plant and equipment	(157)	(376)	(2,800)	(11,008)
Reversal of loss on impairment of property, plant and equipment and prepayments for business facilities	-	-	17,475	18,707
Insurance claim income (losses from disaster)	-	3,845	450,000	(64,195)
Other losses	(<u>719</u>)	(<u>1,608</u>)	(<u>1,864</u>)	(<u>6,297</u>)
	<u>(\$ 49,571)</u>	<u>(\$ 1,700)</u>	<u>\$ 410,568</u>	<u>(\$ 48,282)</u>

A fire accident broke out at the Company's Xinpu Plant at late night on April 13, 2021, causing damages to certain factory facilities, equipment and inventory. However, the Company were fully insured against fire accidents. For the period from January 1 to September 30, 2021, the estimated damages totaled NT\$64,195 thousand, (comprised of NT\$146,205 thousand for inventory, NT\$261,148 for property, plant and equipment and NT\$56,842 thousand for other losses) after deducting of the insurance payout. In September 2021, NT\$400,000 thousand was received as the first installment of the insurance payout.

In June 2022, the Company received the second insurance payout of NT\$250,000 thousand. According to the insurance notary's explanation about the fire insurance claims, NT\$ 200,000 thousand should be recognized as insurance payment receivable within the coverage of the policy. For the nine months ended September 30, 2022, NT\$450,000 thousand was recognized as insurance payment received. The Company continues to negotiate with the insurance company for claim settlement.

(III) Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Property, plant, and equipment	\$ 262,183	\$ 232,228	\$ 764,347	\$ 653,325
Right-of-use assets	17,991	14,681	48,975	44,203
Pre-payments	<u>24,654</u>	<u>20,158</u>	<u>71,572</u>	<u>51,799</u>
	<u>\$ 304,828</u>	<u>\$ 267,067</u>	<u>\$ 884,894</u>	<u>\$ 749,327</u>
An analysis of depreciation by function				
Operating costs	\$ 241,202	\$ 216,944	\$ 706,421	\$ 615,499
Operating expenses	<u>38,972</u>	<u>29,965</u>	<u>106,901</u>	<u>82,029</u>
	<u>\$ 280,174</u>	<u>\$ 246,909</u>	<u>\$ 813,322</u>	<u>\$ 697,528</u>
An analysis of amortization by function				
Operating costs	\$ 20,933	\$ 17,369	\$ 60,016	\$ 44,785
Selling and marketing expenses	2	1	6	6
General and administrative expenses	3,524	2,363	11,051	6,128
Research and development expenses	<u>195</u>	<u>425</u>	<u>499</u>	<u>880</u>
	<u>\$ 24,654</u>	<u>\$ 20,158</u>	<u>\$ 71,572</u>	<u>\$ 51,799</u>

(IV) Financial costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest on bank loans	\$ 28,271	\$ 26,030	\$ 69,154	\$ 56,760
Interest on lease liabilities	<u>1,932</u>	<u>1,918</u>	<u>5,361</u>	<u>6,103</u>
	<u>\$ 30,203</u>	<u>\$ 27,948</u>	<u>\$ 74,515</u>	<u>\$ 62,863</u>

(V) Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	<u>\$ 396,614</u>	<u>\$ 648,343</u>	<u>\$ 1,608,286</u>	<u>\$ 1,894,358</u>
Post-employment benefits (Note 19)				
Defined contribution plans	3,365	3,438	10,479	10,455
Defined benefit plans	<u>(39)</u>	<u>(18)</u>	<u>(116)</u>	<u>(54)</u>
	<u>3,326</u>	<u>3,420</u>	<u>10,363</u>	<u>10,401</u>
Share-based payment	<u>3,561</u>	<u>9,718</u>	<u>11,440</u>	<u>9,718</u>
Total employee benefits expense	<u>\$ 403,501</u>	<u>\$ 661,481</u>	<u>\$ 1,630,089</u>	<u>\$ 1,914,477</u>
An analysis by function				
Operating costs	\$ 326,347	\$ 404,851	\$ 1,134,394	\$ 1,191,844
Operating expenses	<u>77,154</u>	<u>256,630</u>	<u>495,695</u>	<u>722,633</u>
	<u>\$ 403,501</u>	<u>\$ 661,481</u>	<u>\$ 1,630,089</u>	<u>\$ 1,914,477</u>

As of September 30, 2022 and 2021, the Consolidated Company had 3,298 and 3,795 employees, respectively.

(VI) Employees' compensation and remuneration of directors

Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration of directors and supervisors at the rates no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The following is the employees' compensation and remuneration of directors in cash for the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021:

Ratio

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employee's compensation	4.0%	6.5%	4.0%	6.5%
Remuneration to Directors	1.0%	1.5%	1.0%	1.5%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Employee's compensation	(<u>\$ 11,913</u>)	<u>\$ 62,054</u>	<u>\$ 68,183</u>	<u>\$ 170,984</u>
Remuneration to Directors	(<u>\$ 1,605</u>)	<u>\$ 14,320</u>	<u>\$ 16,849</u>	<u>\$ 39,458</u>

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate in the following year.

The Company held board meetings on March 16, 2022 and March 23, 2021. Employees' compensation and remuneration of directors for 2021 and 2020 have been resolved and passed as follows:

	Cash	
	2021	2020
Employee's compensation	<u>\$ 219,730</u>	<u>\$ 190,724</u>
Remuneration to Directors	<u>\$ 50,707</u>	<u>\$ 44,013</u>

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(VII) Gains (losses) on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Foreign exchange gains	\$ 206,910	\$ 50,996	\$ 473,515	\$ 162,855
Foreign exchange losses	(<u>256,125</u>)	(<u>53,974</u>)	(<u>525,702</u>)	(<u>147,380</u>)
Net exchange (loss) gain	(<u>\$ 49,215</u>)	(<u>\$ 2,978</u>)	(<u>\$ 52,187</u>)	<u>\$ 15,475</u>

XXIII. Income tax

(I) Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax payable				
In respect of current period	\$ 85,507	\$ 303,351	\$ 324,476	\$ 757,160
Income tax on unappropriated earnings	-	38,586	-	38,586
Prior years adjustment	<u>-</u>	<u>-</u>	<u>6,059</u>	<u>(21,622)</u>
	<u>85,507</u>	<u>341,937</u>	<u>330,535</u>	<u>774,124</u>
Deferred tax				
In respect of current period	(744)	(80,496)	74,665	(49,682)
Prior years adjustment	<u>-</u>	<u>-</u>	<u>7,733</u>	<u>-</u>
	<u>(744)</u>	<u>(80,496)</u>	<u>82,398</u>	<u>(49,682)</u>
Income tax expense recognized in profit or loss	<u>\$ 84,763</u>	<u>\$ 261,441</u>	<u>\$ 412,933</u>	<u>\$ 724,442</u>

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions. In addition, ITEQ (WX) and ITEQ (DG) were recognized as entities in the high and new technology industry in China and were listed in the high-tech enterprises. ITEQ (JX) satisfies the requirements for being granted the privileges on tax reduction and exemption. Therefore, their income tax rate is 15%; the tax amount generated in other jurisdictions is calculated based on the applicable tax rate in each relevant jurisdiction.

