

INTEGRATED SERVICE TECHNOLOGY INC.

2023 Annual General Shareholders' Meeting Minutes

(English Translation for Reference Only)

Time and Date: 9:00 a.m., June 14, 2023 (Wednesday)

Place: 9F, No. 19, Puding Road, Hsinchu City. (Conference Room on 9F at IST)

Attendance: The total number of shares represented by shareholders and proxies in attendance was 49,641,877 (including 13,584,056 shares by electronic means), representing 66.38% of the total number of 74,775,121 issued shares.

Directors in Presence: Wei-Pin Yu, Chairman, Ching-Chuo Chen, Vice Chairman, Chuo-Min Yu (convener of Audit Committee) and Yung-Chien Lou, Chih-Hung Wang and Hung Wen-Ming, all Independent Directors. Six members of the Board of Directors are present, which is over half of the ten seats on the board.

Attendance: Yu-Sang Lin, CFO, Yu-Feng Huang of Deloitte & Touche, CPA, and Cheng-Ching Liu of ISLAW, Attorney

Chairman: Wei-Pin Yu

Recorder: Yu-Sang Lin

I. Call the meeting to order: The number of shares present has reached the quorum, and the chairman announced the start of the meeting.

II. Chairman's opening remarks: Omitted.

III. Reports:

(I) 2022 business report of IST. (Attachment 1)

(II) Report of the statements examined by the audit committee for the year ended 2022. (Attachment 2)

(III) Report of 2022 earning distribution. (Attachment 3)

(IV) Report of 2022 distribution of remunerations to employees and directors. (Attachment 4)

(V) Report of private placements of common shares. (Attachment 5)

IV. Proposed Resolutions

No. 1: (Proposed by Board of Directors)

Subject: The statements for the year ended 2022 is presented for recognition.

Explanation: (I) The 2022 separate and consolidate financial statements of IST (including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, Cash Flow Statement, etc.), which were approved based on the resolution made by IST board of directors on March 14, 2023, have been audited by Mr. Huang Yu-Feng and Ms. Tsai Mei-Chen, CPAs of Deloitte & Touche, and have also been submitted together with the business report to the audit committee for review and audit. The reviewed and audited financial statements and business report are hereby presented for recognition.

(II) For 2022 Business Report, Audit Report and 2022 Separate and Consolidated Financial Statements, please refer to Attachment 6.

Resolution: The result is as follows:

Affirmative votes: 44,142,649, which was 89.71% of the votes represented by the shareholders present. (including electronic voting 8,522,684)

Dissenting votes: 15,773 (including electronic voting 15,773)

Invalid votes: 0

Abstaining votes: 5,045,599 (including electronic voting 5,045,599)

It was resolved that the above proposal be approved as proposed.

No. 2: (Proposed by Board of Directors)

Subject: The proposal of 2022 profit or loss allocation is presented for recognition.

Explanation: (I) The 2022 Profit and Loss Allocation Statement of IST, which has been adopted based on the resolution made by the board of directors, is presented at the shareholders' meeting for recognition.

(II) For 2022 Profit and Loss Allocation Statement, please refer to Attachment 7.

Resolution: The result is as follows:

Affirmative votes: 44,348,680, which was 90.13% of the votes represented by the shareholders present. (including electronic voting 8,728,715)

Dissenting votes: 16,738 (including electronic voting 16,738)

Invalid votes: 0

Abstaining votes: 4,838,603 (including electronic voting 4,838,603)

It was resolved that the above proposal be approved as proposed.

V. Discussion

No. 1: (Proposed by Board of Directors)

Subject: The proposal of private placements of common shares for cash is presented for discussion.

Explanation: (I) To improve the financial structure, enrich the working capital and control the timeliness of fundraising, IST has planned to carry out private placements of common shares for cash to the extent of 7,000,000 shares, with NTD10 per share.

(II) The matters required to be specified for private placements in accordance with Article 43-6 of the Securities and Exchange Act are stated as follows

(1) Basis and Rationale for the Setting of the Price:

(A) The reference price for the private placement of common shares is calculated based on the higher of (a) the simple arithmetic mean of closing prices of common shares for 1 business day or 3 or 5 business days immediately before the date of pricing, less ex-rights and dividends for gratuitous shares, and plus the share price after share buybacks for capital reduction and (b) the simple arithmetic mean of closing prices of common shares for 30 business days immediately before the date of pricing, less ex-rights and dividends for gratuitous shares, and plus the share price after share buybacks for capital reduction.

(B) The actual offering price for the private placement is resolved to be no less than 80% of the reference price. The meeting of shareholders is

hereby requested to require that the actual offering price to be determined by the board of directors, which is authorized by the meeting to determine the offering price, shall be no less than 80% of the reference price.

