

**ITEQ Corporation and Subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Review Report**  
**2023 and 2022 Q1**

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

## Table of Contents

Items	Page
I. Cover Page	1
II. Table of Contents	2
III. Independent Auditors' Review Report	3
IV. Consolidated Balance Sheets	4
V. Consolidated Statements of Comprehensive Income	5
VI. Consolidated Statements of Changes Equity	6
VII. Consolidated Statements of Cash Flows	7
VIII. Note to Consolidated Financial Statements	
(I) Company History	8
(II) Date and Procedure for the Approval of Financial Statements	8
(III) Application of New and Revised International Financial Reporting Standards	8~9
(IV) Summary of Significant Accounting Policies	9~11
(V) Critical Accounting Judgments and Key Sources of Estimation and Uncertainty	11
(VI) Summary of Significant Accounting Items	11~38
(VII) Related Party Transactions	38~39
(VIII) Pledged Assets	40
(IX) Significant Contingent Liabilities and Unrecognized Commitments	40
(X) Material Disaster Loss After the Balance Sheet	40
(XI) Material Events After the Balance Sheet	40
(XII) Others	40
(XIII) Additional Disclosures	
1. Information about significant transactions	41~43
2. Information about investees	44
3. Information on investments in Mainland China	45
4. Information on major shareholders	46
(XIV) Segments Information	47

## **Independent Auditors' Review Report**

The Board of Directors ITEQ Corporation:

### **Introduction**

We have reviewed the accompanying consolidated balance sheet of ITEQ Corporation and its subsidiaries as of March 31, 2023 and the consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and the 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 Standards on Review No.2410 "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 described in Note 4(2) of the consolidated financial statements, the financial statements of the investees of the same period not reviewed by us are adopted as the basis for partial non-significant subsidiaries included in the abovementioned consolidated financial statements. As of March 31, 2023, the total asset was NT\$1,239,748 thousand, accounting for 3.69% of the total consolidated asset; total liabilities were NT\$1,014,956 thousand, accounting for 7.07% of total consolidated liabilities; as of March 31, 2023, the comprehensive (loss) income was NT\$(21,386) thousand, accounting for 12.29% of the consolidated comprehensive income.

As described in Note 6(5) of the consolidated financial statements, investments accounted for using the equity method of ITEQ Corporation and its subsidiaries on March 31, 2023 were NT\$46,738 thousand, and the share of (loss) gain from affiliates and joint venture accounted for using the equity method for the three months ended March 31, 2023 was NT\$(865) thousand; such figures are based on the financial statements of the investees of the same period not reviewed by us.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of such investees as described in the preceding paragraph been reviewed, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2023, and of its the consolidated financial performance and its consolidated cash flow for the three months ended March 31, 2023, in accordance with the Regulations Governing the Preparation of Financial Position by Securities Issuers and IAS 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Other Matters**

The Q1 consolidated financial statements of ITEQ Corporation and its subsidiaries were reviewed by other CPAs; therefore, as partial non-significant subsidiaries included in the consolidated financial statements and investments accounted for using the equity method are prepared based on the financial statements of the investees of the same period not reviewed by us, we issued a review report with and qualified opinion on May 3, 2022.

KPMG

CPA:

Approval No. of the competent authority of securities: Jing Guang Zheng Shen No. 1080303300  
Jing Guang Zheng Shen No. 0950103298

May 9, 2023

### 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..*

**Reviewed, instead of audited according to the audit standards as of March 31, 2023 and 2022**

**ITEQ Corporation and Subsidiaries**

**Consolidated Balance Sheets**

**March 31, 2023, December 31 and March 31, 2022**

**Unit: NT\$ thousand**

Asset	March 31, 2023		December 31, 2022		March 31, 2022			LIABILITIES AND EQUITY							
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%		
<b>CURRENT ASSETS:</b>								<b>Current liabilities:</b>							
1100	Cash and cash equivalents (Note 6(1))	\$ 5,680,786	17	5,213,819	16	3,711,145	11	2100	Short-term borrowings (Note 6(10))	\$ 2,385,759	7	2,465,577	7	2,494,257	7
1110	Financial assets at FVITPL - current (Notes 6(2) and (21))	3,772	-	3,273	-	4,743	-	2110	Short-term bills payable (Note 6(10))	149,964	-	149,915	1	-	-
1136	Financial assets at amortized cost - current (Note 6(2))	88,624	-	-	-	-	-	2120	Financial liabilities at FVITPL - current (Note 6(2))	-	-	7,681	-	-	-
1170	Net notes and accounts receivable (Note 6(3) and (19))	11,692,358	35	12,119,285	36	14,377,256	40	2170	Accounts payable	5,755,485	17	5,926,422	18	6,644,335	19
1200	Other receivables (Notes 6(3) and 7)	257,770	1	269,426	1	474,890	1	2216	Cash dividends payable (Note 6(15))	1,088,872	3	-	-	1,914,786	5
1220	Current tax assets	90	-	32,381	-	32,464	-	2219	Other payables	1,096,156	4	1,635,974	5	2,392,292	7
130X	Inventories (Note 6(4))	2,555,974	8	2,731,351	8	4,821,620	14	2230	Current tax liabilities	515,603	3	550,684	2	598,278	2
1470	Other current assets (Note 6(7))	1,199,216	3	1,099,406	3	1,375,060	4	2250	Provisions - Current	11,112	-	14,539	-	20,225	-
	<b>TOTAL CURRENT ASSETS</b>	<u>21,478,590</u>	<u>64</u>	<u>21,468,941</u>	<u>64</u>	<u>24,797,178</u>	<u>70</u>	2280	Lease liabilities - current (Notes 6(12) and 7)	62,890	-	55,120	-	49,135	-
	<b>NON-CURRENT ASSETS:</b>							2320	Long-term liabilities due within one year or one business cycle (Notes 6(11) and 8)	17,171	-	17,086	-	-	-
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 6(2) and (21))	32,428	-	32,684	-	29,169	-	2399	Other current liabilities (Note 6(19))	19,351	-	60,037	-	45,219	-
1550	Investments using the equity method (Note 6(5))	46,738	-	47,603	-	49,000	-		<b>Total current liabilities</b>	<u>11,102,363</u>	<u>34</u>	<u>10,883,035</u>	<u>33</u>	<u>14,158,527</u>	<u>40</u>
1600	Property, plant and equipment (Notes 6(6) and 8)	8,180,224	25	6,556,717	20	6,796,925	19		<b>Non-current liabilities:</b>						
1755	Right-of-use assets (Notes 6(8), 7 and 8)	351,909	1	298,374	1	307,118	1	2540	Long-term borrowings (Notes 6(11) and 8)	2,498,072	7	1,676,771	5	-	-
1780	Intangible assets (Note 6(9))	9,035	-	9,141	-	8,617	-	2570	Deferred tax liabilities	460,976	1	460,976	1	414,028	1
1840	Deferred tax assets	323,937	1	285,385	1	142,090	-	2580	Lease liabilities - non-current (Notes 6(12) and 7)	259,253	1	213,861	1	223,662	1
1900	Other non-current assets (Notes 6(7) and 7)	3,131,537	9	4,684,764	14	3,483,816	10	2645	Guarantee deposits	33,766	-	37,980	-	33,841	-
	<b>TOTAL NON-CURRENT ASSETS</b>	<u>12,075,808</u>	<u>36</u>	<u>11,914,668</u>	<u>36</u>	<u>10,816,735</u>	<u>30</u>		<b>Total non-current liabilities</b>	<u>3,252,067</u>	<u>9</u>	<u>2,389,588</u>	<u>7</u>	<u>671,531</u>	<u>2</u>
									<b>Total liabilities</b>	<u>14,354,430</u>	<u>43</u>	<u>13,272,623</u>	<u>40</u>	<u>14,830,058</u>	<u>42</u>
									<b>Equity attributable to owners of the parent company (Note 6(2), (15), (17), and (21)):</b>						
								3100	Share capital	3,629,572	11	3,629,572	11	3,829,572	11
								3200	Capital surplus	9,205,546	27	9,201,666	27	9,694,618	27
								3300	Retained earnings	6,546,197	20	7,561,086	23	7,203,194	20
								3400	Other equities	(181,347)	(1)	(281,338)	(1)	56,471	-
									<b>Total equity</b>	<u>19,199,968</u>	<u>57</u>	<u>20,110,986</u>	<u>60</u>	<u>20,783,855</u>	<u>58</u>
<b>Total assets</b>		<u>\$ 33,554,398</u>	<u>100</u>	<u>33,383,609</u>	<u>100</u>	<u>35,613,913</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 33,554,398</u>	<u>100</u>	<u>33,383,609</u>	<u>100</u>	<u>35,613,913</u>	<u>100</u>

(For details, please see the note to consolidated financial statements enclosed)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

**Only reviewed, not audited according to the audit standards**

**ITEQ Corporation and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2023 and 2022**

**Unit: NT\$ thousand**

	<u>January to March 2023</u>		<u>January to March 2022</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 <b>Operating revenue (Note 6(19))</b>	\$ 6,259,655	100	8,269,058	100
5000 <b>Operating cost (Notes 6(4), (6), (8), (12), (13), (17), (18), 7 and 12)</b>	5,589,786	89	7,020,355	85
<b>Gross profit</b>	669,869	11	1,248,703	15
<b>Operating expenses (Notes 6(3), (6), (8), (12), (13), (17), (18), 7 and 12):</b>				
6100 Selling and marketing expenses	198,291	3	156,638	2
6200 General and administrative expenses	221,990	4	252,826	3
6300 Research and development expenses	125,223	2	192,694	2
6450 Expected credit loss (gain)	(3,603)	-	2,624	-
<b>Total operating expenses</b>	541,901	9	604,782	7
<b>INCOME FROM OPERATIONS</b>	127,968	2	643,921	8
<b>Non-operating income and expenses (Notes 6(6), (6), (10), (11), (12), (20), (21) and 7):</b>				
7100 Interest income	12,485	-	4,054	-
7370 Share of gain or loss from affiliates and joint venture accounted for using the equity method	(865)	-	-	-
7010 Other income	14,332	-	25,602	-
7020 Other gains or losses	11,762	-	325,376	4
7050 Financial costs	(31,547)	-	(22,951)	-
<b>Total non-operating income and expenses</b>	6,167	-	332,081	4
7900 <b>Income Before Income Tax</b>	134,135	2	976,002	12
7950 <b>Income tax expenses (Note (14))</b>	60,152	1	166,889	2
<b>NET INCOME FOR THE PERIOD</b>	73,983	1	809,113	10
8300 <b>OTHER COMPREHENSIVE INCOME (Notes (15) and (21)):</b>				
8310 <b>Items that will not be reclassified subsequently to profit or loss</b>				
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(256)	-	(518)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	(166)	-
<b>Total of items that will not be reclassified subsequently to profit or loss</b>	(256)	-	(684)	-
8360 <b>Items that may be reclassified subsequently to profit or loss:</b>				
8361 Exchange differences on translating the financial statements of foreign operations	100,247	2	714,170	9
8399 Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	(142,833)	(2)
<b>Total of items that may be reclassified subsequently to profit or loss</b>	100,247	2	571,337	7
8300 <b>Other comprehensive income for the period (net amount after-tax)</b>	99,991	2	570,653	7
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>\$ 173,974</b>	<b>3</b>	<b>1,379,766</b>	<b>17</b>
<b>Net income for the period attributable to:</b>				
Owners of the parent company	<b>\$ 73,983</b>	<b>1</b>	<b>809,113</b>	<b>10</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent company	<b>\$ 173,974</b>	<b>3</b>	<b>1,379,766</b>	<b>17</b>
<b>Basic earnings per share (Unit: NT\$) (Note (16))</b>	<b>\$ 0.20</b>		<b>2.11</b>	
<b>Diluted earnings per share (Unit: NT\$) (Note (16))</b>	<b>\$ 0.20</b>		<b>2.10</b>	