(II) Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Deferred tax</u>				
Recognized during the period				
-Exchange difference on translation of foreign operations	(\$ 40,896)	\$ 14,183	(\$ 114,819)	\$ 52,149
-Unrealized gain (loss) on financial assets at FVTOCI	<u>(388)</u>	<u>(141)</u>	<u>(2,075)</u>	<u>205</u>
	<u>(\$ 41,284)</u>	<u>\$ 14,042</u>	<u>(\$ 116,894)</u>	<u>\$ 52,354</u>

(III) Income tax assessments

Income tax returns of the Company and Bou Mou through 2019 and 2020 had been examined and assessed by the tax authorities.

XXIV. Earnings per share

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Basic earnings per share	<u>\$ 0.74</u>	<u>\$ 2.40</u>	<u>\$ 4.01</u>	<u>\$ 6.91</u>
Diluted earnings per share	<u>\$ 0.74</u>	<u>\$ 2.39</u>	<u>\$ 3.98</u>	<u>\$ 6.86</u>

The profit and weighted average number of ordinary shares outstanding for the computation of earnings per share are as follows:

NET INCOME FOR THE PERIOD

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Net income in the computation of basic earnings per share	<u>\$ 277,360</u>	<u>\$ 835,187</u>	<u>\$ 1,521,175</u>	<u>\$ 2,337,682</u>
Net income in the computation of diluted earnings per share	<u>\$ 277,360</u>	<u>\$ 835,187</u>	<u>\$ 1,521,175</u>	<u>\$ 2,337,682</u>

NUMBER OF SHARES

Unit: Thousand Shares

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Weighted average number of ordinary shares in the computation of basic earnings per share	373,427	348,718	379,746	338,269
Effect of potentially dilutive ordinary shares:				
Employee's compensation	-	428	2,285	2,441
Employee Stock Options	-	66	-	66
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>373,427</u>	<u>349,212</u>	<u>382,031</u>	<u>340,776</u>

If the Company has the option to pay employees' compensation in cash or shares, the Company assumes the entire amount of the remuneration to be settled in shares and the resulting potential shares are included in the weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such a dilutive effect of the potential shares is included in the employees' compensation of diluted earnings per share until the shareholders resolve the number of ordinary shares to be distributed to employees at their meeting in the following year.

XXV. Share-based payment agreement

(I) The Company's stock option plan

The Company issued 1,000 units of stock options to employees in July 2021. Each unit may subscribe for 1,000 ordinary shares. Employees of the Company and subsidiaries meeting certain criteria are entitled. The duration of stock options is 5 years and the certificate holder may exercise certain percentage of the stock options upon expiration of 2, 3 and 4 years from the date of issuance, respectively. The exercise price of the stock options shall not be lower than 70% of the closing price of the ordinary shares on the date of issuance. In the event of changes in the shares of the Company's shares, the exercise price of the stock options shall be adjusted in accordance with the prescribed formula. For the three months and nine months ended September 30, 2022 and 2021, the cost for stock options recognized were NT\$3,561 thousand, NT\$2,960 thousand, NT\$11,440 thousand and NT\$2,960 thousand, respectively, and the same amount of capital reserve - employee stock options was recognized.

Information on employee stock options is as follows:

<u>Employee Stock Options</u>	<u>For the Nine Months Ended September 30 2022</u>	
	<u>Unit: (Thousand)</u>	<u>Weighted average exercise price (NT\$)</u>
Outstanding at the beginning of the period	1,000	\$ 95.9
Issued this period	-	-
Lost this period	-	-
Outstanding at the end of the period	<u>1,000</u>	95.9
Exercisable at the end of the period	<u>-</u>	
Weighted average fair value of stock options issued during the period (NT\$)	<u>\$ 57.2</u>	

(II) Capital increase by cash - Employee stock options

The company's Board of Directors meeting approved the issuance of common stock for cash on May 4, 2021, and reserved 10% of the new share for the subscription of employees in accordance with the Company Act. The stock options were measured at fair value on the date they were granted. For the nine months ended September 30, 2021, the Company's cost of employees' stock options was NT\$6,758 thousand, which was recognized under capital surplus - employee stock options. After receiving full payment, it was transferred to capital surplus - shares issued at a premium. Among them, 374 thousand shares were not exercised, which amounted to NT\$ 1,234 thousand and was transferred to the Capital surplus-expired employee stock options from the Capital surplus-employee stock option.

The Company uses the Black-Scholes valuation model to calculate its fair values and the inputs used in the valuation model at the date of grant are as follows:

	<u>Employee share options</u> <u>August, 2021</u>
Grant-date share price (NT\$)	NT\$128.50 per share
Exercise Price (NT\$)	NT\$130 per share
Expected volatility	36.36%
Expected life	12 Days
Expected dividend yield	3.41%
Risk-free interest rate	0.29%
Fair value of options granted (NT\$)	NT\$3.3 per share

XXVI. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings, and other equity items).

The Group is not subject to any externally imposed capital requirements.

The management of the consolidated company re-examines the Group's review the capital structure quarterly, including considering various capital costs and the related risks. Under the recommendations of the key management personnel, to balance the overall capital structure, the Group may adjust the total amount of dividends paid to shareholders and the number of new shares issued and repurchased.

XXVII. Disclosures for financial instruments

(I) Fair values of financial assets that are measured at fair value

1. Fair value hierarchy

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Derivatives	\$ -	\$ 1,076	\$ -	\$ 1,076
Securities listed in ROC Emerging Stock Market	<u>-</u>	<u>-</u>	<u>3,486</u>	<u>3,486</u>
Total	<u>\$ -</u>	<u>\$ 1,076</u>	<u>\$ 3,486</u>	<u>\$ 4,562</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,959</u>	<u>\$ 35,959</u>

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,618</u>	<u>\$ 4,618</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,687</u>	<u>\$ 29,687</u>

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVITPL				
Securities listed in ROC Equity Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,732</u>	<u>\$ 4,732</u>
Financial assets at FVTOCI				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,875</u>	<u>\$ 29,875</u>

There were no transfers between Level 1 and Level 2 fair value measurements for the nine months ended September 30, 2022 and 2021.

2. Reconciliation of Level 3 fair value measurements of financial instruments

	<u>Financial assets at FVITPL</u>	<u>Financial assets at FVTOCI</u>
January 1, 2022	\$ 4,618	\$ 29,687
Recognized in profit or loss	(1,132)	-
Recognized in other comprehensive income	-	7,372
Investment refunds	<u>-</u>	<u>(1,100)</u>
September 30, 2022	<u>\$ 3,486</u>	<u>\$ 35,959</u>
January 1, 2021	\$ 5,696	\$ 37,655
Recognized in profit or loss	(964)	-
Recognized in other comprehensive income	<u>-</u>	<u>(7,780)</u>
September 30, 2021	<u>\$ 4,732</u>	<u>\$ 29,875</u>

3. Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Categories of financial instruments</u>	<u>Valuation techniques and input values</u>
Derivatives - forward exchange contracts	Discounted cashflow method: Future cashflows are estimated according to observable exchange rates of forwards and contracts at the end of the period and then discounted with the discounted rates indicative of the credit risks of the counterparties.