- (C) The offering price is reasonably determined based on the business performance, future prospects and latest share prices of IST.
 - (D) The board of directors is authorized to determine the actual date of pricing, depending on the situation of selecting specified persons afterward.
- (2) Means of Selecting Specified Persons:
- (A) The private placement is carried out in accordance with Article 43-6 of the Securities and Exchange Act and pursuant to the official letter dated June 13, 2002 with the reference number (91)-Tai-Cai-Zheng-Yi-Zi-0910003455 from Securities and Futures Commission, MOF. Subscribers are limited to strategic investors. Strategic investors refer to individuals or corporate entities that are able to use their experience, technology, knowledge, brands or channels through industrial vertical integration, horizontal integration or common research to develop merchandise or market to enhance profits of IST and assist invested companies in enhancing technology, improving quality, reducing cost, improving efficiency and expanding the market share.
 - (B) The board of directors is authorized to select specified persons, from those who are helpful to future business operation of IST directly or indirectly, to be subscribers for the private placement of common shares in accordance with Article 43-6 of the Securities and Exchange Act and pursuant to the order dated June 13, 2002 with the reference number (91)-Tai-Cai-Zheng-Yi-Zi-0910003455 from Securities and Futures Commission, MOF.
- (3) Reasons Necessitating the Private Placement:
- (A) Reasons for not undertaking a public offering: With rapid, simple and convenient characteristics, a private placement is carried out to efficiently complete the purpose of soliciting strategic investors. In addition, limitations on transfer of privately placed marketable securities for 3 years may better ensure the long-term cooperation between IST and strategic investors. Moreover, the board of directors is authorized to carry out the private placement based on the actual need of corporate business. The mobility and flexibility of fundraising for IST is therefore enhanced.
 - (B) Limit of private placement: It is limited to 7,000,000 shares, which shall be carried out within a year from the date of the resolution made at the shareholders' meeting.
 - (C) Use of funds from the private placement and expected effects: Funds obtained from the private placement are used to enrich working capital and repay loans so as to improve IST's financial structure, strengthen corporate competitiveness, and enhance operational performance. All of these effects are propitious for shareholders' equity.
- (III) Rights and obligations for the private placement of new shares for cash are same as those of common shares issued already by IST. However, subject to the Securities and Exchange Act, the privately placed shares shall not be sold to

anyone, except the persons specified in Article 43-8 of the Securities and Exchange Act, within 3 years after the date of delivery of these shares. After the completion of 3 years from the date of delivery of the privately placed common shares, the board of directors shall be authorized to decide based on current situations whether to apply, pursuant to applicable regulations, to Taipei Exchange for a written approval for compliance with OTC standards, and with the approval, complete the procedure of public offering with the competent authority in charge of securities and apply for permission for OTC transactions.

- (IV) The meeting of shareholders is hereby requested to authorize the board of directors to carry out the private placements of common shares within one year immediately after the date of the resolution made at the shareholders' meeting.
- (V) The plan for private placement includes percentage of private placement, actual offering price, number of shares, issuance conditions, issuance date, planned items, amount of raised funds, selection of subscribers, expected progress, expected potential effects and relevant matters, and other matters related to the issuance plan. The meeting of shareholders is hereby requested to approve the plan and authorize the board of directors to adjust, establish and deal with the matters contained in the plan based on market conditions. In case of any amendment required by the competent authority or any business evaluation or any modification required due to objective environmental requirements in the future, the board of directors shall be fully authorized to deal with all relevant matters.
- (VI) In addition to the aforementioned scope of authorization, the meeting of shareholders is hereby requested to authorize Chairman or the person designated by Chairman to sign, negotiate or modify any and all contracts and documents relevant to the private placement of common shares on behalf of IST and further authorize Chairman to deal with all matters necessary for issuance of privately placed common shares for IST.

Resolution: The result is as follows:

Affirmative votes: 43,830,978, which was 89.08% of the votes represented by the shareholders present. (including electronic voting 8,211,013)

Dissenting votes: 533,440 (including electronic voting 533,440)

Invalid votes: 0

Abstaining votes: 4,839,603 (including electronic voting 4,839,603)

It was resolved that the above proposal be approved as proposed.

VI. Extempore Motions: None

There were no questions from shareholders at the meeting.

VII. Ending of meeting: At 09:16 am on the same day, the chairman announced the ending of the meeting.

(The minutes of 2023 general shareholders' meeting shall state only the main subject of the meeting and the outcome of the motion; the content of the meeting and the shareholders' speech shall still be subject to the audio and video records of the meeting)

Attachment 1

2022 Business Report

Ladies and gentlemen:

The year 2022 was a year of challenges and opportunities for IST. Under the impact of the recession of the epidemic dividend and the surging of inflation pressure, the global electronic industry showed a downturn, accompanied with the sharp decline of the terminal market. The semiconductor industry experienced a difficult period in the second half of 2022, with constant noise from market inventory reduction and capital expenditure adjustment; however, most major plants still continued their R&D and innovation in order to sustain competitiveness, and find new application fields to pull through the cold winter of the economic downturn. Fortunately, IST was less affected by the economic downturn and even realized growth against the trend, for the main business operation of IST was intended to assist customers in accelerating their product R&D and assuring product quality. In other words, “requirements for verification and analysis exist when customers are engaged in R&D.”