(For details, please see the note to consolidated financial statements enclosed)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan,  
Chou

**Only reviewed, not audited according to the audit standards**  
**ITEQ Corporation and Subsidiaries**

**Consolidated Statements of Changes Equity**

**For the three months ended March 31, 2023 and 2022**

**Unit: NT\$ thousand**

	Share capital	Capital surplus	Legal reserve	Retained earnings		Total	Other equity items		Total	Total Equity
				Special reserve	Unappropriated earnings		Exchange differences on translating the financial statements of foreign operations	Unrealized valuation loss (gain) on financial assets at FVTOCI		
<b>BALANCE AT JANUARY 1, 2022</b>	\$ 3,829,572	9,690,481	1,885,194	444,936	5,978,737	8,308,867	(505,008)	(9,174)	(514,182)	21,314,738
NET INCOME FOR THE PERIOD	-	-	-	-	809,113	809,113	-	-	-	809,113
Other comprehensive income recognized for the period	-	-	-	-	-	-	571,337	(684)	570,653	570,653
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	809,113	809,113	571,337	(684)	570,653	1,379,766
Appropriation and distribution of retained earnings:										
Cash dividends per ordinary share	-	-	-	-	(1,914,786)	(1,914,786)	-	-	-	(1,914,786)
Share-based payment transactions	-	4,137	-	-	-	-	-	-	-	4,137
<b>BALANCE AT MARCH 31, 2022</b>	<b>\$ 3,829,572</b>	<b>9,694,618</b>	<b>1,885,194</b>	<b>444,936</b>	<b>4,873,064</b>	<b>7,203,194</b>	<b>66,329</b>	<b>(9,858)</b>	<b>56,471</b>	<b>20,783,855</b>
<b>BALANCE AT JANUARY 1, 2023</b>	\$ 3,629,572	9,201,666	2,199,863	514,181	4,847,042	7,561,086	(274,855)	(6,483)	(281,338)	20,110,986
NET INCOME FOR THE PERIOD	-	-	-	-	73,983	73,983	-	-	-	73,983
Other comprehensive income recognized for the period	-	-	-	-	-	-	100,247	(256)	99,991	99,991
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	-	-	-	-	73,983	73,983	100,247	(256)	99,991	173,974
Appropriation and distribution of retained earnings:										
Cash dividends per ordinary share	-	-	-	-	(1,088,872)	(1,088,872)	-	-	-	(1,088,872)
Share-based payment transactions	-	3,880	-	-	-	-	-	-	-	3,880
<b>BALANCE AT MARCH 31, 2023</b>	<b>\$ 3,629,572</b>	<b>9,205,546</b>	<b>2,199,863</b>	<b>514,181</b>	<b>3,832,153</b>	<b>6,546,197</b>	<b>(174,608)</b>	<b>(6,739)</b>	<b>(181,347)</b>	<b>19,199,968</b>

(For details, please see the note to consolidated financial statements enclosed)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou

**Only reviewed, not audited according to the audit standards**  
**ITEQ Corporation and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the three months ended March 31, 2023 and 2022**

Unit: NT\$ thousand

	<b>January to March 2023</b>	<b>January to March 2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income before income tax	\$ 134,135	976,002
<b>Adjustment item:</b>		
Adjustments for:		
Depreciation expenses	274,570	261,005
Expected credit impairment (reversal gain) loss	(3,603)	2,624
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6,048	(125)
Interest expenses	31,547	22,951
Interest income	(12,485)	(4,054)
Share-based compensation payment	3,880	4,137
Share of loss from affiliates and joint venture accounted for using the equity method	865	-
Loss from disposal of property, plant and equipment	1,032	1,485
Write-down of inventories	23,681	5,455
Reversal of loss on impairment of property, plant and equipment	(738)	-
Insurance claim income	-	(250,000)
Other items	(3,509)	13,318
Total items of income and expenses	<u>321,288</u>	<u>56,796</u>
Changes in assets/liabilities related to operating activities		
Notes receivable	110,619	(786,565)
Accounts receivable	221,426	124,232
Other receivables	12,140	2,866
Inventories	130,130	488,685
Other current assets	(108,258)	(71,899)
Total net changes in assets related to operating activities	<u>366,057</u>	<u>(242,681)</u>
Net changes in liabilities related to operating activities:		
Accounts payable	(123,789)	(695,877)
Other payables	(164,038)	95,435
Other current liabilities	(40,248)	(2,775)
Total net changes in liabilities related to operating activities	<u>(328,075)</u>	<u>(603,217)</u>
Total net changes in assets and liabilities related to operating activities	<u>37,982</u>	<u>(845,898)</u>
Total adjustment item	<u>359,270</u>	<u>(789,102)</u>
Cash inflow generated from operations	493,405	186,900
Interest paid	(33,641)	(21,383)
Income tax paid	(104,960)	(198,460)
<b>Net cash inflow (outflow) from operating activities</b>	<u>354,804</u>	<u>(32,943)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of financial assets at amortized cost	(88,624)	-
Purchase of financial assets at fair value through profit or loss	(14,228)	-
Acquisition of investments using the equity method	-	(49,000)
Acquisition of property, plant, and equipment	(734,653)	(984,523)
Decrease in refundable deposits	16,682	21,752
Decrease in other non-current assets	97,402	3,565
Increase in pre-payments for equipment	(163,875)	(88,701)
Interest received	12,203	3,775
<b>Net cash used in investing activities</b>	<u>(875,093)</u>	<u>(1,093,132)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase (decrease) in short-term borrowings	(72,432)	289,725
Proceeds from long-term borrowings	3,424,382	-
Re-payments of long-term borrowings	(2,600,000)	-
Decrease in guarantee deposits	(3,895)	(763)
Repayment of the principal of leases	(15,946)	(14,631)
<b>Net cash inflow from financing activities</b>	<u>732,109</u>	<u>274,331</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>	<u>255,147</u>	<u>139,611</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS OF THE PERIOD</b>	466,967	(712,133)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>5,213,819</u>	<u>4,423,278</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 5,680,786</u>	<u>3,711,145</u>

(For details, please see the note to consolidated financial statements enclosed)

Chairman: Chin-Tsai, Chen

Manager: Hsin-Hui, Tsai

Accounting Supervisor: Jung-Tsan, Chou



**Only reviewed, not audited according to the audit standards**

**ITEQ Corporation and Subsidiaries**

**Note to Consolidated Financial Statements**

**2023 and 2022 Q1**

**(Except for otherwise stated, all amounts are in NT\$ thousand)**

**I. Company History**

ITEQ Corporation (the “Company”) was approved for establishment on April 10, 1997. The business nature of the Company and its subsidiaries (the “Group”) are primarily the manufacturing, processing, and trading of mass lamination boards, copper-clad laminates, prepreg products and electronic components.

**II. Date and Procedure for the Approval of Financial Statements**

The consolidated financial statements were approved for publication by the Board on May 9, 2023.

**III. Application of New and Revised International Financial Reporting Standards**

(I) Effects of adopting the new and revised international financial reporting standards endorsed by the Financial Supervisory Commission

The following IFRSs apply to the Group starting from January 1, 2023, and the application has not caused any material effect on the consolidated financial statements.

·Amendment to IAS 1 “Disclosures of Accounting Policies”

·Amendment to IAS 8 “Definition of Accounting Estimate”

·Amendment to IAS 12 “Deferred Income Tax Related to Assets and Liabilities Arising from A Single Transaction”

(II) The new and revised international financial reporting standards endorsed not yet endorsed by the FSC

The Group expected that the following new and revised international financial reporting standards endorsed not yet endorsed by the FSC would not have any material effect on the consolidated financial statements.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

- Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture”
- Amendment to IFRS 17 “Insurance Contract” and IFRS 17
- Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendment to IAS 1 “Non-current Liabilities with Contractual Terms”
- Amendment to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparison Information”
- Amendment to IFRS 16 “Lease Liability in A Sale and Leaseback”

**IV. Summary of Significant Accounting Policies**

Except for those described below, the summary of significant accounting policies of the consolidated financial statements is equivalent to that of the 2022 consolidated financial statements; for relevant information, please refer to Note 4 of the 2022 consolidated financial statements.

(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 (the “Preparation Regulations”) and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not include all necessary information of the consolidated financial statements of an entire year prepared according to IFRSs, IASs, IFRIC, and SIC (the “IFRSs endorsed by the FSC”) endorsed and issued into effect by the FSC.

(II) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements are as follows:

Investor	Investee	Main Business	% of Ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
The Company	ITEQ International Ltd. (the “ITEQ International”)	Investment	100.00%	100.00%	100.00%	(Note 3)
”	Bang Mao Investments Corporation	Investment	100.00%	100.00%	100.00%	(Note 3)
”	ITEQ Corporation (Thailand) LTD. (the “Thailand ITEQ”)	Produces and sells prepreg products and copper-clad laminates	100.00%	-	-	(Note 1) and (Note 3)

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

<b>Investor</b>	<b>Investee</b>	<b>Main Business</b>	<b>% of Ownership</b>			<b>Description</b>
			<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>	
ITEQ International	ITEQ Holding Ltd. (the “ITEQ Holding”)	Investment	100.00%	100.00%	100.00%	(Note 3)
ITEQ Holding	Ever Smart International Corporation Ltd. (the “ESIC”)	Mainland China Re-investment	100.00%	100.00%	100.00%	(Note 3)
”	International Partners Ltd. (the “IPL”)	Import/Export	100.00%	100.00%	100.00%	(Note 3)
”	Inspire Investments Ltd (the “IIL”)	Import/Export	100.00%	100.00%	100.00%	(Note 3)
”	Eagle Great Investments Ltd. (the “Eagle Great”)	Mainland China Re-investment	100.00%	100.00%	100.00%	(Note 3)
”	ITEQ (Hong Kong) Limited (the “ITEQ (HK)”	Mainland China Re-investment	100.00%	100.00%	100.00%	(Note 3)
ESIC	ITEQ DG Electronics Technology Co., Ltd. (the “ITEQ (DG)”	Produces and sells prepreg products and copper-clad laminates	100.00%	100.00%	100.00%	
”	ITEQ JX Electronics Technology Co., Ltd. (the “ITEQ (JX)”	Produces and sells prepreg products and copper-clad laminates	100.00%	100.00%	100.00%	(Note 2)
ITEQ (HK)	ITEQ (Wuxi) Electronics Technology Co., Ltd. (the “ITEQ (WX)”	Produces and sells prepreg products and copper-clad laminates	100.00%	100.00%	100.00%	
”	ITEQ GZ Electronics Technology Co., Ltd. (the “ITEQ (GZ)”	Produces and sells prepreg products and copper-clad laminates	100.00%	100.00%	100.00%	
Eagle Great	Maocheng Electronic Technology (Dongguan) Co., Ltd. (the “ITEQ (HJ)”	Production and sales of MLBs.	100.00%	100.00%	100.00%	(Note 3)

Note 1: The Company newly established Thailand ITEQ in January 2023.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

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

Note 3: Financial statements of non-material subsidiaries are not reviewed by CPAs.