4. Valuation techniques and inputs applied for Level 3 fair value measurement

The financial statements of the Group include non-publicly quoted equity investments measured at fair value. The determination of fair value is based on the comparable companies method, the comparable over the counter companies adjustment method, and the latest available net value information assessment. The main assumption of the comparable companies method is based on the multiplier of public companies' quoted market prices as well as the net value per share and the sales value. These values have taken into account the liquidity discounts.

Level 3 fair value multipliers and liquidity discounts for financial instruments are as follows:

	<u>Multiplier</u>	<u>Liquidity Discounts</u>
September 30, 2022	1.15~3.35	20%~25%
December 31, 2021	1.59~5.38	20%~25%
September 30, 2021	1.21~3.30	20%~25%

(II) Categories of financial instruments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at FVITPL	\$ 4,562	\$ 4,618	\$ 4,732
Financial assets at amortized cost (Note 1)	17,003,568	18,020,938	18,440,918
Financial assets at FVTOCI	35,959	29,687	29,875
<u>Financial liabilities</u>			
Amortized cost (Note 2)	11,180,045	13,545,287	14,083,528

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and notes & accounts receivable-net, a portion of other receivables, and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable (net), notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits received.

(III) Financial risk management objective and policies

The Group monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which analyzes exposures by degree and magnitude of risks. These risks include market risks (including currency, interest rate, and other price risks), credit, and liquidity risks.

The Group's Finance Department seeks to manage the effect of these risks by using derivative financial instruments to hedge risk exposures under the policies approved by the board of directors. The Group does not enter into or trade financial instruments for speculative purposes, including derivative financial instruments. Compliance with policies and exposure limits is being reviewed by the internal auditors continuously.

1. Market risk

(1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 9% and 11% of the consolidated Company's sales for the nine months ended September 30, 2022 and 2021, were not denominated in the functional currency of the Company, and approximately 26% and 38% of the costs were not denominated in the functional currency of the Company. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

See Note 30 for book values of monetary assets and liabilities that were denominated in currencies other than the functional currency as of the balance sheet date (including monetary items denominated in non-functional currencies that were eliminated throughout consolidation), and the carrying amount of derivatives with exchange rate risk exposure.

Sensitivity analysis

The Group was mainly exposed to U.S. dollars and analyzed the sensitivity to a \$0.5 increase and decrease in New Taiwan dollars against one U.S. dollar. The sensitivity to a NT\$0.5 change in New Taiwan dollars is used when reporting foreign currency risk internally to key management personnel. It represents management's assessment of the reasonable change in foreign exchange rates. A positive number below indicates an increase in income before income tax or other equity if U.S. dollars are strengthened by NT\$0.5 against the one New Taiwan dollar. For a NT\$0.5 in U.S. dollars weakening of U.S. dollars against one New Taiwan dollar, there would be an equal and opposite impact on income before income tax or other equity. The balances below would be negative.

	U.S. Dollar Impact	
	For the Nine Months Ended September 30	
	2022	2021
Profit or loss	<u>(\$ 6,569)</u>	<u>(\$ 49,901)</u>

(2) Interest rate risk

The Group was exposed to fair value interest rate risk because of fixed-rate debt investments with short-term bills payable and bank loans. The Group was also exposed to cash flow interest rate risk because of demand deposits and floating rate bank borrowings. The Group reviewed the interest level regularly and maintained the scope of interest rate stably. The Group will cost-effectively adopt hedging strategies, if necessary.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Fair value interest rate risk			
-Financial liabilities	\$ 4,104,980	\$ 1,870,654	\$ 426,187
Cash flow interest rate risk			
-Financial assets	2,685,400	3,201,266	3,006,868
-Financial liabilities	893,455	260,490	1,007,382

Sensitivity analysis

The sensitivity analysis have been determined based on the exposure to floating interest rates for financial assets and financial liabilities. A 25 basis point increase or decrease is used to report interest rate risk internally to key management personnel and represent management's assessment of the reasonable change in interest rates. With all other variables unchanged, a 25-basis point increase in the market would result in an increase in the Company's income before income tax by NT\$3,360 thousand and a decrease in NT\$3,749 thousand for the nine months ended September 31, 2022 and 2021.

(3) Other price risks

The price changes in the Group's financial products, which are engaged in transactions or not for sale, will cause the fair value to change.

Sensitivity Analysis

The Group reports the reasonable risk assessment of price changes to key management personnel assuming a hypothetical increase or decrease of 10% in equity prices. For the nine months ended September 30, 2022 and 2021, if equity prices increase by 10%, income before tax would be NT\$456 thousand and NT\$473 thousand higher due to increased fair value of financial assets at fair value through profit and loss. In contrast, other comprehensive income before tax would increase by NT\$3,596 thousand and NT\$2,988 thousand due to the increase in fair value of financial assets measured at fair value through other comprehensive income, respectively.

2. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group had assigned a team responsible for determining and approving credit lines, and this team continuously evaluated the financial situation, industries, and region regarding customers generated accounts receivable. In order to reduce credit risk, the Group proceeded to factor and insure accounts receivable if necessary. In addition, the Group reviewed monthly the overdue amount of each individual accounts receivable and further recovering strategy to ensure that adequate allowances are made for irrecoverable amounts at the balance sheet date. In this regard, management believes the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The credit risk of the consolidated company is mainly concentrated in its top ten customers. As at September 30, 2022, December 31, 2021, and September 30, 2021, the ratio of the total accounts receivable coming from the aforementioned customers was 56%, 55%, and 54%, respectively. The credit concentration risk for the remaining accounts receivable was insignificant.

3. Liquidity risk

The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate framework for the Group's short, medium, and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities in the capital market and continuously monitoring forecasts and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The detailed information of the Group's unused financing facilities as of September 30, 2022, December 31, 2021, and September 30, 2021 is further stated in (2) financing facilities below.

(1) Liquidity of financial liabilities and table of interest rate risks

The table below shows an analysis on the maturities of the consolidating company's outstanding financial liabilities with agreed repayment periods, based on the dates when the earliest repayments may be required. The financial liabilities are listed without discounting (including interests and principals). The earliest periods for bank loans that the consolidating company may be required to repay immediately do not factor into the probabilities of banks exercising the rights. The analysis on the maturities of other non-derivative financial liabilities is based on the agreed repayment dates. The liquidity analysis on derivative financial instruments is based on net and undiscounted cash inflows and outflows for the derivatives with net settlements and on total and undiscounted cash inflows and outflows for the derivatives with full-amount settlements. The disclosure on payables or receivables not at fixed amounts is based on the interest rates bootstrapped from the yield curves on balance sheets.