In order to realize the goal of IST to become a trustworthy third-party fair laboratory in the electronics industry, we will continually improve our services, expand our strength in verification and analysis, and continue to increase production capacity to support customers’ growth at the same time. In 2022, with the promotion of the advanced processes, the production capacity of Material Analysis (MA) of IST was enlarged by 40% in order to support customers’ requirements for rapid growth. Relying on our persistent efforts, the technological content of MA at 2/3 nano process node was recognized by the customers.

In 2022, there was also good news about our business layout in automotive electronic services. After being reviewed at each level, IST was formally recognized by Automotive Electronics Council (AEC), the supreme authority of the global automotive electronics industry, as an AEC member, and therefore IST became the only recognized third-party fair laboratory in Asia. There are only 93 companies in the world with the identity of AEC members, and only 9 companies in Taiwan are AEC members. Therefore, with this identity, IST will be able to quickly master the development trends of the automotive market, effectively and profoundly understand the experimental methods of international automotive plants and Tier-1 manufacturers, and provide knowledge on the international quality control and management trends; also, IST will take the lead in analyzing international specifications and become a pilot to lead semiconductor enterprises like Asian IC design companies to step in the field of automotive electronics.

Benefited from the customers’ strong requirements for our industry-leading verification and analysis solutions, IST hit a new historical record regarding its operating revenue. To be specific, the annual operating revenue of IST reached NTD 3,743,000,000 in 2022, up by 16.46% compared with that in 2021.

Now, IST is entering a period of quick growth. The great trends from advanced process, electric vehicle, third-generation semiconductors, 5G, HPC, Internet of Things, and AI related applications are expected to drive more enterprises to make further R&D investments in future science and technology. In this context, IST will also continue its close cooperation with major international customers, and develop more solutions to support the customers’ requirements for verification and analysis.

At the same time, in response to the pattern of G2, IST will start from Taiwan and expand its verification and analysis business to the whole world, with the objective to better international customer services, speed up business operations, and reinforce its competitive advantages.

Business Overview

The annual consolidated operating revenue of IST reached NT 3,743,000,000 in 2022, up by 16.46% compared with NT 3,214,000,000 in 2021, and creating a new historical record; the consolidated net profit after tax reached NT 387,000,000, presenting an annual growth rate of 213.80%; the accumulated annual earnings per share (EPS) after tax reached NT 5.33, up by 163.86% compared with the EPS of NT 2.02 in the same period last year. These financial figures fully show the strong posture of IST in the layout of verification and analysis business. The specific information is as follows:

- The consolidated operating revenue for 2022 reached NT 3,742,682,000, with annual growth rate of 16.46%;
- The gross profit for 2022 reached NT 1,015,822,000, with annual growth rate of 26.71%;
- The net operating profit for 2022 reached NT 334,883,000, with annual growth rate of 77.63%;
- The net profit after tax for 2022 reached NT 386,502,000, with annual growth rate of 213.80%; if calculated according to the weighted average outstanding shares in 2022, the EPS of the company reached NT 5.33, with annual growth rate of 163.86%.

Consolidated Operating Revenue and Profits of Integrated Service Technology (3289) for 2022 (Unit: NT 1,000, except for EPS)			
Item	2022	2021	Annual increase (decrease)%
Operating revenue	3,742,682	3,213,788	16.46%
Gross profit	1,015,822	801,712	26.71%
Net operating profit	334,883	188,532	77.63%
Net profit before tax	468,113	212,231	120.57%
Net revenue (loss) after tax	386,502	123,169	213.80%
EPS (NT)	5.33	2.02	163.86%

Business Operation and Development

In 2022, IST continually exerted more efforts to provide services for new markets based on the field of semiconductor verification and analysis, including the long-established electric vehicle market, space satellite market, advanced process, and third-generation semiconductor market, with the objective to create value for customers and become the best product R&D assistor and the best quality defender for the customers.

In the field of electric vehicle, the trend of automotive electronics is moving forward, which drives the increase of the demand for semiconductor R&D. In 2022, the estimated global sales volume of electric vehicles approached 10 million, and the annual growth rate of the shipments of electric vehicles is expected to exceed 40% by 2025, which means the doubling of the quantity of semiconductor parts used in the electric vehicles. IST became an AEC member at the end of 2022. Currently, there are only 93 AEC members globally and 9 of them are located in Taiwan. IST, as the only third-party fair laboratory recognized by AEC in Asia, will be capable of assisting more customers in entering the field of electric vehicle.

When IST becomes a member of the AEC Component Technical Committee, its role will be changed from “a user of specifications to a member participating in the establishment of these specifications”. As a result, IST can master the trends of the automotive market more quickly, effectively and profoundly understand the experimental methods of international automotive plants and Tier-1 manufacturers, and provide knowledge on the international quality control and management trends; also, IST will take the lead in analyzing international specifications and become

a pilot to lead semiconductor enterprises like Asian IC design companies to step in the field of automotive electronics.