2. Subsidiaries not included in the consolidated financial statements: None.

**(III) Employee benefits expense**

The pension under the defined benefit plan in the interim period was calculated based on a year-to-date basis by using the actuarially determined pension cost rate at the reporting date of the prior year, adjusted for significant market fluctuations and significant reduction after the reporting period, settlements or other significant one-time events.

**(IV) Income tax**

The Group measures and discloses its income tax expense income tax expenses in the interim period according to the requirements under paragraph B12 of the IAS 34 “Interim Financial Reporting.”

Income tax expenses are measured by multiplying the income before income tax by the best estimate by the management for the effective tax rate throughout the year and are fully recognized in current tax payable.

For income tax expenses directly recognized in equity items of other comprehensive income items, they are measured at the applicable tax rate upon the expected realization or settlement based on the temporary difference between the carrying amount of relevant assets and liabilities for the purpose of financial reporting and their taxation basis.

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

When preparing the consolidated financial statements according to the Preparation Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC, the management was required to make judgments, estimations, and assumptions, which will have effects on the adoption of accounting policies and the reporting amount of assets, liabilities, income, and expenses. Material accounting estimates and assumptions made by the management may be different from the actual results; the Group will consider the historical experience and other factors to continue evaluating and adjusting. The Group has included the economic effects caused by climate change into consideration for material accounting estimates and continues to evaluate the effects on the financial position and financial performance in the following fiscal year.

When preparing the consolidated financial statements, the management has adopted the main sources of uncertainties for material judgments and estimates consistent with that of Note 5 in the 2022 consolidated financial statements.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

**VI. Summary of Significant Accounting Items**

Except for those described below, the descriptions of material accounting items of the consolidated financial statements have no material difference from that of the 2022 consolidated financial statements; for relevant information, please refer to the 2022 consolidated financial statements.

(I) Cash and equivalents

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Cash	\$ 273	312	168
Cash in banks	3,414,755	2,585,791	2,546,451
Bank acceptances	2,265,758	1,966,300	1,164,526
Time deposit	-	661,416	-
Cash and equivalents	<b><u>\$ 5,680,786</u></b>	<b><u>5,213,819</u></b>	<b><u>3,711,145</u></b>

For details of disclosure of the sensitivity analysis of exchange rates for the financial assets and liabilities of the Group, please refer to Note 6(21).

(II) Financial assets and liabilities

1. Financial assets at FVITPL

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<b>Financial assets mandatorily measured at FVTPL:</b>			
Securities listed in ROC Emerging Stock Market	<b><u>\$ 3,772</u></b>	<b><u>3,273</u></b>	<b><u>4,743</u></b>

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
<b>Financial liabilities held for trading:</b>			
Non-hedging derivatives			
Forward exchange contracts	<b><u>\$ -</u></b>	<b><u>7,681</u></b>	<b><u>-</u></b>

The Group engages in derivative trading to avoid exchange rate risks arising from operating, financing, and investing activities; the breakdown of derivatives presented as financial liabilities held for trading as the hedging accounting is not applicable to the Group is as follows:

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

Forward exchange contracts:

	<b>December 31, 2022</b>		
	<b>Contract amount (NT\$ thousand)</b>	<b>Currency</b>	<b>Maturity</b>
Buy: forward exchange contracts	USD10,000/CNY71,213	USD to RMB	January 9, 2023 - February 17, 2023

There was no such transaction on March 31, 2022.

For details of the amount of remeasurement of fair value recognized in profit or loss, please refer to Note 6(20).

2. Financial assets at fair value through other comprehensive income

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Shares of domestic non-listed companies	\$ 2,371	2,371	3,953
Unlisted funds	30,057	30,313	25,216
	<b>\$ 32,428</b>	<b>32,684</b>	<b>29,169</b>

The investments in equity instruments held by the Group are long-term strategic investments and are not held for trading; therefore, they are designated as measured at fair value through other comprehensive income.

3. Financial assets at amortized cost

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Time deposit certificate	<b>\$ 88,624</b>	<b>-</b>	<b>-</b>

4. For details of credit risks, please refer to Note 6(21).

5. None of the abovementioned financial assets were provided for pledge or guarantee.

(III) Amounts receivable

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Notes receivable	\$ 1,673,065	1,798,856	1,283,472
Accounts receivable	10,023,708	10,328,396	13,102,809
Less: Loss allowance	(4,415)	(7,967)	(9,025)
	<b>\$ 11,692,358</b>	<b>12,119,285</b>	<b>14,377,256</b>

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

The loss allowance provision was determined as follows:

	<b>March 31, 2023</b>		
	<b>Carrying amount of amounts receivable</b>	<b>Weighted average ECL rate</b>	<b>Loss allowance for lifetime ECL</b>
Not Past Due	\$ 11,471,505	0.00%	-
Over due for 1 to 30 days or above	184,338	0.00%~15.40%	744
Over due for 31 to 90 days or above	39,891	0.00%~16.00%	2,632
Over 91 Days	1,039	100%	1,039
	<b>\$ 11,696,773</b>		<b>4,415</b>
	<b>December 31, 2022</b>		
	<b>Carrying amount of amounts receivable</b>	<b>Weighted average ECL rate</b>	<b>Loss allowance for lifetime ECL</b>
Not Past Due	\$ 11,251,331	0.00%~0.04%	3,059
Over due for 1 to 30 days or above	859,447	0.00%~3.23%	3,880
Over due for 31 to 90 days or above	16,474	0.00%~9.21%	1,028
Over 91 Days	-	100%	-
	<b>\$ 12,127,252</b>		<b>7,967</b>
	<b>March 31, 2022</b>		
	<b>Carrying amount of amounts receivable</b>	<b>Weighted average ECL rate</b>	<b>Loss allowance for lifetime ECL</b>
Not Past Due	\$ 14,103,840	0.00%~0.09%	1,182
Over due for 1 to 30 days or above	179,444	0.00%~15.03%	1,697
Over due for 31 to 90 days or above	21,234	0.00%~22.03%	2,298
Over 91 Days	81,763	0.12%~100%	3,848
	<b>\$ 14,386,281</b>		<b>9,025</b>

The table of changes in loss allowance of amounts receivable of the Group is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Beginning balance	\$ 7,967	6,249
Impairment losses recognized (reversed)	(3,603)	2,624
Effect of exchange rate changes	51	152
Ending balance	<b>\$ 4,415</b>	<b>9,025</b>

On March 31, 2023, December 31 and March 31, 2022, the Group has not provided any of the abovementioned financial assets for pledge or guarantee.

The Group has entered into factoring agreements with no right of recourse with financial institutions. Pursuant to the agreements, losses from commercial disputes (such as sales returns

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

and discounts) were borne by the Group, while losses from credit risk were borne by the banks. As the Group has transferred almost the entire risks and compensation of the ownership of the abovementioned accounts receivable and has not continued its participation, it has fulfilled the conditions for the derecognition of financial assets. After the derecognition of the creditor's rights for accounts recoverable, the creditor's rights against financial institutions are presented in other receivables. As of the reporting date, information related to outstanding factoring accounts receivable is as follows:

<b>March 31, 2023</b>					
<b>Counterparties</b>	<b>Amount Derecognized</b>	<b>Advances Available</b>	<b>Advances Received</b>	<b>Amount Transferred to Other Receivables</b>	<b>Interest Rate</b>
KGI Commercial Bank	<u>\$ 3,091</u>	<u>9,213</u>	<u>\$ -</u>	<u>3,091</u>	-

<b>December 31, 2022</b>					
<b>Counterparties</b>	<b>Amount Derecognized</b>	<b>Advances Available</b>	<b>Advances Received</b>	<b>Amount Transferred to Other Receivables</b>	<b>Interest Rate</b>
KGI Commercial Bank	<u>\$ 1,231</u>	<u>9,213</u>	<u>\$ -</u>	<u>1,231</u>	-

<b>March 31, 2022</b>					
<b>Counterparties</b>	<b>Amount Derecognized</b>	<b>Advances Available</b>	<b>Advances Received</b>	<b>Amount Transferred to Other Receivables</b>	<b>Interest Rate</b>
Taishin Bank	\$ 132,878	164,463	\$ -	132,878	-
KGI Commercial Bank	1,499	17,175	-	1,499	-
	<u>\$ 134,377</u>	<u>181,638</u>	<u>\$ -</u>	<u>134,377</u>	

On March 31, 2023, December 31 and March 31, 2022, the Group provided promissory notes in the amount of NT\$9,300 thousand, NT\$9,300 thousand, and NT\$183,463 thousand, respectively, to the banks as collateral.



**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(IV) Inventory

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Raw materials	\$ 1,832,402	1,921,644	3,619,475
Work in progress	154,717	173,480	197,027
Finished goods	550,510	603,093	959,828
Inventories in transit	18,345	33,134	45,290
	<b><u>\$ 2,555,974</u></b>	<b><u>2,731,351</u></b>	<b><u>4,821,620</u></b>

Except for inventory costs recognized as costs and expenses of sales, the breakdown of relevant expenses is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Loss from depreciation	\$ 23,681	5,455
Income from scrapping	(116,357)	(182,099)
	<b><u>\$ (92,676)</u></b>	<b><u>(176,644)</u></b>

As of March 31, 2023 and 2022, the Group recognized inventory depreciation losses due to the write-down of inventories to their net realizable value.

On March 31, 2023, December 31 and March 31, 2022, the Group has not provided any of the abovementioned inventories for pledge or guarantee.

(V) Investments using the equity method

Investments using the equity method of the Group on the reporting date are set out as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Joint venture	<b><u>\$ 46,738</u></b>	<b><u>47,603</u></b>	<b><u>49,000</u></b>

1. Joint venture

To expand the manufacturing and sales of materials for laminate substrates in semiconductor packaging, the Group established MGC-ITEQ Technology Co., Ltd. as a joint venture with Mitsubishi Gas Chemical Company, Inc. on March 31, 2022. According to the agreement, both parties have the power to veto any major resolutions at the Board meetings, so the Group has no control over the joint venture; therefore, the Group classified the agreement as a joint venture and treated it by using the equity method.

2. 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.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

3. As of March 31, 2023, December 31 and March 31, 2022, the Group has not provided any of the investments using the equity method for pledge or guarantee.