	September 30, 2022				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative</u>					
<u>financial liabilities</u>					
Short-term borrowings	\$ 3,328,145	\$ -	\$ -	\$ -	\$ 3,328,145
Short-term bills payable	200,000	-	-	-	200,000
Notes and accounts payable	3,953,993	-	-	-	3,953,993
Other payables	2,192,562	-	-	-	2,192,562
Lease liabilities	33,142	14,330	14,095	239,837	301,404
Long-term borrowings	11,026	5,513	5,513	1,522,876	1,544,928
	<u>\$ 9,718,868</u>	<u>\$ 19,843</u>	<u>\$ 19,608</u>	<u>\$ 1,762,713</u>	<u>\$ 11,521,032</u>

Further information on the analysis of lease liabilities maturity is as follows:

	<u>Less than One Year</u>	<u>1~5 Years</u>	<u>5~10 Years</u>
Lease liabilities	<u>\$ 61,567</u>	<u>\$ 202,274</u>	<u>\$ 37,563</u>

	December 31, 2021				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative</u> <u>financial liabilities</u>					
Short-term borrowings	\$ 2,140,928	\$ -	\$ -	\$ -	\$ 2,140,928
Notes and accounts payable	7,121,256	-	-	-	7,121,256
Other payables	4,259,191	-	-	-	4,259,191
Lease liabilities	<u>31,314</u>	<u>12,512</u>	<u>11,855</u>	<u>241,339</u>	<u>297,020</u>
	<u>\$ 13,552,689</u>	<u>\$ 12,512</u>	<u>\$ 11,855</u>	<u>\$ 241,339</u>	<u>\$ 13,818,395</u>

Further information on the analysis of lease liabilities maturity is as follows:

	<u>Less than One Year</u>	<u>1~5 Years</u>	<u>5~10 Years</u>
Lease liabilities	<u>\$ 55,681</u>	<u>\$ 182,394</u>	<u>\$ 58,945</u>

	September 30, 2021				Total
	180 Days	181-270 Days	271-360 Days	Over 361 Days	
<u>Non-derivative</u> <u>financial liabilities</u>					
Short-term borrowings	\$ 1,437,582	\$ -	\$ -	\$ -	\$ 1,437,582
Note and accounts payable	8,432,429	-	-	-	8,432,429
Other payables	4,185,118	-	-	-	4,185,118
Lease liabilities	<u>31,125</u>	<u>15,571</u>	<u>12,460</u>	<u>252,453</u>	<u>311,609</u>
	<u>\$ 14,086,254</u>	<u>\$ 15,571</u>	<u>\$ 12,460</u>	<u>\$ 252,453</u>	<u>\$ 14,366,738</u>

Further information on the analysis of lease liabilities maturity is as follows:

	<u>Less than One Year</u>	<u>1~5 Years</u>	<u>5~10 Years</u>
Lease liabilities	<u>\$ 59,156</u>	<u>\$ 186,140</u>	<u>\$ 66,313</u>

(2) Financing facilities

Bank borrowings are a major source for the liquidity of the Group.

The Group's financing facilities are as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured bank borrowings facility			
Amount used	\$ 6,072,680	\$ 3,232,969	\$ 3,023,942
Amount unused	<u>8,564,310</u>	<u>10,810,628</u>	<u>9,968,415</u>
	<u>\$ 14,636,990</u>	<u>\$ 14,043,597</u>	<u>\$ 12,992,357</u>

(IV) Transfers of financial assets

Information on changes in the Group factored accounts receivables were as follows:

<u>Counterparties</u>	<u>Interest Rates on Advances Received (%)</u>	<u>Receivables Sold</u>	<u>Advances Received</u>	<u>Amounts Collected</u>	<u>Credit Line</u>
<u>September 30, 2022</u>					
Taishin Bank	-	\$ 3,083	\$ -	\$ 3,083	\$ 174,775
KGI Commercial Bank	-	<u>2,309</u>	<u>-</u>	<u>2,309</u>	<u>19,050</u>
		<u>\$ 5,392</u>	<u>\$ -</u>	<u>\$ 5,392</u>	<u>\$ 193,825</u>
<u>Counterparties</u>	<u>Interest Rates on Advances Received (%)</u>	<u>Receivables Sold</u>	<u>Advances Received</u>	<u>Amounts Collected</u>	<u>Credit Line</u>
<u>December 31, 2021</u>					
Taishin Bank	-	\$ 157,074	\$ -	\$ 157,074	\$ 161,344
KGI Commercial Bank	-	<u>3,325</u>	<u>-</u>	<u>3,325</u>	<u>16,608</u>
		<u>\$ 160,399</u>	<u>\$ -</u>	<u>\$ 160,399</u>	<u>\$ 177,952</u>
<u>September 30, 2021</u>					
Taishin Bank	-	\$ 139,741	\$ -	\$ 139,741	\$ 161,905
KGI Commercial Bank	-	<u>3,301</u>	<u>-</u>	<u>3,301</u>	<u>16,710</u>
Bank SinoPac	-	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,875</u>
		<u>\$ 143,042</u>	<u>\$ -</u>	<u>\$ 143,042</u>	<u>\$ 387,490</u>

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) were borne by the Group, while losses from credit risk were borne by the banks. As of September 30, 2022, December 31, 2021, and September 30, 2021, the Group had issued promissory notes with an aggregate amount of NT\$193,775 thousand, NT\$180,344 thousand, and NT\$430,905 thousand to the banks as collateral, respectively.

The consolidating company transferred by endorsement some of the receivables from bank acceptance bills in China to China Post, Industrial and Commercial Bank of China, Minsheng Bank, Bank of Ningbo, Bank of Jiangsu, Bank of China and China CITIC Bank International for discounting. According to the agreement of the discount contracts, the bank acceptances transferred are those with higher credit ratings, and the credit risk and deferred payment risk thereof are relatively small. Almost all the risks and rewards attached to these bank acceptances have been transferred with endorsement. Therefore, the consolidating company has derecognized the receivables from the bank acceptances transferred. However, if said bank acceptances fail to be cashed when they are due, said banks still have the right to request the Group to pay off, so the Group continues to participate in said acceptances.

The maximum loss on risk exposure arising from said acceptances that the Group continues to participate in and has derecognized is the carrying amount of said acceptances that have been transferred but not yet due. As of September 30, 2022, December 31, 2021, and September 30, 2021, said losses were NT\$1,784,793 thousand, NT\$4,578,090 thousand, and NT\$1,824,188 thousand, respectively. Said acceptances all would be due within 1 to 5 months after the balance sheet date. Considering the credit risk of the derecognized bank acceptances, the Group has assessed that the fair value of its continued participation is not significant.

For the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, the Group recognized the financial costs of NT\$4,419 thousand, NT\$14,045 thousand, NT\$20,705 thousand and NT\$28,997 thousand when transferring the bank acceptances receivable and no profit or loss were recognized for its continuous participation in said acceptances both in the current period and in accumulation.