In the field of space satellite, with the launch of the space age, close-orbit satellite communication created a trend. At the same time, Taiwan is also vigorously promoting the development of the space industry, and improving the space infrastructure. IST has continually engaged in the scope of space electronics tests targeting at temperature, vibration, impact, thermal vacuum, gas volatilization, and various other items. The number of customers and testing requirements in this field have also been increased year by year.

For advanced process, MA is the most essentially analysis project in the R&D stage. In 2022, through the actual performance verification at the customer side, the material analysis capacity of IST already reached 2/3 nano process node. Since 7 days 24h full-time operation is adopted, the customers' requirements for quick delivery can be satisfied. For sample preparation energy, IST has allocated diversified preparation techniques, including pre-preparation treatment of protective layer and reduction of affected layer of test films. As a result, semiconductor customers are able to obtain high-quality TEM images.

With the development of advanced processes by major global wafer OEM factories and the application of the third-generation semiconductor, GAA, a key "die shrink" technology as regarded will become one of the highlights in the industry together with the new generation of compound semiconductor (third-generation semiconductor) that will stand out in the field of power and communication components. Accordingly, the demand for analysis services will grow substantially.

GAA is a part of semiconductor "die shrink" process, and therefore its structure is substantially reduced. In this case, TEM (Transmission Electron Microscope) based MA gate structure must be used. The analysis of the new generation of compound semiconductor (third-generation conductor) focuses on the integration of semiconductors made of different elements, e.g., silicon carbide (SiC) and gallium nitride (GaN). The issue of lattice matching arising from the superposition of different elements would compromise the work function and energy band of chips. Therefore, in addition to MA, surface analysis technique must also be utilized to master the specific conditions.

As a global wafer OEM factory and MA supply chain for third-generation semiconductor, IST has successively enlarged its production capacity for MA/surface analysis, and acts as a firm backup for the customers in the semiconductor industry.

Corporate Social Responsibility (ESG)

As a leader of verification and analysis in the electronics industry, IST knows clearly that its actions would also influence its customers, suppliers, communities where we live and operating bases are located, as well as global climate and environment. Therefore, IST always remembers its responsibilities, and has never forgotten to perform its corporate social responsibilities and dedicate to promoting relevant aspects including caring about the disadvantaged, environment and safety, and diversified inclusive workplace while pursuing business growth.

For many years, IST has continually cultivated future scientific and technological talents and disadvantaged school children in remote areas through scholarship program, and promoted the implementation of reading schemes for remote schools and plan for popularization of knowledge on chemistry in countryside in the hope that school children can build good reading habits and improve their knowledge on chemistry so as to enhance their future competitiveness; in addition to improving children's learning ability, IST has also worked with relevant groups to promote emotional intelligence (EQ) education for children, help with recovery of mentally ill patients, enhance EQ ability of individuals, and facilitate harmony and beauty of the society. Furthermore, IST has initiated the "Palm Down" plan for the institutes established for physically and mentally challenged people, who were invited to sell agricultural products grown by themselves under the plan. By doing so, IST tried to make efforts to contribute and give back to the society.

To perform its corporate social responsibilities, IST continually refined its corporate governance,

and environment and safety management. In recent years, it has adopted a series of security measures, practiced programs intended to take care of employees and assure environmental protection, and passed the certification of ISO 27001 Information Security Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System.

Future Prospects

IST has devoted to the implementation of corporate governance and sustainable management while earning great returns for shareholders. We appreciate the trust and support from shareholders. Let's bid farewell to 2022 and look into the future. Despite the continual presence of uncertainty of circulation of the electronics industry within a short term, the application of future science and technology, including AI, electric vehicle, and the Internet, has become increasingly common.

Relying on its leading position in reliability verification (RA), failure analysis (FA), and material analysis (MA), IST will develop in the frontline of the times and assist customers in R&D at a faster speed to create bigger value for them. IST will stick to its core values of "Best Product R&D Assistor" and "Best Quality Defender" and join hands with global electronics customers to embrace the future science and technology together.

It is our honor to join our shareholders to begin a journey of future science and technology R&D, and we expect to keep a long-lasting relationship with each shareholder and create maximum interests for them, and create a prosperous future together. I would like to express my gratitude to each shareholder, and wish you good health and happiness.

In the end, thank you for your long-term support and trust again.

Wishing you all
good health, good luck and prosperity.