**(VI) Property, plant, and equipment**

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

	<u>Buildings</u>	<u>Equipment</u>	<u>Transport Equipment</u>	<u>Facilities</u>	<u>Other Equipment</u>	<u>Leased Improvements</u>	<u>Total</u>
Costs:							
BALANCE AT JANUARY 1, 2023	\$ 3,053,809	7,773,750	41,192	424,837	1,539,403	405,623	13,238,614
Addition	259,734	110,206	39	-	35,822	1,438	407,239
Disposal	(23,414)	(27,792)	(569)	(2,408)	(4,770)	-	(58,953)
Reclassification	1,005,421	317,682	-	1,760	13,392	24,855	1,363,110
Effects of changes in exchange rates	11,476	33,162	160	1,991	4,998	-	51,787
BALANCE AT MARCH 31, 2023	<u>\$ 4,307,026</u>	<u>8,207,008</u>	<u>40,822</u>	<u>426,180</u>	<u>1,588,845</u>	<u>431,916</u>	<u>15,001,797</u>
BALANCE AT JANUARY 1, 2022	\$ 2,992,222	7,197,602	39,309	443,325	1,292,708	241,674	12,206,840
Addition	5,372	29,156	1,006	1,171	1,710	21,936	60,351
Disposal	-	(18,472)	(61)	(497)	(2,383)	-	(21,413)
Reclassification	(10,981)	108,968	(1,012)	(18,957)	68,817	94,816	241,651
Effects of changes in exchange rates	115,638	259,305	1,186	16,270	37,186	-	429,585
BALANCE AT MARCH 31, 2022	<u>\$ 3,102,251</u>	<u>7,576,559</u>	<u>40,428</u>	<u>441,312</u>	<u>1,398,038</u>	<u>358,426</u>	<u>12,917,014</u>
Cumulative depreciation and impairment losses:							
BALANCE AT JANUARY 1, 2023	\$ 887,562	4,365,164	30,378	334,034	864,371	200,388	6,681,897
Depreciation	37,120	159,379	554	6,097	45,184	10,486	258,820
Disposal	(23,414)	(27,128)	(512)	(2,258)	(4,609)	-	(57,921)
Impairment losses reversed	(375)	(363)	-	-	-	-	(738)
Reclassification	-	(86,797)	-	421	(2,048)	-	(88,424)
Effects of changes in exchange rates	4,389	18,943	109	1,619	2,879	-	27,939
BALANCE AT MARCH 31, 2023	<u>\$ 905,282</u>	<u>4,429,198</u>	<u>30,529</u>	<u>339,913</u>	<u>905,777</u>	<u>210,874</u>	<u>6,821,573</u>
BALANCE AT JANUARY 1, 2022	\$ 728,997	3,756,332	30,927	332,964	699,684	153,167	5,702,071
Depreciation	36,692	138,813	412	6,188	51,822	11,631	245,558
Disposal	-	(17,014)	(55)	(495)	(2,364)	-	(19,928)
Effects of changes in exchange rates	29,359	130,134	893	12,876	19,126	-	192,388
BALANCE AT MARCH 31, 2022	<u>\$ 795,048</u>	<u>4,008,265</u>	<u>32,177</u>	<u>351,533</u>	<u>768,268</u>	<u>164,798</u>	<u>6,120,089</u>
Carrying amount:							
January 1, 2023	<u>\$ 2,166,247</u>	<u>3,408,586</u>	<u>10,814</u>	<u>90,803</u>	<u>675,032</u>	<u>205,235</u>	<u>6,556,717</u>
March 31, 2023	<u>\$ 3,401,744</u>	<u>3,777,810</u>	<u>10,293</u>	<u>86,267</u>	<u>683,068</u>	<u>221,042</u>	<u>8,180,224</u>

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

January 1, 2022	\$	<u>2,263,225</u>	<u>3,441,270</u>	<u>8,382</u>	<u>110,361</u>	<u>593,024</u>	<u>88,507</u>	<u>6,504,769</u>
March 31, 2022	\$	<u>2,307,203</u>	<u>3,568,294</u>	<u>8,251</u>	<u>89,779</u>	<u>629,770</u>	<u>193,628</u>	<u>6,796,925</u>

(Note): Transferred from the pre-payments for equipment.

As of March 31, 2023, for the details of the provision of property, plant and equipment for pledge and guarantee, please refer to Note 8. In addition on December 31 and March 31, 2022, the Group has not provided any of the abovementioned property, plant and equipment for pledge or guarantee.

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

1. The breakdown of other current assets of the Company is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Offset against business tax payable	\$ 938,036	924,605	1,200,527
Pre-payment to suppliers	42,928	43,177	19,301
Prepaid expense and others	<u>218,252</u>	<u>131,624</u>	<u>155,232</u>
	<u>\$ 1,199,216</u>	<u>1,099,406</u>	<u>1,375,060</u>

2. The breakdown of other non-current assets of the Company is as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Pre-payments for equipment facilities	\$ 2,774,618	4,247,085	3,017,908
Long-term prepayments	114,101	178,388	221,843
Materials and supplies	82,076	84,488	89,661
Net defined benefit plan assets	28,573	28,459	22,121
Refundable deposits	<u>132,169</u>	<u>146,344</u>	<u>132,283</u>
	<u>\$ 3,131,537</u>	<u>4,684,764</u>	<u>3,483,816</u>

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(VIII) Right-of-use assets

Regarding the costs of land, houses, buildings, and equipment rented by the Company and their depreciation, the breakdown of their changes is as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Carrying amount:			
January 1, 2023	<u>\$ 38,425</u>	<u>259,949</u>	<u>298,374</u>
March 31, 2023	<u>\$ 38,248</u>	<u>313,661</u>	<u>351,909</u>
January 1, 2022	<u>\$ 39,274</u>	<u>271,599</u>	<u>310,873</u>
March 31, 2022	<u>\$ 40,416</u>	<u>266,702</u>	<u>307,118</u>

There was no material addition, provision, or reversal of impairment of the right-of-use assets recognized for the land, houses, and buildings rented by the Group for the three months ended March 31, 2023 and 2022; for other relevant information, please refer to Note 13 of the 2022 consolidated financial statements.

As of March 31, 2023, for the details of the provision of right-of-use assets for pledge and guarantee, please refer to Note 8.

(IX) Intangible assets

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Goodwill	<u>\$ 9,035</u>	<u>9,141</u>	<u>8,617</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.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(X) Short-term borrowings and short-term notes payable

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Unsecured bank borrowings (currency: NTD, USD, and RMB) \$	2,385,759	2,465,577	2,494,257
Short-term bills payable	149,964	149,915	-
Total	<b>\$ 2,535,723</b>	<b>2,615,492</b>	<b>2,494,257</b>
Outstanding limit	<b>\$ 9,475,030</b>	<b>9,430,002</b>	<b>9,847,287</b>
Interest Rate	<b>0.65%~5.53%</b>	<b>0.63%~5.45%</b>	<b>0.60%~3.77%</b>

The Group gained capital from the currency market and has engaged Dah Chung Bills to issue short-term notes as of March 31, 2023 and December 31, 2022. There was no such transaction on March 31, 2022.

The Group has not pledged its asset as a guarantee for its short-term bank borrowings.

(XI) Long-term borrowings

	<b>March 31, 2023</b>			
	<b>Currency</b>	<b>Interest Rate</b>	<b>Year of expiry</b>	
Unsecured bank borrowings	NTD and RMB	1.48%~3.18%	2023.4~2025.9	\$ 2,050,794
Secured bank borrowings	RMB	3.9%	2028.1	464,449
Less: Current portion				(17,171)
Total				<b>\$ 2,498,072</b>
Outstanding limit				<b>\$ 1,170,741</b>
	<b>December 31, 2022</b>			
	<b>Currency</b>	<b>Interest Rate</b>	<b>Year of expiry</b>	<b>Amount</b>
Unsecured bank borrowings	NTD and RMB	1.36%~3.01%	2022.7~2027.7	\$ 1,693,857
Less: Current portion				(17,086)
Total				<b>\$ 1,676,771</b>
Outstanding limit				<b>\$ 601,467</b>

There was no such transaction on March 31, 2022.

For details of interest expenses, please refer to Note 6(21); for details of assets pledged as the guarantee for long-term borrowings, please refer to Note 8.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(XII) Lease liabilities

Lease liabilities of the Group are as follows:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Current	<u>\$ 62,890</u>	<u>55,120</u>	<u>49,135</u>
Non-current	<u>\$ 259,253</u>	<u>213,861</u>	<u>223,662</u>

For the details of the maturity analysis, please refer to Note 6(21) financial instruments.

Amount recognized in profit or loss is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Interest expenses on lease liabilities	<u>\$ 2,074</u>	<u>1,768</u>
Expenses on short-term and low-value leases	<u>\$ 12,575</u>	<u>14,560</u>

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

	<b>January to March 2023</b>	<b>January to March 2022</b>
Total cash outflow for leases	<u>\$ 30,595</u>	<u>30,959</u>

1. Leases of land, houses, buildings, and equipment

The Group rents land, houses, and buildings to use as plants and offices, and the leasing period is generally three to fifty years. Partial leases include the option to extend the leasing period for an equivalent time stated in the initial contract upon the expiry of the leasing period.

2. The Group rents machinery and equipment, and the leasing period is less than one year; such leases are short-term or low-value target leases. The Group opts to apply the recognition exemption requirements and not recognize their relevant right-of-use assets and lease liabilities.

(XIII) Employee benefits

1. Defined benefit plans

As there was no material market fluctuation, material reduction, settlement, or other material one-off matters, the Group adopted the pension costs determined after the actuarial valuation as of December 31, 2022 and 2021 to measure and disclose the pension costs of the interim period.

The breakdown of expenses of the Group is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Operating expenses	<u>\$ (114)</u>	<u>(38)</u>

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

2. Defined contribution plans

The breakdown of expenses of the Group is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Operating costs	\$ 1,644	1,781
Operating expenses	1,800	1,858
	<b>\$ 3,444</b>	<b>3,639</b>

(XIV) Income tax

1. The breakdown of income tax expenses (gains) of the Group is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Current tax payable	\$ 95,254	138,792
Deferred income tax (gains) expenses	(35,102)	28,097
Income tax expense	<b>\$ 60,152</b>	<b>166,889</b>

2. The breakdown of income tax (expenses) gains recognized under other comprehensive income of the Group is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	\$ -	(166)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating the financial statements of foreign operations	-	(142,833)
	<b>\$ -</b>	<b>(142,999)</b>

3. The income tax returns of the Company and its subsidiary, Bang Mao, have been approved by the revenue service office up to 2020.

(XV) Capital and other equity

For the three months ended March 31, 2023 and 2022, there is no material change in the Group's capital and other equity; for relevant information, please refer to Note 20 of the 2022 consolidated financial statements.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

1. Retained earnings

According to the requirements of the Articles of Incorporation, if there are earnings from the final account of the year, after paying taxes according to the law and compensating cumulative losses, the Company shall make appropriations from the remaining balance according to the following:

- (1) 10% of the legal reserve.
- (2) Provision or reversal of special reserve according to relevant laws and regulations.
- (3) If there is any remaining amount, combine it with the cumulative undistributed earnings.

The Board shall propose for the distribution of earnings subject to the final approval of the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Where the earnings, 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.

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.

2. Appropriation of earnings

The Board has resolved the cash dividends under the proposal for earning distribution of 2022 and 2021 on March 7, 2023 and March 16, 2022, respectively; dividends distributed to owners are as follows:

	2022		2021	
	Payout rate (NT\$)	Amount	Payout rate (NT\$)	Amount
Dividends distributed to owners of ordinary shares:				
Cash	\$ 3.0	\$ <u>1,088,872</u>	5.0	<u>1,914,786</u>



**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

The abovementioned information may be inquired about on MOPS.