XXVIII. Related Party Transactions

Balances and transactions between the Company and its subsidiaries have been eliminated upon consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(I) Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
WIN Semiconductors Corp.	Same chairman

(II) Lease arrangements - Group is lessee

The Group entered into an operating lease agreement for the lease of land and plant with WIN Semiconductors Corp. The lease period is from January 1, 2013 through December 31, 2028 and the rent is paid monthly.

<u>Line Item</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Right-of-use assets	<u>\$ 180,760</u>	<u>\$ 198,628</u>	<u>\$ 205,721</u>
Refundable deposits	<u>\$ 102,730</u>	<u>\$ 101,891</u>	<u>\$ 101,612</u>
Lease liabilities - current	\$ 27,411	\$ 26,566	\$ 26,461
Lease liabilities - non-current	<u>151,268</u>	<u>168,563</u>	<u>175,244</u>
	<u>\$ 178,679</u>	<u>\$ 195,129</u>	<u>\$ 201,705</u>

Line Item	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Financial costs	\$ 727	\$ 819	\$ 2,263	\$ 2,533
Depreciation expenses	\$ 7,230	\$ 7,093	\$ 21,691	\$ 21,281
Interest income	\$ 280	\$ 277	\$ 839	\$ 830

(III) Compensation of key management personnel

The compensation of key management personnel of the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, are disclosed below:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 56,221	\$ 53,105	\$ 75,685	\$ 74,180
Post-employment benefits	196	151	513	444
Share-based payment	-	950	-	950
	\$ 56,417	\$ 54,206	\$ 76,198	\$ 75,574

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

XXIX. Significant Contingent Liabilities and Unrecognized Commitments

Significant commitments and contingencies of the Group as of September 30, 2022 were as follows:

- (I) Letter of credit opened but unused amounted to NT\$523,618 thousand.
- (II) Outstanding contractual payments for construction equipment were NT\$4,302,185 thousand.

XXX. Significant assets and liabilities denominated in foreign currencies

The following information was aggregated by the foreign currencies other than functional currencies of the Group and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Foreign currency asset</u>			
<u>Monetary item</u>			
Foreign Currency - US\$	\$ 72,911	\$ 117,968	\$ 117,489
Exchange Rate	31.75	27.68	27.85
Carrying amount	2,314,924	3,265,354	3,272,069
<u>Foreign currency liabilities</u>			
<u>Monetary item</u>			
Foreign Currency - US\$	86,049	158,310	217,291
Exchange Rate	31.75	27.68	27.85
Carrying amount	2,732,056	4,382,021	6,051,554

Foreign Currency	For the Three Months Ended September 30			
	<u>2022</u>		<u>2021</u>	
	<u>Exchange Rate</u>	<u>Net Foreign currency Exchange Gain (Loss)</u>	<u>Exchange Rate</u>	<u>Net Foreign currency Exchange Gain (Loss)</u>
USD	6.83(USD: RMB)	(\$ 105,386)	6.47(USD: RMB)	(\$ 2,755)
USD	30.38(USD: NTD)	58,505	27.86(USD: NTD)	(3,345)

Foreign Currency	For the Nine Months Ended September 30			
	<u>2022</u>		<u>2021</u>	
	<u>Exchange Rate</u>	<u>Net Foreign currency Exchange Gain (Loss)</u>	<u>Exchange Rate</u>	<u>Net Foreign currency Exchange Gain (Loss)</u>
USD	6.60(USD: RMB)	(\$ 214,961)	6.47(USD: RMB)	\$ 36,633
USD	29.27(USD: NTD)	134,574	28.07(USD: NTD)	(31,630)

XXXI. Other Matters

Despite the worldwide outbreak of COVID-19, there had been no material impact on the Group's overall performance and financial position as of September 30, 2022. The Group will closely monitor subsequent development of the pandemic, and continue assessing its ability to operate as a going concern as well as the possible impact of asset impairment and funding risks.

XXXII. Separately disclosed Items

All significant intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation.

- (I) Information about significant transactions and (II) investees:
1. Financing provided to others. (Table 1)
 2. Endorsements/guarantees provided. (Table 2)
 3. Marketable securities held (excluding investment in subsidiaries, associates, and jointly controlled entities). (Table 3)
 4. Marketable securities acquired and disposed of at costs or prices at least NT\$300 million or 20% of the paid-in capital. (None)
 5. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
 6. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
 7. Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
 9. Name, locations, and other information of investees. (Table 6)
 10. Trading in derivative instruments: Note 27
 11. Others: The business relationship between the parent and the subsidiaries and significant transaction between them: (Table 8)
- (III) Information on investments in Mainland China
1. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
 2. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - (1) The amount and percentage of purchase and the balance and percentage of the related payables at the end of the period: Tables 4 and 8.
 - (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Tables 4, 5, and 8.

- (3) The amount of property transactions and the amount of the resultant gains or losses: None.
- (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2.
- (5) The highest balance, ending balance, interest rate interval, and total interest for the current period with respect to financing of fund: Table 1.
- (6) Other transactions that have a material effect on profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

(IV) Information of major shareholders:

List of all shareholders with ownership of 5 percent or greater showing the names and the number of ordinary shares and percentage of ownership held by each shareholder: Table 9.

XXXIII. Segments Information

Information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments reporting department (products include prepreg products (PP) and copper-clad laminates (CCL)) were as follows:

The Company excluded revenue and profit from triangular trade.)

ITEQ WUXI included revenue and profit from ITEQ WUXI and IIL.)

ITEQ (DG) included revenue and profit from ITEQ (DG) and IPL.)

ITEQ JX (included revenue and profit from ITEQ JX))

Other segments (included revenue and profit from ITEQ (HJ), ITEQ (GZ), Bou Mou, ITEQ International, ITEQ Holding, ITEQ (HK), and Eagle Great.))

(I) Segment revenues and results

The following was an analysis of the Group's revenue and results by the reporting department.

	Segment Revenue For the Nine Months Ended September 30		Segment Profit For the Nine Months Ended September 30	
	2022	2021	2022	2021
The Company	\$ 1,437,459	\$ 3,070,679	(\$ 570,245)	(\$ 429,247)
ITEQ WUXI	11,172,514	12,504,613	1,039,368	1,512,796
ITEQ (DG)	10,245,455	10,766,857	427,805	859,885
ITEQ (JX)	6,647,688	6,080,623	307,322	743,165
Others	<u>5,043,060</u>	<u>5,508,368</u>	<u>255,361</u>	<u>588,526</u>
	<u>\$34,546,176</u>	<u>\$37,931,140</u>	1,459,611	3,275,125
Headquarter management cost			(16,849)	(158,929)
Non-operating income and expenses			<u>491,346</u>	(<u>54,072</u>)
Income before income tax			<u>\$ 1,934,108</u>	<u>\$ 3,062,124</u>

Intersegment transactions were not eliminated from the segment revenue reported above. For the nine months ended September 30, 2022, the Group's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX), and others were NT\$1,539,220 thousand, NT\$3,445,501 thousand, NT\$5,594,486 thousand, and NT\$1,700,248 thousand, respectively; for the nine months ended September 30, 2021, the Company's revenue from ITEQ (WX), ITEQ (DG), ITEQ (JX) and others were NT\$1,543,412 thousand, NT\$3,236,914 thousand, NT\$5,761,040 thousand and NT\$2,895,884 thousand, respectively.