Chairman: Wei-Pin Yu
General Manager: Wei-Pin Yu
Accounting Manager: Yu-Sang Lin

Attachment 2

Audit Committee's Audit Report

The board of directors, duly authorized, has prepared the IST business report and financial statements for the year ended Dec. 31, 2022 as well as the proposal for profit or loss allocation. Deloitte & Touche, commissioned by IST to audit the financial statements, has certified the financial statement successfully and issue its audit report. The aforementioned business report, financial statements and the proposal for profit or loss allocation have been audited by the audit committee, which believes they have satisfied all legal requirements. This report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The report is presented to

2023 Annual Meeting of Shareholders of Integrated Service Technology

Audit committee convenor: Chuo-Min Yu

March 14, 2023

Attachment 3

INTEGRATED SERVICE TECHNOLOGY INC. The report of 2022 earning distribution

Explanation: (I) The board of directors is authorized in accordance with the Articles of Incorporation to resolve for cash dividends to be distributed quarterly.

(II) Amounts of cash dividends distributed quarterly by IST in 2022 and corresponding dates of distribution are listed as follows:

2022	Date of approval (YYYY/MM/DD)	Date of distribution (YYYY/MM/DD)	Cash dividends per share(NTD)	Total cash dividends (NTD)
Q1	2022/05/05	-	0	0
Q2	2022/08/02	-	0	0
Q3	2022/11/02	2023/05/18	1.0	74,775,121
Q4	2023/03/14	Not decided yet	1.0	74,775,121
Total			2.0	149,550,242

Attachment 4

Director Remuneration Policy and Remuneration Scale of Individual Directors

(I) Director Remuneration Policy:

- (1) The payment of director reward, remuneration, and traffic allowance by the Company shall be handled in accordance with “Remuneration Policy for Directors, Members of Remuneration Committee, and Managers” unless otherwise stipulated in laws and regulations or the Articles of Incorporation of the Company. The total payment amount of director remuneration shall be handled in accordance with the provisions stipulated in Article 18 of the Articles of Incorporation. If the Company profits in current year (The profits mentioned refer to interests before tax before the deduction of employee remuneration and director remuneration), it shall appropriate at least 3% of such profits as employee remuneration, and no more than 3% of such profits as director remuneration. However, if the Company still has accumulated losses (including adjustment of undistributed surplus amount), relevant amount shall be reserved in advance to make up for the losses.

The preceding employee remuneration can be paid in form of stock or cash. The payment objects shall include employees from companies controlled by or subordinate to the Company who shall comply with certain conditions. The preceding director remuneration can only be paid in cash. The two preceding items may be implemented only after the Board of Directors makes relevant resolution and reports to the Shareholders’ Meeting.

- (2) The performance of the Board of Directors, functional committees, and individual directors of the Company shall be evaluated once every year according to “Measures for the Performance Evaluation of Board of Directors and Functional Committee”. The evaluation results will be submitted to the Remuneration Committee for reference regarding the deliberation of proposal for distribution of director remuneration, and then presented to the Board of Directors for discussion based on the resolution; the performance evaluation items include mastery of the company goals and tasks, cognition of director responsibilities, participation in the corporate operation, operation and communication of internal relations, profession and further education of directors, internal control, and abidance by relevant regulations. The scoring rate of self-evaluation of each director and the overall operation status of the Board of Directors were favorable in current year, and it was planned to distribute individual directors’ remuneration in principle of average distribution during the term of office.

(II) Remuneration Scale of Individual Directors:

December 31, 2022

Unit: NTD 1,000

Title	Name	Director's remuneration								Total of items A, B, C and D and ratios over net income after tax		Relevant remuneration received by concurrent employees								Total of items A, B, C, D, E, F and G and ratios over net income after tax		Remuneration received from reinvestment enterprises other than subsidiaries
		Salary (A)		Severance pay and pension (B)		Director reward (C)		Business execution fees (D)				Remuneration, bonus, extraordinary charge (E)		Severance pay and pension (F)		Employee reward (G)						
		The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company	All companies in financial report (Note 7)	The Company		All companies in financial report (Note 7)		The Company	All companies in financial report (Note 7)	
Cash amount	Stock amount															Cash amount	Stock amount					
Director	Han Sheng Investment Co., Ltd. Representative: Yu Wei-Pin	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	13,251	13,251	0	0	0	0	0	0	13,887 3.43%	13,887 3.43%	None
Director	Liu Fu-Han	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Director	Hui Long Co., Ltd. Representative: Ching-Chuo	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	1,478	1,478	76 0	76	0	0	0	0	2,190 0.54%	2,190 0.54%	None
Director	Tu Chung-Che	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Director	Kai Ou Investment Co., Ltd. Representative: Yang-Kuang	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Director	Lou Wen-Hao	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Independent director	Wang Chih-Hung	0	0	0	0	600	600	24	24	624 0.15%	624 0.15%	0	0	0	0	0	0	0	0	624 0.15%	624 0.15%	None
Independent director	Hung Wen-Ming	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Independent director	Lo Yung-Chien	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None
Independent director	Yu Chuo-Min	0	0	0	0	600	600	36	36	636 0.16%	636 0.16%	0	0	0	0	0	0	0	0	636 0.16%	636 0.16%	None

Attachment 5

The report of private placements of common shares

Explanation: (I) IST has been approved, based on the resolution made at the annual meeting of shareholders by June 14, 2022, to complete private placements of common shares for cash to the extent of 7,000,000 shares.