3. Other equity (net after tax)

	<b>Exchange differences on translating the financial statements of foreign operations</b>	<b>Unrealized loss (gain) on financial assets at fair value through other comprehensive income</b>	<b>Total</b>
January 1, 2023	\$ (274,855)	(6,483)	(281,338)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(256)	(256)
Exchange difference arising from the translation of net assets of foreign operations	<u>100,247</u>	-	<u>100,247</u>
March 31, 2023	<u><b>\$ (174,608)</b></u>	<u><b>(6,739)</b></u>	<u><b>(181,347)</b></u>
January 1, 2022	\$ (505,008)	(9,174)	(514,182)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(684)	(684)
Exchange difference arising from the translation of net assets of foreign operations	<u>571,337</u>	-	<u>571,337</u>
March 31, 2022	<u><b>\$ 66,329</b></u>	<u><b>(9,858)</b></u>	<u><b>56,471</b></u>

(XVI) Earnings per share

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

	Unit: Thousand shares	
	<b>January to March 2023</b>	<b>January to March 2022</b>
<b>Basic earnings per share</b>		
Net profit attributable to ordinary share equity holders of the Company	<u><b>\$ 73,983</b></u>	<u><b>809,113</b></u>
Weight average number of outstanding ordinary shares	<u><b>362,957</b></u>	<u><b>382,957</b></u>
Earnings per share (unit: NT\$)	<u><b>\$ 0.20</b></u>	<u><b>2.11</b></u>

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

	<b>January to March 2023</b>	<b>January to March 2022</b>
<b>Diluted earnings per share</b>		
Net profit attributable to ordinary share equity holders of the Company	<b>\$ 73,983</b>	<b>809,113</b>
Weight average number of outstanding ordinary shares (basic)	362,957	382,957
Effects on employees' compensation	765	1,452
Weight average number of outstanding ordinary shares (diluted)	<b>363,722</b>	<b>384,409</b>
Earnings per share (unit: NT\$)	<b>\$ 0.20</b>	<b>2.10</b>

(XVII) Share-based payment

For the three months ended March 31, 2023 and 2022, there is no material change in the Group's share-based payment; for relevant information, please refer to Note 25 of the 2022 consolidated financial statements. For the three months ended March 31, 2023 and 2022, the compensation costs under employee stock options recognized were NT\$3,880 thousand and NT\$4,137 thousand and presented under -employee stock options of capital reserve.

(XVIII) Employees' compensation and remuneration of Directors

Articles of Incorporation of the Company stipulates to distribute employees' compensation and remuneration of Directors at the rates no less than 2% and no higher than 2%, respectively, of income before income tax, employees' compensation and remuneration of Directors.

The estimation of the employees' compensation and remuneration of Directors of the Company is as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Employee's compensation	\$ 3,937	40,018
Remuneration to Directors	997	9,235
	<b>\$ 4,934</b>	<b>49,253</b>

The abovementioned amount is using the income before income tax with employees' compensation and remuneration of Directors deducted multiplied by the distribution ratio of employees' compensation and remuneration of Directors set out in the Articles of Incorporation as the estimation basis and presented as the operating costs or operating expenses of the period; for relevant information, please visit the MOPS for inquiries. If there is any difference between the actual distribution amount in the following year and the

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

estimated amount, it shall be treated as changes in accounting estimates, and the difference is recognized as the profit or loss of the following year.

In 2022 and 2021, the provision for employees' compensation was NT\$78,837 thousand and NT\$219,730 thousand, respectively, and the remuneration of Directors was NT\$19,709 thousand and NT\$50,707 thousand, respectively, and there was no difference from the actual distribution; for relevant information, please visit the MOPS for inquiries.

(XIX) Income from contracts with customers

1. Breakdown of income

	January to March 2023					
	ITEQ	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Others	Total
Major regional market:						
Asia	\$ 238,470	2,171,181	2,284,884	914,320	579,374	6,188,229
Europe	46,756	4,615	-	-	7,248	58,619
Others	11,408	-	-	-	1,399	12,807
	<b>\$ 296,634</b>	<b>2,175,796</b>	<b>2,284,884</b>	<b>914,320</b>	<b>588,021</b>	<b>6,259,655</b>
Main products:						
Copper clad laminate	\$ 165,678	1,570,591	1,637,792	679,347	559,398	4,612,806
Prepreg	130,339	604,826	647,092	234,973	-	1,617,230
Others	617	379	-	-	28,623	29,619
	<b>\$ 296,634</b>	<b>2,175,796</b>	<b>2,284,884</b>	<b>914,320</b>	<b>588,021</b>	<b>6,259,655</b>
January to March 2022						
	ITEQ	ITEQ (WX)	ITEQ (DG)	ITEQ (JX)	Others	Total
Major regional market:						
Asia	\$ 379,027	3,332,155	2,886,109	206,563	1,386,442	8,190,296
Europe	51,521	-	-	-	6,072	57,593
Others	21,169	-	-	-	-	21,169
	<b>\$ 451,717</b>	<b>3,332,155</b>	<b>2,886,109</b>	<b>206,563</b>	<b>1,392,514</b>	<b>8,269,058</b>
Main products:						
Copper clad laminate	\$ 315,701	2,337,054	1,986,141	146,866	1,100,470	5,886,232
Prepreg	135,121	991,396	898,572	59,697	238,409	2,323,195
Others	895	3,705	1,396	-	53,635	59,631
	<b>\$ 451,717</b>	<b>3,332,155</b>	<b>2,886,109</b>	<b>206,563</b>	<b>1,392,514</b>	<b>8,269,058</b>

2. Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Amounts receivable	\$ 11,696,773	12,127,252	14,386,281
Less: Loss allowance	(4,415)	(7,967)	(9,025)
Total	<b>\$ 11,692,358</b>	<b>12,119,285</b>	<b>14,377,256</b>

As of March 31, 2023, December 31 and March 31, 2022, the balance of contract

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries**  
**(cont'd)**

liabilities from the sales of products was NT\$17,188 thousand, NT\$15,248 thousand and NT\$27,712 thousand (accounted for as other current liabilities). 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.

(XX) Non-operating income and expenses

1. Interest income

	<b>January to March 2023</b>	<b>January to March 2022</b>
Interest of bank deposits	<b>\$ 12,485</b>	<b>4,054</b>

2. Other income

	<b>January to March 2023</b>	<b>January to March 2022</b>
Grant income	\$ 12,864	22,877
Other income	1,468	2,725
	<b>\$ 14,332</b>	<b>25,602</b>

3. Other gains or losses

	<b>January to March 2023</b>	<b>January to March 2022</b>
Net currency exchange gains	\$ 11,312	76,888
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	(6,048)	125
Reversal of loss on impairment of property, plant and equipment	738	-
Net loss from disposal of property, plant and equipment	(1,032)	(1,485)
Insurance claim income	-	250,000
Others	6,792	(152)
	<b>\$ 11,762</b>	<b>325,376</b>

4. Financial costs

	<b>January to March 2023</b>	<b>January to March 2022</b>
Interest expenses	<b>\$ 31,547</b>	<b>22,951</b>

(XXI) Financial instruments

Except for the following, there is no material change in the fair value of financial instruments and the exposure of the Group to credit risks, liquidity risks, and market risks due to financial instruments; for relevant information, please refer to Note 27 of the 2022 consolidated financial statements.

1. Credit risk

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(1) Credit risk concentration

As of March 31, 2023, December 31 and March 31, 2022, 50%, 50%, and 56% of the balance of accounts receivable, respectively, involved the top ten customers of the Group, giving rise to a significant concentration of credit risks.

(2) Credit risk from amounts receivable

For information on the exposure to credit risks from amounts receivable, please refer to Note 6(3) for details.

Other financial assets at amortized costs include time deposit certificates, other receivables, and refundable deposits; there was no impairment provided for the three months ended March 31, 2023 and 2022. The above mentioned are financial assets with low credit risks; therefore, the loss allowance of the period is measured based on the 12-month ECL.

2. Liquidity risk

The following table sets out the expiry of contracts of financial liabilities, including the estimated interest but excluding the effects of the netting agreement.

	<u>Carrying amount</u>	<u>Contract cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>March 31, 2023</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,385,759	2,390,559	2,390,559	-	-	-
Short-term bills payable	149,964	150,000	150,000	-	-	-
Accounts payable	5,755,485	5,755,485	5,755,485	-	-	-
Other payables	1,096,156	1,096,156	1,096,156	-	-	-
Lease liabilities	322,143	343,952	70,978	69,294	180,478	23,202
Cash dividends payable	1,088,872	1,088,872	1,088,872	-	-	-
Long-term borrowings (including the current portion of long-term borrowings)	2,515,243	2,667,792	69,201	1,060,668	1,537,923	-
Guarantee deposits	33,766	33,766	-	33,766	-	-
	<b><u>\$ 13,347,388</u></b>	<b><u>13,526,582</u></b>	<b><u>10,621,251</u></b>	<b><u>1,163,728</u></b>	<b><u>1,718,401</u></b>	<b><u>23,202</u></b>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Short-term borrowings	\$ 2,465,577	2,496,377	2,496,377	-	-	-
Short-term bills payable	149,915	150,000	150,000	-	-	-
Accounts payable	5,926,422	5,926,422	5,926,422	-	-	-

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

	Carrying amount	Contract cash flows	Within 1 year	1-2 years	2-5 years	Over 5 years
Lease liabilities	268,981	282,337	57,651	108,918	85,718	30,050
Other payables	1,635,974	1,635,974	1,635,974	-	-	-
Guarantee deposits	37,980	37,980	-	37,980	-	-
Long-term borrowings (including the current portion of long-term borrowings)	1,693,857	1,759,039	48,649	816,724	893,666	-
Derivative financial liabilities						
Forward exchange contracts	7,681	7,681	7,681	-	-	-
	<b><u>\$ 12,186,387</u></b>	<b><u>12,295,810</u></b>	<b><u>10,322,754</u></b>	<b><u>963,622</u></b>	<b><u>979,384</u></b>	<b><u>30,050</u></b>

**March 31, 2022**

Non-derivative financial  
liabilities

Short-term borrowings	\$ 2,494,257	2,513,949	2,513,949	-	-	-
Accounts payable	6,644,335	6,644,335	6,644,335	-	-	-
Lease liabilities	272,797	291,821	55,250	114,679	90,252	31,640
Other payables	2,392,292	2,392,292	2,392,292	-	-	-
Cash dividends payable	1,914,786	1,914,786	1,914,786	-	-	-
Guarantee deposits	33,841	33,841	-	33,841	-	-
	<b><u>\$ 13,752,308</u></b>	<b><u>13,791,024</u></b>	<b><u>13,520,612</u></b>	<b><u>148,520</u></b>	<b><u>-</u></b>	<b><u>31,640</u></b>

The Group does not expect that the cash flow of the maturity analysis will occur materially early or the actual amount will have a significant difference.

3. Foreign currency risk

(1) Exposure to currency risks

The financial assets and liabilities of the Group exposed to material currency exchange risks are as follows:

	March 31, 2023			December 31, 2022			March 31, 2022		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>									
<u>Monetary item</u>									
USD	\$ 55,535	30.45	1,691,051	75,758	30.71	2,326,528	93,366	28.63	2,673,069
<u>Financial liabilities</u>									
<u>Monetary item</u>									
USD	67,638	30.45	2,059,576	73,649	30.71	2,261,761	121,916	28.63	3,490,455

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries**  
**(cont'd)**

(2) Sensitivity analysis

The exchange risks of monetary items of the Group are primarily arising from the currency exchange gains or losses upon the translation of cash and cash equivalents, accounts receivable, and accounts payable denominated in foreign currencies. As of March 31, 2023 and 2022, if NTD depreciates or appreciates against USD, JPY, and RMB by 1%, with all other factors remaining unchanged, the income before income tax on March 31, 2023 and 2022 will change by NT\$3,685 thousand and NT\$8,174 thousand, respectively. The same basis is adopted for the analysis of both periods.