Segment profit represents each segment's profit without allocating central administration costs and non-operating income and gains, non-operating expenses and losses and income tax expenses. This is the measure reported to the chief operating decision-maker for resource allocation and assessment of segment performance.

(II) Segment assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Segment assets</u>			
The Company	\$ 3,932,091	\$ 5,007,963	\$ 5,446,660
ITEQ WUXI	11,357,670	12,745,709	12,967,604
ITEQ (DG)	8,381,116	10,357,310	10,446,316
ITEQ (JX)	11,936,793	14,879,076	14,919,308
Others	<u>6,712,522</u>	<u>6,786,624</u>	<u>6,575,432</u>
Sub-total	42,320,192	49,776,682	50,355,320
Others	83,211,806	75,800,484	71,213,718
Eliminations	(93,008,964)	(89,339,880)	(85,533,783)
Total assets	<u>\$ 32,523,034</u>	<u>\$ 36,237,286</u>	<u>\$ 36,035,255</u>

To monitor segment performance and allocate resources between segments:

All assets were allocated to the reporting department other than financial assets at for value through other comprehensive income - current, investments using the equity method, financial assets at fair value through profit or loss - non-current, current tax assets, and deferred tax assets. Goodwill was allocated to the reporting department. Assets used jointly by the reporting department were allocated based on the revenues earned by the individual reporting department.

ITEQ Corporation and Subsidiaries
FINANCING PROVIDED TO OTHERS
For the Nine Months Ended September 30, 2022

TABLE 1

Unit: NTD thousands
unless stated otherwise

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending balance	Transaction Amounts	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Notes 1 and 2)	Financing Amount Limits (Notes 1 and 2)
													Name	Value		
0	The Company	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	\$ 424,747 thousand	\$ 152,973 thousand	\$ 152,973 thousand	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 4,190,256	\$ 4,190,256
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	US\$11,353 thousand	US\$10,218 thousand	US\$10,218 thousand	-	Short-term financing	-	Operating capital	-	-	-	572,643	572,643
2	ITEQ (DG)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 200,000thousand	RMB - thousand	RMB - thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,190,256	4,190,256
3	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 65,717 thousand	RMB 65,717 thousand	RMB 65,717 thousand	-	Short-term financing	-	Operating capital	-	-	-	4,190,256	4,190,256
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 150,000thousand	RMB 150,000thousand	RMB 130,000thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,190,256	4,190,256
3	ITEQ (WX)	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 300,000thousand	RMB 300,000thousand	RMB 300,000thousand	1.5	Short-term financing	-	Operating capital	-	-	-	4,190,256	4,190,256
4	ITEQ (JX)	The Company	Accounts receivable - related parties and other receivables - related parties	Yes	RMB 1,255 thousand	RMB - thousand	RMB - thousand	-	Short-term financing	-	Operating capital	-	-	-	4,190,256	4,190,256

Note 1: The Company's "Operating Procedures for Lending Funds to Others" states that the limit amount for lending funds to a single entity and ceiling amount for financing is 20% and 40% of the Company's net worth based on the most recent auditor-reviewed report (2022 Q2).

Note 2: The limit amount for lending funds to a single entity and ceiling amount for financing for the Company's 100% owned subsidiaries are capped at 600% of the Company's net worth based on the most recent auditor-reviewed report (financial report for Q2, 2022). However, if the maximum amount of each loan and financing limit exceeds 20% of the net worth shown in the Company's most recent financial report (2022 Q2), the ceiling amount shall be capped at 20% of the Company's net worth based on the most recent financial report.

Note 3: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
 ENDORSEMENT/GUARANTEE PROVIDED
 For the Nine Months Ended September 30, 2022

TABLE 2

Unit: NTD thousands unless stated otherwise

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 1 and 2)	Maximum Amount Endorsed/Guarant eed During the Period	Ending Balance	Transaction Amounts	Amount of Endorsement/ Guarantee Collateralized by Property, Plant and Equipment	Ratio of Accumulated Endorsement/ Guarantee to Net Equity of the Latest Financial Statement	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Provided by Parent	Endorsement/ Guarantee Provided by Subsidiaries	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Company name	Relationship										
0	The Company	IIL, IPL	Investee in which the Company holds 100% of its shares indirectly	\$ 20,951,281	\$ 300,000 (Note 3)	\$ -	\$ -	\$ -	-	\$ 20,951,281	Y	N	N
0	The Company	IIL	Investee in which the Company holds 100% of its shares indirectly	20,951,281	965,900 (Note 3)	809,625	62,482	-	3.86%	20,951,281	Y	N	N
0	The Company	IPL	Investee in which the Company holds 100% of its shares indirectly	20,951,281	3,889,375 (Note 3)	3,889,375	1,479,236	-	18.56%	20,951,281	Y	N	N
0	The Company	ITEQ (DG)	Investee in which the Company holds 100% of its shares indirectly	20,951,281	2,034,700 (Note 3)	2,034,700	317,500	-	9.71%	20,951,281	Y	N	Y
0	The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	20,951,281	3,145,950 (Note 3)	3,145,950	1,061,190	-	15.02%	20,951,281	Y	N	Y

Note 1: Single-party and aggregate limits on guarantees provided to external parties are capped at 100% of the Company's net worth based on the most recent auditor-reviewed report (2022 Q2).

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 auditor-reviewed report (2022 Q2).

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

ITEQ Corporation and Subsidiaries
MARKETABLE SECURITIES HELD
September 30, 2022

TABLE 3

Unit: NTD thousands
unless stated otherwise

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Remarks
				Shares (Thousands)	Carrying amount	Percentage of Ownership	Fair Value	
The Company	<u>Stocks</u>							
	Bon-In Biologic Technology Company	—	Financial assets at FVITPL - current	100	\$ -	5.0	\$ -	
	TMY Technology Inc.	—	Financial assets at FVTOCI - non-current	357	2,300	1.0	2,300	
Bou Mou	<u>Stocks</u>							
	Mortech Corporation	—	Financial assets at FVITPL - current	381	3,486	1.0	3,486	
	Big Sun Energy Technology Inc.	—	Financial assets at FVITPL - non-current	887	-	0.4	-	
	Ding Mou Corporation	—	Financial assets at FVITPL - non-current	100	-	0.4	-	
	TIEF FUND, L.P.	—	Financial assets at FVTOCI - non-current	-	33,659	4.8	33,659	

Note 1: Marketable securities were shares, bonds, beneficiary certificates, and others within the scope of IFRS 9 "Financial Instruments."

Note 2: Refer to Tables 6 and 7 for the information on subsidiaries and associates.