(II) The private placement of marketable securities shall be carried out within one year of the date of the resolution of the shareholders' meeting in accordance with Article 43-6 of the Securities and Exchange Act.

(III) In case that the deadline of the above private placement is approaching and IST has not selected any eligible subscriber, the private placement shall be ceased as resolved at the 14th meeting of IST 11th-term board of directors of March 14, 2023.

Attachment 6

Audit Report

To Integrated Service Technology Inc.:

Opinion

We have audited the financial statements of Integrated Service Technology Inc., which comprise the parent company only balance sheets as of Dec. 31, 2022 and 2021 and the parent company only statements of comprehensive income, parent company only statements of changes in equity and parent company only statements of cash flows for the years then ended, and the notes to the parent company only financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying parent company only financial statements present fairly, in all material respects, the financial conditions of Integrated Service Technology Inc. as of Dec. 31, 2022 and 2021 and the parent company only financial performance and parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

We conducted our audit of the financial statements in accordance with the Regulations Governing Auditing and Attestation of Parent Company Only Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We are independent of Integrated Service Technology Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities in accordance with the Norm. Based on our audit results and the audit reports certified by other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2022. These matters were addressed in the context

of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the parent company only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2022 are stated as follows:

Recognition of Revenue

The operating revenue of Integrated Service Technology for 2022 was NTD 3,213,134 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 22 to the parent company only financial statements for the details on accounting policies and information relevant to revenue recognition.

Revenue recognition is a risk assumed in the Statement on Auditing Standards. Customers of Integrated Service Technology Inc. are numerous and are in different industrial fields domestically and overseas. Thus for the specific customers with respect to which the revenue growth rate of the year exceeds that of IST with such customers, the authenticity of revenue is listed as a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We understood the internal controls for the procedure of operating revenue recognition, tested and assessed the effectiveness of the internal controls.
2. We verified the authenticity of the customers, analyzed changes in each of the customers for the latest two years, and reviewed reasonableness of receivables turnover ratio.
3. We took adequate transactions from the whole year's operating revenue account as samples to review corresponding sales vouchers, documents signed by the customers for receipt of products, and record of receiving payments in order to confirm the authenticity and accuracy of recognized revenue.
4. We reviewed after the balance sheet date whether any material return and allowance for revenue was attributed to an event taking place in 2022 in order to confirm whether misstatements existed for the annual operating revenue of 2022.

Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. as of Dec. 31, 2022 was NTD 1,251,791 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 8 to the parent company only financial statements.

The management used historical payment collection experience and the credit risk assumption for customers to evaluate impairment of accounts receivable. As such evaluation could involve the management's judgment, the evaluation on impairment of accounts receivable was therefore a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We tested for accuracy of age distribution for accounts receivable and evaluated reasonableness of bad debt losses allocated by the management for accounts receivable.
2. We reviewed subsequent receipts of the accounts receivable due and unpaid as of the balance sheet date and verified whether the impairment of accounts receivable was reasonable.

Other Matters

As stated in Note 10 to the parent company only financial statements, some investments accounted for using the equity method in the parent company only financial statements of Integrated Service Technology Inc. were audited by other auditors. Thus in our opinion expressed in the aforementioned financial statements, the investments in the aforementioned investee companies accounted for using the equity method and the share of profits and losses accounted for using the equity method were recognized based on the audit reports of other auditors. As of Dec. 31, 2022 and 2021, the aforementioned investments accounted for using the equity method were NTD 631,647 thousand and NTD 573,816 thousand, respectively, which accounted for 9% of the total assets. For the years ended Dec. 31, 2022 and 2021, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 57,831 thousand and NTD 24,937 thousand respectively, which accounted for 14% of the total comprehensive incomes.

Responsibilities of the Management and the Units Charged with Governance for the parent company only financial Statements

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

In preparing the parent company only financial statements, the management is also responsible for assessing the ability of Integrated Service Technology Inc. to continue as a

going concern, disclosing relevant matters and using the going concern basis of accounting unless the management intends to liquidate Integrated Service Technology Inc. or to cease operations, or has no realistic alternative but to do so.

The units charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Integrated Service Technology Inc.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards always detects any existing material misstatement in the parent company only financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

In conducting the audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of Integrated Service Technology Inc.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists in respect of any event or situation that may cast significant doubt on the ability of Integrated Service Technology Inc. to continue as a going concern. If we

conclude that a material uncertainty exists, we draw attention in our audit report to the relevant disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or situations may cause Integrated Service Technology Inc. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the Notes) and whether the parent company only financial statements represent the underlying transactions and events fairly.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of Integrated Service Technology Inc. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit, and also responsible for issuing our opinion based on our audit.

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

We also provide the units charged with governance with a declaration that we have complied with applicable ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be considered to impair our independence (and relevant preventive measures).