(3) Exchange gains or loss of monetary items

As the Group has multiple functional currencies, it discloses its information on exchange gains or losses of monetary items in summary. For the three months ended March 31, 2023 and 2022, the currency exchange gain (including realized and unrealized) was NT\$11,312 thousand and NT\$76,888 thousand, respectively.

4. Interest rate analysis

The exposure of the Group to the interest rate of financial liabilities is described in the liquidity risk management of the note.

The following sensitivity analysis is determined based on the exposure to the interest rate of non-derivative instruments on the reporting date. For liabilities at floating interest rates, the analysis method assumes that the amount of outstanding liabilities on the reporting date is outstanding throughout the year. The sensitivity ratio used to report to the major management within the Group for the change in interest rate is 1%, which also represents the scope of reasonable and possible changes in interest rates assessed by the management.

If the interest rate increases or decreases by 1%, with all other variables remaining unchanged, the income before income tax of the Group for the three months ended March 31, 2023 and 2022 will change by NT\$50,510 thousand and NT\$24,943 thousand, primarily due to the borrowings of the Group at floating interest rates.

5. Other price risks

If there is any change in the price of equity securities on the reporting date (the same basis is adopted for the analysis of both periods, and assume that other variable factors remained unchanged), the effects on items of comprehensive income are as follows:

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

<b>Price of securities on the reporting date</b>	<b>January to March 2023</b>		<b>January to March 2022</b>	
	<b>Amount of other comprehensive income after tax</b>	<b>Profit or loss after tax</b>	<b>Amount of other comprehensive income after tax</b>	<b>Profit or loss after tax</b>
Increase by 1%	<b>\$ 324</b>	<b>38</b>	<b>292</b>	<b>47</b>
Decrease by 1%	<b>\$ (324)</b>	<b>(38)</b>	<b>(292)</b>	<b>(47)</b>

6. Information on fair value

(1) Category and fair value of financial instruments

The Group's financial assets at FVITPLs and financial assets at fair value through other comprehensive income are measured at fair value on a repetitive basis. The carrying amount and fair value of different categories of financial assets and financial liabilities (including the information on fair value hierarchy; however, for financial instruments not measured at fair value that reasonably approximate the fair value and investments in equity instruments with no quotation in the active market and the fair value cannot be reliably measured, the fair value is not required to be disclosed according to the requirements) are set out as follows:

	<b>March 31, 2023</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Financial assets at FVITPL					
Securities listed in ROC Emerging Stock Market	\$ 3,772	-	-	3,772	3,772
Financial assets at FVTOCI					
Unlisted funds	30,057	-	-	30,057	30,057
Shares of domestic non-listed companies	2,371	-	-	2,371	2,371
Subtotal	32,428	-	-	32,428	32,428
Financial assets at amortized cost					
Cash and equivalents	5,680,786	-	-	-	-
Financial assets at amortized cost	88,624	-	-	-	-
Notes receivable and accounts receivable	11,692,358	-	-	-	-
Other receivables	257,770	-	-	-	-
Refundable deposits	132,169	-	-	-	-
Subtotal	17,851,707	-	-	-	-
Total	<b>\$ 17,887,907</b>	<b>-</b>	<b>-</b>	<b>36,200</b>	<b>36,200</b>



**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

	March 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Bank borrowings	\$ 4,901,002	-	-	-	-
Short-term bills payable	149,964	-	-	-	-
Accounts payable	5,755,485	-	-	-	-
Lease liabilities	322,143	-	-	-	-
Other payables	1,096,156	-	-	-	-
Cash dividends payable	1,088,872	-	-	-	-
Guarantee deposits	33,766	-	-	-	-
<b>Total</b>	<b>\$ 13,347,388</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
December 31, 2022					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVITPL					
Securities listed in ROC Emerging Stock Market	\$ 3,273	-	-	3,273	3,273
Financial assets at FVTOCI					
Unlisted funds	30,313	-	-	30,313	30,313
Shares of domestic non-listed companies	2,371	-	-	2,371	2,371
<b>Subtotal</b>	<b>32,684</b>	<b>-</b>	<b>-</b>	<b>32,684</b>	<b>32,684</b>
Financial assets at amortized cost					
Cash and equivalents	5,213,819	-	-	-	-
Notes receivable and accounts receivable	12,119,285	-	-	-	-
Other receivables	269,426	-	-	-	-
Refundable deposits	146,344	-	-	-	-
<b>Subtotal</b>	<b>17,748,874</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 17,784,831</b>	<b>-</b>	<b>-</b>	<b>35,957</b>	<b>35,957</b>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ 7,681	-	7,681	-	7,681
Financial assets at amortized cost					
Bank borrowings	4,159,434	-	-	-	-
Short-term bills payable	149,915	-	-	-	-
Accounts payable	5,926,422	-	-	-	-
Lease liabilities	268,981	-	-	-	-
Other payables	1,635,974	-	-	-	-

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

	March 31, 2023				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Guarantee deposits	37,980	-	-	-	-
Subtotal	12,178,706	-	-	-	-
Total	<b>\$ 12,186,387</b>	<b>-</b>	<b>7,681</b>	<b>-</b>	<b>7,681</b>
	March 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at FVITPL					
Securities listed in ROC Emerging Stock Market	\$ 4,743	-	-	4,743	4,743
Financial assets at FVTOCI					
Unlisted funds	25,216	-	-	3,953	3,953
Shares of domestic non-listed companies	3,953	-	-	25,216	25,216
Subtotal	29,169	-	-	29,169	29,169
Financial assets at amortized cost					
Cash and equivalents	\$ 3,711,145	-	-	-	-
Notes receivable and accounts receivable	14,377,256	-	-	-	-
Other receivables	474,890	-	-	-	-
Refundable deposits	132,283	-	-	-	-
Subtotal	18,695,574	-	-	-	-
Total	<b>\$ 18,729,486</b>	<b>-</b>	<b>-</b>	<b>33,912</b>	<b>33,912</b>
Financial assets at amortized cost					
Bank borrowings	\$ 2,494,257	-	-	-	-
Accounts payable	6,644,335	-	-	-	-
Lease liabilities	272,797	-	-	-	-
Other payables	2,392,292	-	-	-	-
Cash dividends payable	1,914,786	-	-	-	-
Guarantee deposits	33,841	-	-	-	-
Total	<b>\$ 13,752,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(2) Valuation technique for the fair value of financial instruments at fair value

(2.1) Non-derivative financial instruments

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

If a financial instrument has a public quotation in an active market, the public quotation in an active market shall be the fair value. Market prices announced by the main exchanges are the foundation for the fair value of listed equity instruments.

If the public quotation in an active market is instantly and regularly available from exchanges, brokers, underwriters, industry associations, pricing service institutions or the competent authority, and the price represents actual and regular price in fair market transactions, the financial instrument has a public quotation in an active market. If the abovementioned conditions are not fulfilled, the market is deemed as not active. In general, material gaps in selling and purchasing price, significant increases in selling and purchasing price, or minor transaction volume are indicators of an inactive market.

For financial instruments held by the Group with an active market, their fair values by category and nature are set out as follows:

- Shares of domestic and foreign listed companies are financial assets with standard terms of conditions that are transacted in the active market, and their fair values shall be determined with reference to the closing prices in the market.

Except for the financial instruments with an active market above, the fair value of the remaining financial instruments is obtained by using valuation techniques. For fair value obtained by using valuation techniques, the Company may refer to the current fair value of other financial instruments with substantially similar conditions or characteristics, cash flow discount method, or adopt other valuation techniques.

For financial instruments held by the Group with no active market, their fair values by category and nature are set out as follows:

- Equity instruments with no public quotation: The fair value is estimated by adopting comparable companies in the market; its major assumption is to refer to the book value multiples inferred from the market quotation of listed companies as the basis; adjustments for the effect of discount for the lack of market liquidity of such equity securities were made for the estimate.

(2.2) Derivative financial instruments

The Group carries out the valuation based on the valuation model widely accepted by market users, such as the discount method and the option pricing model. Forward exchange contracts are generally assessed based on the current forward exchange rate.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(3) Transfer between level 1 and level 2

For the three months ended March 31, 2023 and 2022, there was no transfer between the fair value hierarchy of financial instruments.

(4) Breakdown of changes in level 3

	<b>Financial assets at FVITPL</b>	<b>Measured at fair value through profit or loss</b>	<b>Total</b>
	<b>Equity instruments with no public quotation</b>	<b>Equity instruments with no public quotation</b>	
January 1, 2023	\$ 3,273	32,684	35,957
Total gains or losses:			
Recognized as profit or loss	499	-	499
Recognized in other comprehensive income	-	(256)	(256)
March 31, 2023	<u>\$ 3,772</u>	<u>32,428</u>	<u>36,200</u>

	<b>Financial assets at FVITPL</b>	<b>Measured at fair value through profit or loss</b>	<b>Total</b>
	<b>Equity instruments with no public quotation</b>	<b>Equity instruments with no public quotation</b>	
January 1, 2022	\$ 4,618	29,687	34,305
Total gains or losses:			
Recognized in profit or loss	125	-	125
Recognized in other comprehensive income	-	(518)	(518)
March 31, 2022	<u>\$ 4,743</u>	<u>29,169</u>	<u>33,912</u>

The abovementioned gains or losses were presented in “other gains and losses” and “unrealized valuation (loss) gain of investments in equity instruments at fair value through other comprehensive income, and those related to assets held as of March 31, 2023 and 2022 are as follows:

	<b>January to March 2023</b>	<b>January to March 2022</b>
Recognized in profit or loss	<u>\$ 499</u>	<u>125</u>
Recognized in other comprehensive income	<u>\$ (256)</u>	<u>(518)</u>

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(5) Quantitative information on the fair value measurement of significant unobservable inputs (level 3)

The fair value measurement classified in level 3 is for financial assets at fair value through other comprehensive income - investments in equity securities.

The majority of the investments in equity instruments with no active market with fair value classified in level 3 have plural significant unobservable inputs. As the significant unobservable inputs of investments in equity instruments with no active market are independent, there is no correlation.