ITEQ Corporation and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

For the Nine Months Ended September 30, 2022

TABLE 4

Unit: NTD thousand

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Note/Accounts Receivable (Payable)		Remarks
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	Percentage in total accounts/notes receivable (payable) %	
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	Sales	(\$ 184,098)	(13%)	—	\$ -	—	\$ 288,348	37%	
ITEQ (JX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Purchases	184,098	3%	—	-	—	(288,348)	(17%)	
ITEQ (WX)	The Company	Investee in which the Company holds 100% of its shares indirectly	Sales	(421,872)	(4%)	—	-	—	198,980	3%	
The Company	ITEQ (WX)	Investee in which the Company holds 100% of its shares indirectly	Purchases	421,872	82%	—	-	—	(198,980)	(47%)	Note 1
ITEQ (DG)	ITEQ (GZ)	Same parent company	Sales	(1,595,914)	(18%)	—	-	—	782,943	17%	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Purchases	1,595,914	35%	—	-	—	(782,943)	(49%)	
ITEQ (DG)	ITEQ (WX)	Same parent company	Sales	(115,198)	(1%)	—	-	—	47,199	1%	
ITEQ (WX)	ITEQ (DG)	Same parent company	Purchases	115,198	1%	—	-	—	(47,199)	(2%)	
ITEQ (DG)	ITEQ (JX)	Same parent company	Sales	(102,053)	(1%)	—	-	—	89,381	2%	
ITEQ (JX)	ITEQ (DG)	Same parent company	Purchases	102,053	2%	—	-	—	(89,381)	(5%)	
ITEQ (GZ)	ITEQ (DG)	Same parent company	Sales	(1,087,611)	(22%)	—	-	—	480,175	16%	
ITEQ (DG)	ITEQ (GZ)	Same parent company	Purchases	1,087,611	13%	—	-	—	(480,175)	(16%)	
ITEQ (WX)	ITEQ (DG)	Same parent company	Sales	(372,592)	(4%)	—	-	—	166,553	3%	
ITEQ (DG)	ITEQ (WX)	Same parent company	Purchases	372,592	5%	—	-	—	(166,553)	(6%)	
ITEQ (WX)	IIL	Same parent company	Sales	(510,057)	(5%)	—	-	—	688,190	11%	
IIL	ITEQ (WX)	Same parent company	Purchases	510,057	59%	—	-	—	(688,190)	(96%)	
ITEQ (JX)	ITEQ (DG)	Same parent company	Sales	(3,552,615)	(53%)	—	-	—	1,492,241	51%	
ITEQ (DG)	ITEQ (JX)	Same parent company	Purchases	3,552,615	43%	—	-	—	(1,492,241)	(51%)	
ITEQ (JX)	ITEQ (GZ)	Same parent company	Sales	(160,566)	(2%)	—	-	—	67,717	2%	
ITEQ (GZ)	ITEQ (JX)	Same parent company	Purchases	160,566	4%	—	-	—	(67,717)	(4%)	
ITEQ (JX)	ITEQ (WX)	Same parent company	Sales	(1,872,293)	(28%)	—	-	—	593,467	20%	
ITEQ (WX)	ITEQ (JX)	Same parent company	Purchases	1,872,293	21%	—	-	—	(593,467)	(22%)	
IPL	ITEQ (DG)	Same parent company	Sales	(344,611)	(27%)	—	-	—	144,631	25%	
ITEQ (DG)	IPL	Same parent company	Purchases	344,611	4%	—	-	—	(144,631)	(5%)	
IPL	ITEQ (GZ)	Same parent company	Sales	(377,422)	(29%)	—	-	—	204,583	35%	
ITEQ (GZ)	IPL	Same parent company	Purchases	377,422	8%	—	-	—	(204,583)	(13%)	
IPL	ITEQ (JX)	Same parent company	Sales	(510,606)	(40%)	—	-	—	200,304	35%	
ITEQ (JX)	IPL	Same parent company	Purchases	510,606	8%	—	-	—	(200,304)	(13%)	
IIL	ITEQ (WX)	Same parent company	Sales	(349,816)	(40%)	—	-	—	461,261	64%	
ITEQ (WX)	IIL	Same parent company	Purchases	349,816	4%	—	-	—	(461,261)	(17%)	

Note 1: The transactions with ITEQ (WX) were made through IIL.

Note 2: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

September 30, 2022

TABLE 5

Unit: NTD thousand

Company Name	Related Party	Relationship	Receivables from related party	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment
					Amount	Actions Taken		
The Company	ITEQ (JX)	Investee in which the Company holds 100% of its shares indirectly	\$ 288,348	—	\$ -	—	\$ 23,319	\$ -
ITEQ (DG)	ITEQ (GZ)	Same parent company	782,943	—	-	—	536,640	-
ITEQ (GZ)	ITEQ (DG)	Same parent company	480,175	—	-	—	267,870	-
ITEQ (WX)	ITEQ (DG)	Same parent company	166,553	—	-	—	106,534	-
ITEQ (WX)	IIL	Same parent company	688,190	—	-	—	46,555	-
ITEQ (JX)	ITEQ (DG)	Same parent company	1,492,241	—	-	—	389,414	-
ITEQ (JX)	ITEQ (WX)	Same parent company	593,467	—	-	—	400,198	-
IIL	The Company	Investee in which the Company holds 100% of its shares indirectly	198,752	—	-	—	36,145	-
IIL	ITEQ (WX)	Same parent company	461,261	—	-	—	30,186	-
IPL	ITEQ (DG)	Same parent company	144,631	—	-	—	29,800	-
IPL	ITEQ (GZ)	Same parent company	204,583	—	-	—	28,961	-
IPL	ITEQ (JX)	Same parent company	200,304	—	-	—	75,266	-

Note: Eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
INFORMATION ON INVESTEES
For the Nine Months Ended September 30, 2022

TABLE 6

Unit: NTD thousands
unless stated otherwise

Investor	Investor Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2021			Net Income (Loss) of the Investee	Share of Profits	Remarks
				End of this period	End of last period	Ordinary Shares (Thousands)	Percentage (%)	Carrying amount			
ITEQ Corp	ITEQ International Bou Mou MGC-ITEQ Technology Co.,Ltd.	Samoa	Investment	\$US\$61,719 thousand	\$US\$61,719 thousand	18,500	100%	\$ 20,425,155	\$ 1,571,999	\$ 1,571,999	Note 1
		Hsinchu County	Investment	70,000	70,000	7,000	100%	98,556	978	978	
		Hsinchu County	Electronic Parts and Components Manufacturing	49,000	-	4,900	49%	49,000	--	-	
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	US\$61,719 thousand	US\$61,719 thousand	18,500	100%	US\$636,315 thousand	US\$54,332 thousand	US\$54,332 thousand	
ITEQ Holding	ESIC	The British Virgin Islands	Mainland China Re-investment	US\$13,000 thousand	US\$13,000 thousand	10,750	100%	US\$236,928 thousand	US\$14,993 thousand	US\$14,993 thousand	
		Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$3,208 thousand	US\$2,029 thousand	US\$2,029 thousand	
	Samoa	Import/Export	US\$1,000 thousand	US\$1,000 thousand	1,000	100%	US\$2,220 thousand	(US\$786 thousand)	(US\$786 thousand)		
	The British Virgin Islands	Mainland China Re-investment	US\$8,499 thousand	US\$8,499 thousand	8,499	100%	US\$15,770 thousand	(US\$1,447 thousand)	(US\$1,447 thousand)		
	ITEQ (HK)	Hong Kong	Mainland China Re-investment	US\$24,200 thousand	US\$24,200 thousand	24,200	100%	US\$350,877 thousand	US\$39,543 thousand	US\$39,543 thousand	

Note 1: Information on investees in Mainland China is detailed in Table 7.