From the matters communicated with the units charged with governance, we determine the key audit matters in the audit of the parent company only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2022. We describe these matters in our audit report unless any law or regulation precludes public disclosure of any of these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report because the adverse consequences of such communication are reasonably expected to outweigh any public interest to be promoted.

Deloitte & Touche

Huang Yu-Feng, CPA

Tsai Mei-Chen, CPA

Securities and Futures Bureau Approval
No.:

Tai-Cai-Zheng-6-Zi-0920123784

Financial Supervisory Commission Approval
No.:

Jin-Guan-Zheng-Shen-Zi-1010028123

Mar. 14, 2023

Integrated Service Technology Inc.
Parent Company Only Balance Sheets
Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Assets	Dec. 31, 2022		Dec. 31, 2021		Liabilities and Equity	Dec. 31, 2022		Dec. 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents (Notes 4 and 6)	\$ 426,082	6	\$ 361,968	5	Current borrowings (Notes 4 and 15)	\$ 565,709	8	\$ 567,533	8
Current financial assets at fair value through profit or loss (Notes 4 and 7)	523	-	-	-	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	10	-
Notes and accounts receivable, net (Notes 4, 5 and 8)	1,239,357	18	1,105,708	16	Current contract liabilities (Notes 4 and 20)	117,335	2	71,663	1
Finance lease receivables (Notes 4, 9 and 27)	4,358	-	3,980	-	Accounts payable	242,206	3	184,067	3
Accounts receivable due from related parties, net (Note 27)	20,575	-	29,041	1	Accounts payable to related parties (Note 27)	732	-	6,051	-
Other receivables due from related parties (Note 27)	34,131	-	29,071	1	Payable on machinery and equipment (Note 27)	167,984	2	151,334	2
Prepayments and other current assets (Notes 14 and 27)	112,104	2	56,909	1	Dividends payable, non-cash assets distributions (Note 19)	74,775	1	35,430	1
Other current financial assets (Note 28)	5,197	-	4,223	-	Current tax liabilities (Notes 4 and 22)	54,690	1	70,995	1
Total current assets	<u>1,842,327</u>	<u>26</u>	<u>1,590,900</u>	<u>24</u>	Current lease liabilities (Notes 4 and 12)	45,709	1	48,807	1
Non-current assets					Long-term borrowings, current portion (Notes 4, 16 and 28)	128,000	2	88,000	1
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	27,282	1	21,945	-	Other current liabilities, others (Notes 4, 17 and 27)	447,079	6	320,523	5
Investments accounted for using equity method (Notes 4, 10 and 31)	1,430,493	20	1,425,485	21	Total current liabilities	<u>1,844,219</u>	<u>26</u>	<u>1,544,413</u>	<u>23</u>
Property, plant and equipment (Notes 4, 11, 27 and 28)	3,459,359	49	3,346,025	50	Non-current liabilities				
Right-of-use assets (Notes 4 and 12)	258,827	4	294,590	4	Non-current portion of non-current borrowings (Notes 4, 16 and 28)	1,675,400	24	1,722,800	25
Other intangible assets (Notes 4, 13 and 27)	8,009	-	7,471	-	Deferred tax liabilities (Notes 4 and 22)	620	-	-	-
Deferred tax assets (Notes 4 and 22)	-	-	169	-	Non-current lease liabilities (Notes 4 and 12)	228,755	3	259,215	4
Prepayments for business facilities	56	-	25,114	1	Guarantee deposits received (Note 27)	13,232	-	9,643	-
Guarantee deposits paid	12,643	-	10,475	-	Total non-current liabilities	<u>1,918,007</u>	<u>27</u>	<u>1,991,658</u>	<u>29</u>
Net defined benefit assets, Non-current (Notes 4 and 18)	<u>21,460</u>	<u>-</u>	<u>15,971</u>	<u>-</u>	Total liabilities	<u>3,762,226</u>	<u>53</u>	<u>3,536,071</u>	<u>52</u>
Total non-current assets	<u>5,218,129</u>	<u>74</u>	<u>5,147,245</u>	<u>76</u>	Equity (Notes 4 and 19)				
					Ordinary share	747,751	11	797,751	12
					Capital surplus	2,143,012	30	2,266,955	34
					Retained earnings				
					Legal reserve	160,486	2	175,585	3
					Special reserve	74,898	1	98,491	1
					Unappropriated earnings				
					(Accumulated deficit)	254,536	4	(41,547)	(1)
					Other equity	(82,453)	(1)	(95,161)	(1)
					Total equity	<u>3,298,230</u>	<u>47</u>	<u>3,202,074</u>	<u>48</u>
Total assets	<u>\$7,060,456</u>	<u>100</u>	<u>\$6,738,145</u>	<u>100</u>	Total liabilities and equity	<u>\$7,060,456</u>	<u>100</u>	<u>\$6,738,145</u>	<u>100</u>