Quantitative information on significant unobservable inputs is set out in the following table:

<u>Items</u>	<u>Evaluation technique</u>	<u>Significant unobservable inputs</u>	<u>Relationship between significant unobservable inputs and fair value</u>
Financial assets at FVITPL - investments in equity instruments with no active market	Comparable listed company approach	<ul style="list-style-type: none"> <li>• Stock price net value multiplier (1.22, 1.13, and 1.21 on March 31, 2023, December 31, 2022, and March 31, 2022, respectively)</li> <li>• Discount for the lack of market liquidity (20% on March 31, 2023, December 31, 2022, and March 31, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiplier, the higher the fair value</li> <li>• The higher the discount for the lack of market liquidity, the lower the fair value</li> </ul>
Financial assets at fair value through other comprehensive income - investments in equity instruments with no active market	Comparable listed company approach	<ul style="list-style-type: none"> <li>• Stock price net value multiplier (3.07, 3.07, and 4.44 on March 31, 2023, December 31, 2022, and March 31, 2022, respectively)</li> <li>• Discount for the lack of market liquidity (25% on March 31, 2023, December 31, 2022, and March 31, 2022)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiplier, the higher the fair value</li> <li>• The higher the discount for the lack of market liquidity, the lower the fair value</li> </ul>

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

Financial assets at Net asset value • Net asset value N/A  
 fair value through approach  
 other  
 comprehensive  
 income - unlisted  
 funds

(6) For level 3 fair value measurement, the sensitivity analysis for the reasonable substituting assumption of fair value

The fair value measurement of the financial instruments of the Group is reasonable; however, if different valuation parameters are used, the results of the valuation may differ. As of March 31, 2023, December 31 and March 31, 2022, for financial instruments classified in level 3, if the valuation parameter changes, the effects on profit or loss and other comprehensive income are as follows:

Input	Upward or downward changes	Changes in fair value reflected in profit or loss					
		Favorable changes			Unfavorable changes		
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Stock price net value multiplier	5%	168	137	84	(168)	(137)	(84)
Discount for the lack of market liquidity	5%	305	61	95	(305)	(61)	(95)

Input	Upward or downward changes	Changes in fair value reflected in other comprehensive income					
		Favorable changes			Unfavorable changes		
		March 31, 2023	December 31, 2022	March 31, 2022	March 31, 2023	December 31, 2022	March 31, 2022
Stock price net value multiplier	5%	68	68	154	(68)	(68)	154
Discount for the lack of market liquidity	5%	43	43	68	(43)	(43)	(68)

Favorable and unfavorable changes to the Group refer to the volatility of fair value, and the fair value is calculated by using valuation techniques based on the parameters of significant inputs of different levels. If the fair value of a financial instrument is affected by one input or more, the above table only reflects the effects arising from changes in a single input without taking the correlation and variability of inputs into consideration.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(XXII) Financial risk management

The objective and policy of the financial risk management of the Group have no material change from those disclosed in Note 27 of the 2022 consolidated financial statements.

(XXIII) Capital management

The capital management objective, policy, and procedure of the Group are consistent with those disclosed in the 2022 consolidated financial statements. For relevant information, please refer to Note 26 of the 2022 consolidated financial statements.

(XXIV) Non-cash investing and financing activities

The reconciliation of the liabilities arising from the financing activities of the Group is set out in the following table:

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

activities.

	January 1, 2022	Cash flows	Non-cash changes		March 31, 2022
			Exchange rate changes	Others	
Short-term borrowings	\$ 2,131,144	289,725	73,388	-	2,494,257
Lease liabilities	276,912	(14,631)	2,995	7,521	272,797
Guarantee deposits	33,696	(763)	908	-	33,841
Total liabilities arising from financing	<b>\$ 2,441,752</b>	<b>274,331</b>	<b>77,291</b>	<b>7,521</b>	<b>2,800,895</b>

activities.

**VII. Related Party Transactions**

(I) Related party name and category

Related parties who had transactions with the Group during the period covered by the consolidated financial statements are as follows:

Related Party Name	Related Party Category
WIN Semiconductors Corp. (the "WIN Semiconductors")	The Chairman of the Company is also the chairman of the company
MGC-ITEQ Technology Co., Ltd (the "MGC-ITEQ")	Affiliate

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

(II) Material transactions with related parties:

1. Lease arrangements - Group is lessee

The Group entered into an operating lease contract with WIN Semiconductors in January 2013 to rent land and plants, with a leasing period from January 2013 to December 2028 and the rental paid on a monthly basis; relevant right-of-use assets, lease liabilities, and profit or loss are as follows:

<b>Line Item</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>	<b>March 31, 2022</b>
Right-of-use assets	<u>\$ 170,864</u>	<u>173,530</u>	<u>195,221</u>
Refundable deposits (accounted for as other non-current assets)	<u>\$ 103,294</u>	<u>103,012</u>	<u>102,170</u>
Lease liabilities - current	\$ 28,444	27,520	27,194
Lease liabilities - non-current	141,452	144,347	165,028
	<u>\$ 169,896</u>	<u>171,867</u>	<u>192,222</u>
	<b>January to March 2023</b>	<b>January to March 2022</b>	
Financial costs	<u>\$ 693</u>	<u>781</u>	
Depreciation expenses	<u>\$ 7,442</u>	<u>7,230</u>	
Interest income	<u>\$ 282</u>	<u>279</u>	

2. Lease agreement

The Company leases its office to MGC-ITEQ on an operating lease, with a leasing period of one year. As of March 31, 2023, the operating leases receivable were NT\$16 thousand, and the total lease payment to be collected in the future is NT\$18 thousand. For the three months ended March 31, 2023, the lease income recognized was NT\$12 thousand.

There was no such transaction on March 31, 2022.

(III) Compensation for the major management

	<b>January to March 2023</b>	<b>January to March 2022</b>
Short-term employee benefits	\$ 9,805	13,287
Post-employment benefits	156	151
	<u>\$ 9,961</u>	<u>13,438</u>



**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

**VIII. Pledged Assets**

The breakdown of the carrying amount of assets provided for pledging or guarantee is as follows:

Asset	Target of pledge/guarantee	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant, and equipment	Long-term borrowings	\$ 620,762	-	-
Right-of-use assets	Long-term borrowings	60,630	-	-
		<u>\$ 681,392</u>	<u>-</u>	<u>-</u>

**IX. Significant Contingent Liabilities and Unrecognized Commitments**

(I) Contractual commitments not recognized by the Groups are as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant, and equipment	<u>\$ 3,885,933</u>	<u>4,578,527</u>	<u>5,129,460</u>

(II) Outstanding letter of credit issued by the Group

	March 31, 2023	December 31, 2022	March 31, 2022
Outstanding letter of credit issued	<u>\$ 382,748</u>	<u>449,592</u>	<u>991,533</u>

**X. Material Disaster Loss After the Balance Sheet: None.**

**XI. Material Events After the Balance Sheet: None.**

**XII. Others**

(I) Employee benefits, depreciation, depletion, and amortization fees are summarized by functions as follows:

Function Nature	January to March 2023			January to March 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary expenses	246,640	164,601	411,241	318,941	160,216	479,157
Labor and health insurance expenses	4,446	4,150	8,596	4,681	4,809	9,490
Pension expenses	1,644	1,686	3,330	1,781	1,820	3,601
Remuneration	-	1,067	1,067	-	9,310	9,310
Other employee benefits expenses	70,172	35,600	105,772	86,747	30,041	116,788
Depreciation expenses	231,815	42,755	274,570	227,657	33,348	261,005
Amortized expenses	-	-	-	-	-	-

(II) Seasonality of operation:

The operation of the Group is not affected by seasonality or circular factors.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries (cont'd)**

**XIII. Additional Disclosures**

(I) Information about significant transactions

For the three months ended March 31, 2023, the information about significant transactions that shall be disclosed by the Group according to the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers is as follows:

1. FINANCING PROVIDED TO OTHERS:

Unit: NTS thousand

No.	Financing Company Name	Borrower	Financial Statement Account	Related Parties	Maximum Amount during the Period	Ending balance	Transaction Amounts	Interest Rate	Type of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment	Collateral		Financing Limit for Each Borrowing Company (Note 1) (Note 2)	Total financing limit (Note 1) (Note 2)
													Name	Value		
0	The Company	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	122,856	106,593	106,593	-	2	-	Operating capital	-	None	-	3,839,993	7,679,987
1	IIL	ITEQ (WX)	Accounts receivable - related parties and other receivables - related parties	Yes	347,018	340,097	340,097	-	2	-	Operating capital	-	None	-	431,537	431,537
2	ITEQ (WX)	IIL	Accounts receivable - related parties and other receivables - related parties	Yes	343,952	343,952	343,952	-	2	-	Operating capital	-	None	-	3,839,993	3,839,993
3	"	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	666,420	664,680	576,056	1.5	2	-	Operating capital	-	None	-	3,839,993	3,839,993
3	"	ITEQ (JX)	Accounts receivable - related parties and other receivables - related parties	Yes	1,332,840	1,329,360	1,329,360	1.5	2	-	Operating capital	-	None	-	3,839,993	3,839,993

Note 1: The Company's "Operating Procedures for Lending Funds to Others" states that the limit amount and the total limit for lending funds is 20% and 40% of the Company's net worth based on the most recent statements audited or reviewed by the CPAs.

Note 2: The total limit for lending funds to a single entity for the Company's 100% owned sub-subsidiaries is subject to 600% of the Company's net worth based on the most recent statements of each counterparty audited or reviewed by the CPAs. However, if the maximum amount of the capital accommodation exceeds 20% of the net worth of the Company's most recent financial statements audited or reviewed, the limit shall be subject to 20% of the Company's net worth based on the most recent financial statements.

Note 3: The nature of financing is as follows:

1. Companies with business transactions.
2. Companies that require short-term financing.

Note 4: The abovementioned transactions were consolidated and written off upon the preparation of the consolidated financial statements.

2. ENDORSEMENT/GUARANTEE PROVIDED:

No.	Endorsement/Guarantee Provider	Guaranteed Party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 1)(Note 2)	Maximum Amount Endorsed/Guaranteed During the Period (Note 3)	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 (Note 1) (Note 2)	Endorsement/Guarantee Provided by Parent	Endorsement/Guarantee Provided by Subsidiaries	Endorsement/Guarantee Provided to Subsidiaries in Mainland China
		Company name	Relationship (Note 4)										
0	The Company	IIL	2	19,199,968	690,975 (Note 3)	685,125	71,547	-	3.57%	19,199,968	Yes	No	No
0	"	IPL	2	19,199,968	3,623,780 (Note 3)	3,608,325	1,038,173	-	18.79%	19,199,968	Yes	No	No
0	"	ITEQ (DG)	2	19,199,968	1,535,500 (Note 3)	1,218,000	-	-	6.34%	19,199,968	Yes	No	Yes
0	"	ITEQ (JX)	2	19,199,968	2,917,450 (Note 3)	2,436,000	850,790	-	12.69%	19,199,968	Yes	No	Yes

Note 1: The total amount of the guarantee provided to a single entity shall not exceed 100% of the Company's net worth based on the most recent financial statements audited or reviewed by the CPAs.

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

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

Note 4: Relationships between the counterparty of endorsement/guarantee and the Company:

1. Companies with business transactions.
2. Companies in which the Company directly or indirectly holds over 50% of shares with voting rights.
3. Companies directly or indirectly hold over 50% of shares with voting rights of the Company.
4. Companies in which the Company directly or indirectly holds over 90% shares with voting rights.
5. Companies fulfilling their contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. Companies with all capital-contributing shareholders making endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries (cont'd)**

3. Marketable securities held at the end of the period (excluding investment in the equity of subsidiaries, associates, and joint ventures):

Unit: Thousand shares/thousand units

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Remarks
				Number of Shares or Units	Carrying amount	Percentage	Fair value	
The Company	Pan Win Biotechnology Inc.	-	Financial assets at FVITPL - current	100	-	5.0%	-	
"	TMY Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	357	2,371	1.0%	2,371	
Bang Mao	Mortech Corporation	-	Financial assets at FVITPL - current	381	3,772	1.0%	3,772	
"	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 fair value through other comprehensive income - non-current	-	30,057	4.8%	30,057	

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 costs of at least NT\$300 million or 20% of the paid-in capital: None.