ITEQ CORPORATION
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
For the Nine Months Ended September 30, 2022

TABLE 7

Unit: NTD thousands
unless stated otherwise

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investments	Accumulated Outward Remittance for Investment from Taiwan as of July 1, 2022	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2022	Net Income (Loss) of the Investee (Note 2)	% Ownership of Direct or Indirect Investment	Investment profit or loss recognized for the period (Note 2)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of June 30, 2022
					Outward	Inward						
ITEQ (DG)	Produces and sells prepreg and copper-clad lamination	\$US\$20,000 thousand	Notes 1 and 4	\$US\$13,000 thousand	\$ -	\$ -	\$US\$13,000 thousand	\$US\$12,313 thousand	100%	\$US\$12,313 thousand	\$US\$143,552 thousand	\$ -
ITEQ (WX)	Produces and sells prepreg and copper-clad lamination	US\$41,000 thousand	Notes 1 and 4	US\$22,100 thousand	-	-	US\$22,100 thousand	US\$31,558 thousand	100%	US\$31,558 thousand	US\$287,392 thousand	US\$82,231 thousand
ITEQ (HJ)	Produces and sells mass lamination	US\$8,499 thousand	Notes 1 and 4	US\$8,286 thousand	-	-	US\$8,286 thousand	(US\$1,429 thousand)	100%	(US\$1,429 thousand)	US\$15,250 thousand	-
ITEQ (GZ)	Produces and sells prepreg and copper-clad lamination	US\$23,700 thousand	Note 1	US\$16,200 thousand	-	-	US\$16,200 thousand	US\$8,028 thousand	100%	US\$8,028 thousand	US\$90,003 thousand	US\$26,610 thousand
ITEQ (JX)	Produces and sells prepreg and copper-clad lamination	US\$160,800 thousand	Notes 1 and 4	-	-	-	-	US\$5,770 thousand	100%	US\$5,770 thousand	US\$188,441 thousand	-

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
US\$59,586 thousand	US\$80,400 thousand	\$11,998,519 (Note 3)

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

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

Note 3: The Company's net asset value of 60% of the consolidated net asset value is based on the regulation issued on August 29, 2008 by the Investment Commission under the Ministry of Economic Affairs

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

Note 5: Was eliminated in the consolidated financial statements.

ITEQ Corporation and Subsidiaries
INTERCOMPANY RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
For the Nine Months Ended September 30, 2022

TABLE 8

Unit: NTD thousand

No.	Transaction Company	Counterparty	Flow of Transactions (Note 2)	Description of Transactions (Note 3 and 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
0	The Company	ITEQ (JX)	1	Accounts receivable	\$ 288,348	Note 4	0.89%
1	IPL	ITEQ (DG)	3	Sale	344,611	Note 4	1.55%
1	IPL	ITEQ (GZ)	3	Accounts receivable	204,583	Note 4	0.63%
1	IPL	ITEQ (JX)	3	Other receivables	384,873	Note 4	1.18%
1	IPL	ITEQ (JX)	3	Accounts receivable	200,304	Note 4	0.62%
1	IPL	ITEQ (JX)	3	Sale	510,606	Note 4	2.29%
1	IPL	ITEQ (GZ)	3	Sale	377,422	Note 4	1.70%
2	IIL	ITEQ (WX)	3	Accounts receivable	461,261	Note 4	1.42%
2	IIL	ITEQ (WX)	3	Sale	349,816	Note 4	1.57%
3	ITEQ (DG)	ITEQ (GZ)	3	Accounts receivable	782,943	Note 4	2.41%
3	ITEQ (DG)	ITEQ (GZ)	3	Sale	1,595,914	Note 4	7.17%
4	ITEQ (WX)	ITEQ (DG)	3	Sale	372,592	Note 4	1.67%
4	ITEQ (WX)	IIL	3	Sale	510,057	Note 4	2.29%
4	ITEQ (WX)	The Company	2	Sale	421,872	Note 4	1.89%
4	ITEQ (WX)	IIL	3	Accounts receivable	688,190	Note 4	2.12%
4	ITEQ (WX)	ITEQ (JX)	3	Other receivables	1,944,515	Note 4	5.98%
5	ITEQ (GZ)	ITEQ (DG)	3	Accounts receivable	480,175	Note 4	1.48%
5	ITEQ (GZ)	ITEQ (DG)	3	Sale	1,087,611	Note 4	4.88%
6	ITEQ (JX)	ITEQ (WX)	3	Accounts receivable	593,467	Note 4	1.82%
6	ITEQ (JX)	ITEQ (DG)	3	Accounts receivable	1,492,241	Note 4	4.59%
6	ITEQ (JX)	ITEQ (WX)	3	Sale	1,872,293	Note 4	8.41%
6	ITEQ (JX)	ITEQ (DG)	3	Sale	3,552,615	Note 4	15.95%
7	ITEQ Holding	ITEQ (HK)	1	Other receivables	866,169	Note 4	2.66%

Note 1: The types of business transactions are indicated by the following numbers shown in the No. column:

1. 0 - ITEQ (parent company).
2. 1 to 7 - subsidiaries.

Note 2: The transaction flows were as follows:

1. from parent company to subsidiary.
2. from subsidiary to parent company.
3. between subsidiaries.

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

Note 4: The transaction terms are comparable to those of third parties.

Note 5: A transaction is disclosed if it amounts to more than NT\$200,000 thousand.

ITEQ CORPORATION
INFORMATION ON MAJOR SHAREHOLDERS

September 30, 2022

TABLE 9

Name of major shareholder	Shares	
	No. of ordinary Shares shares held	Ratio of shareholdings
WIN Semiconductors Corp.	65,408,733	17.07%
Tian He Xing Ye Corp.	42,380,591	11.06%
Fu Cun Construction Co.	32,967,897	8.60%
ITEQ CORPORATION	20,000,000	5.22%

Note 1: The table discloses information on major shareholders whose shareholding percentage is more than 5%. The Taiwan Depository & Clearing Corporation (TDCC) calculates the total number of ordinary shares and special shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the consolidated financial statements and the actual number of ordinary shares that have completed the dematerialized registration and delivery may be different due to differences in the basis of calculation.