7. Total purchases or sales with related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Buyer/Seller	Related Party	Relationship	Purchase/Sale	Transaction Details			Abnormal Transaction		Note/Accounts Receivable (Payable)		Remarks
				Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Balance	Percentage in total accounts/notes receivable (payable) %	
IPL	ITEQ (JX)	Subsidiary	(Sales)	(142,410)	(50.42%)	OA 120 days	No material difference with general customers	No material difference with general customers	253,517	47.78%	Note
ITEQ (GZ)	ITEQ (DG)	"	"	(293,581)	(33.29%)	"	"	"	326,040	18.04%	"
ITEQ (WX)	IIL	"	"	(120,343)	(5.03%)	"	"	"	616,259	12.55%	"
ITEQ (DG)	ITEQ (GZ)	"	"	(169,552)	(6.51%)	"	"	"	69,769	1.60%	"
ITEQ (DG)	ITEQ (JX)	"	"	(132,325)	(5.08%)	"	"	"	347,957	7.97%	"
ITEQ (JX)	ITEQ (WX)	"	"	(317,860)	(12.61%)	"	"	"	256,614	6.51%	"
ITEQ (JX)	ITEQ (DG)	"	"	(1,275,782)	(50.59%)	"	"	"	1,967,789	49.89%	"
ITEQ (JX)	IPL	"	Purchases	142,410	6.10%	"	"	"	(253,517)	(8.64%)	"
ITEQ (DG)	ITEQ (GZ)	"	"	293,581	11.82%	"	"	"	(326,040)	(9.75%)	"
IIL	ITEQ (WX)	"	"	120,343	63.48%	"	"	"	(616,259)	(94.88%)	"
ITEQ (GZ)	ITEQ (DG)	"	"	169,552	20.88%	"	"	"	(69,769)	(11.26%)	"
ITEQ (JX)	ITEQ (DG)	"	"	132,325	5.67%	"	"	"	(347,957)	(11.87%)	"
ITEQ (WX)	ITEQ (JX)	"	"	317,860	15.51%	"	"	"	(256,614)	(10.13%)	"
ITEQ (DG)	ITEQ (JX)	"	"	1,275,782	51.37%	"	"	"	(1,967,789)	(58.86%)	"

Note: Written off in the consolidated financial statements.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries (cont'd)**

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Company Name	Related Party	Relationship	Balance of Receivables from Related Party (Note)	Turnover Rate	Overdue		Amounts Received in	Allowance for Impairment
					Amount	Actions Taken	Subsequent Period as of May 9, 2023)	
The Company	ITEQ (JX)	Subsidiary	159,742	0.51	-	-	15,190	-
IPL	ITEQ (DG)	Subsidiary	104,391	2.39	-	-	27,612	-
IPL	ITEQ (JX)	Subsidiary	253,517	2.50	-	-	179,916	-
IPL	ITEQ (GZ)	Subsidiary	172,142	1.19	-	-	101,864	-
III	The Company	Subsidiary	183,780	1.91	-	-	34,176	-
III	ITEQ (WX)	Subsidiary	458,721	0.62	-	-	51,700	-
ITEQ (DG)	ITEQ (JX)	Subsidiary	347,957	1.74	-	-	19,395	-
ITEQ (JX)	ITEQ (DG)	Subsidiary	1,967,789	2.88	-	-	391,089	-
ITEQ (JX)	ITEQ (WX)	Subsidiary	256,614	5.47	-	-	102,044	-
ITEQ (WX)	III	Subsidiary	616,259	0.76	-	-	54,582	-
ITEQ (WX)	ITEQ (JX)	Subsidiary	118,984	2.14	-	-	4,778	-
ITEQ (GZ)	ITEQ (DG)	Subsidiary	326,040	4.05	-	-	-	-

Note: Written off in the consolidated financial statements.

9. Derivative instrument transactions: For details, please refer to Note 6(2).

10. INTERCOMPANY RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS:

No. (Note 1)	Transaction Company	Counterparty	Relationship with Counterparty (Note 2)	Transaction Status (Note 3) (Note 5)			
				Account	Amount	Transaction Terms	Ratio of Consolidated Revenue/Assets
1	III	ITEQ (WX)	3	Accounts receivable	458,721	Note 4	1.37%
2	IPL	ITEQ (JX)	3	Accounts receivable	253,517	Note 4	0.76%
2	IPL	ITEQ (JX)	3	Other receivables	384,691	Note 4	1.15%
3	ITEQ Holding	ITEQ (HK)	3	Other receivables	830,703	Note 4	2.48%
4	ITEQ (JX)	ITEQ (WX)	3	Sale	317,860	Note 4	5.08%
4	ITEQ (JX)	ITEQ (DG)	3	Sale	1,275,782	Note 4	20.38%
4	ITEQ (JX)	ITEQ (DG)	3	Accounts receivable	1,967,789	Note 4	5.87%
4	ITEQ (JX)	ITEQ (WX)	3	Accounts receivable	256,614	Note 4	0.76%
5	ITEQ (DG)	ITEQ (JX)	3	Accounts receivable	347,957	Note 4	1.04%
6	ITEQ (WX)	III	3	Accounts receivable	616,259	Note 4	1.84%
6	ITEQ (WX)	ITEQ (JX)	3	Other receivables	1,910,664	Note 4	5.69%
7	ITEQ (GZ)	ITEQ (DG)	3	Sale	293,581	Note 4	4.69%
7	ITEQ (GZ)	ITEQ (DG)	3	Accounts receivable	326,040	Note 4	0.97%

Note 1: The completion method for the code is as follows:

1. 0 - ITEQ (parent company).
2. Starting from 1 based on the sequence - subsidiaries.

Note 2: The category of the relationship with counterparty is set out as follows:

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

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: No material difference from non-related parties.

Note 5: The disclosures for transactions with an amount over NT\$200,000 thousand of the item are hereby made.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries (cont'd)**

**(II) Information on Investees (Excluding Investees in Mainland China)**

Unit: NT\$ thousand

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	Number of shares	Percentage (%)	Carrying amount			
The Company	ITEQ International	Samoa	Investment	1,879,344	1,879,344	18,500	100%	20,883,284	264,585	264,585	Note 1
"	Bang Mao Investment	Hsinchu County	Investment	70,000	70,000	7,000	100%	95,073	311	311	Note 1
"	MGC-ITEQ Technology Co.,Ltd.	Hsinchu County	Electronic Parts and Components Manufacturing	49,000	49,000	4,900	49%	46,738	(1,766)	(865)	
"	Thailand ITEQ	Thailand	Produces and sells prepreg and copper-clad lamination	189,568	-	2,135	100%	191,573	-	-	Note 1
ITEQ International	ITEQ Holding	British Cayman Islands	Investment	1,879,344	1,879,344	18,500	100%	20,358,291	264,585	264,585	Note 1
ITEQ Holding	ESIC	The British Virgin Islands	Investments in Mainland China	395,850	395,850	10,750	100%	7,621,757	47,899	47,899	Note 1
"	IPL	Samoa	Import/Export	30,450	30,450	1,000	100%	64,980	(5,534)	(5,534)	Note 1
"	IIL	Samoa	Import/Export	30,450	30,450	1,000	100%	71,558	(364)	(364)	Note 1
"	Eagle Great	The British Virgin Islands	Mainland China Re-investment	258,795	258,795	8,499	100%	450,477	(22,625)	(22,625)	Note 1
"	ITEQ (HK)	Hong Kong	Mainland China Re-investment	736,890	736,890	24,200	100%	11,713,871	245,209	245,209	Note 1

Note 1: Written off in the consolidated financial statements.

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries (cont'd)**

**(III) Information on Investments in Mainland China:**

Unit: NT\$ thousand

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	Investment profit or loss recognized for the period (Note 2)	Carrying Amount as of September 30, 2022	Repatriation of Investment Income Received as of the Period
					Outward	Inward					
ITEQ(DG) (Note 5)	Produces and sells prepreg and copper-clad lamination	609,000	(Note 1) (Note 4)	395,850	-	-	395,850	27,462	27,462	4,640,489	-
ITEQ(WX) (Note 5)	Produces and sells prepreg and copper-clad lamination	1,248,450	(Note 1) (Note 4)	672,945	-	-	672,945	218,720	218,720	9,600,306	2,503,934
ITEQ (HJ) (Note 5)	Produces and sells mass lamination	258,795	(Note 1) (Note 4)	252,309	-	-	252,309	(16,118)	(16,118)	447,524	-
ITEQ (GZ) (Note 5)	Produces and sells prepreg and copper-clad lamination	721,665	(Note 1)	493,290	-	-	493,290	26,367	26,367	2,920,642	809,253
ITEQ (JX) (Note 5)	Produces and sells prepreg and copper-clad lamination	4,896,360	(Note 1) (Note 4)	-	-	-	-	39,413	39,413	6,008,790	-

2. Limit for investments in Mainland China:

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 (Note 3)
1,814,394 (USD 59,586)	2,448,180 (USD 80,400)	11,519,980

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

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

Note 3: The Company's 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: Written off in the consolidated financial statements.

3. Significant transactions:

Regarding the direct or indirect significant transactions (written off when preparing the consolidated statements) of investees in Mainland China of the Group for the three months ended March 31, 2023, please refer to information about significant transactions in Note 13(1) for details.

**Note to consolidated financial statements of ITEQ  
Corporation and its subsidiaries (cont'd)**

**(IV) Information on major shareholders:**

Unit: shares

Shares Name of major shareholder	No. of ordinary Shares shares held	Ratio of shareholdings
WIN Semiconductors Corp.	65,408,733	18.02%
Tian He Xing Ye Corp.	42,434,591	11.69%
Fu Cun Construction Co.	32,510,897	8.95%

**Note to consolidated financial statements of ITEQ Corporation and its subsidiaries  
(cont'd)**

**XIV. Segments Information**

The information on the operating segments of the Group and the reconciliation is as follows:

	<b>January to March 2023</b>					
	<b>ITEQ</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Others</b>	<b>Total</b>
Income from external customers	\$ 296,634	2,175,796	2,284,884	914,320	588,021	6,259,655
Intra-segment income	-	-	-	-	-	-
Total income	<b><u>\$ 296,634</u></b>	<b><u>2,175,796</u></b>	<b><u>2,284,884</u></b>	<b><u>914,320</u></b>	<b><u>588,021</u></b>	<b><u>6,259,655</u></b>
Segment (loss) profit	<b><u>\$ (194,502)</u></b>	<b><u>249,055</u></b>	<b><u>20,217</u></b>	<b><u>49,610</u></b>	<b><u>9,755</u></b>	<b><u>134,135</u></b>
	<b>January to March 2022</b>					
	<b>ITEQ</b>	<b>ITEQ (WX)</b>	<b>ITEQ (DG)</b>	<b>ITEQ (JX)</b>	<b>Others</b>	<b>Total</b>
Income from external customers	\$ 451,717	3,332,155	2,886,109	206,563	1,392,514	8,269,058
Intra-segment income	-	-	-	-	-	-
Total income	<b><u>\$ 451,717</u></b>	<b><u>3,332,155</u></b>	<b><u>2,886,109</u></b>	<b><u>206,563</u></b>	<b><u>1,392,514</u></b>	<b><u>8,269,058</u></b>
Segment (loss) profit	<b><u>\$ 71,497</u></b>	<b><u>410,174</u></b>	<b><u>176,747</u></b>	<b><u>231,419</u></b>	<b><u>86,165</u></b>	<b><u>976,002</u></b>