The accompanying notes constitute part of the parent company only financial statements.
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Integrated Service Technology Inc.
Parent Company Only Statements of Comprehensive Income
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars,
except for EPS in New Taiwan Dollar

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 20 and 27)	\$ 3,213,134	100	\$ 2,755,003	100
Operating cost (Notes 21 and 27)	<u>2,228,240</u>	<u>69</u>	<u>1,892,591</u>	<u>69</u>
Gross profit from operations	<u>984,894</u>	<u>31</u>	<u>862,412</u>	<u>31</u>
Operating expenses (Notes 21 and 27)				
Selling expenses	72,663	2	72,299	3
Administrative expenses	349,605	11	299,667	11
Research and development expenses	106,308	4	96,038	3
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>2,072</u>	<u>-</u>	<u>(1,327)</u>	<u>-</u>
Total operating expenses	<u>530,648</u>	<u>17</u>	<u>466,677</u>	<u>17</u>
Net operating income	<u>454,246</u>	<u>14</u>	<u>395,735</u>	<u>14</u>
Non-operating income and expenses				
Interest income (Notes 21 and 27)	647	-	333	-
Other income (Notes 21 and 27)	58,463	2	78,323	3
Other gains and losses, net (Notes 4 and 21)	21,536	-	(16,968)	(1)
Financial cost, net (Notes 4, 21 and 27)	(41,206)	(1)	(31,241)	(1)
Share of loss of subsidiaries and associates for using equity method, net (Notes 4 and 10)	<u>(6,939)</u>	<u>-</u>	<u>(161,633)</u>	<u>(6)</u>
Total non-operating income and expenses	<u>32,501</u>	<u>1</u>	<u>(131,186)</u>	<u>(5)</u>
Profit from continuing operations before tax	486,747	15	264,549	9
Income tax expense (Notes 4 and 22)	<u>81,601</u>	<u>2</u>	<u>84,841</u>	<u>3</u>
Profit	<u>405,146</u>	<u>13</u>	<u>179,708</u>	<u>6</u>

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	2022		2021	
	Amount	%	Amount	%
Other comprehensive incomes				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains on remeasurements of defined benefit plans (Notes 4 and 18)	\$ 5,377	-	\$ 2,266	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Notes 4 and 19)		-	(5,559)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss (Notes 4 and 19)	155	-	22	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation (Notes 4 and 19)	10,777	-	(3,573)	-
Share of other comprehensive gain of subsidiaries and associates for using equity method (Notes 4 and 19)	<u>1,931</u>	<u>-</u>	<u>705</u>	<u>-</u>
Total other comprehensive income (Net after tax)	<u>18,240</u>	<u>-</u>	<u>(6,139)</u>	<u>-</u>
Total comprehensive income	<u>\$ 423,386</u>	<u>13</u>	<u>\$ 173,569</u>	<u>6</u>
Basic earnings per share (Note 23)				
Basic earnings per share	<u>\$ 5.33</u>		<u>\$ 2.02</u>	
Diluted earnings per share	<u>\$ 5.30</u>		<u>\$ 2.01</u>	

The accompanying notes constitute part of the parent company only financial statements.
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Integrated Service Technology Inc.
Parent Company Only Statements of Changes in Equity
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Common shares		Capital surplus	Retained earnings			Other equity		Treasury shares	Total equity
	Number of shares (in thousands of shares)	Amount		Legal reserve	Special reserve	Undistributed earnings (Accumulated deficit)	Gain or loss on financial asset valuation at fair value through other comprehensive income	Exchange differences on translation of financial statements of foreign operations		
Equity at beginning of period Jan. 1, 2021	93,575	\$ 935,751	\$ 2,630,865	\$ 163,770	\$ 99,815	\$ 169,523	\$ 499	(\$ 92,644)	\$ -	\$ 3,907,579
Appropriation and distribution of earnings										
Legal reserve appropriated	-	-	-	11,815	-	(11,815)	-	-	-	-
Special reserve allocated	-	-	-	-	(1,324)	1,324	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(185,150)	-	-	-	(185,150)
Share-based payments	-	-	9,999	-	-	-	-	-	-	9,999
Changes in equity of subsidiaries and associates for using equity method	-	-	-	-	-	-	-	351	-	351
Profit for 2021	-	-	-	-	-	179,708	-	-	-	179,708
Other comprehensive income for 2021	-	-	-	-	-	2,288	(5,559)	(2,868)	-	(6,139)
Total comprehensive income for 2021	-	-	-	-	-	181,996	(5,559)	(2,868)	-	173,569
Purchase of treasury shares	-	-	-	-	-	-	-	-	(730,808)	(730,808)
Retirement of treasury share	(13,800)	(138,000)	(400,443)	-	-	(192,365)	-	-	730,808	-
Changes in ownership interests in subsidiaries	-	-	26,534	-	-	-	-	-	-	26,534
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(5,060)	5,060	-	-	-
Equity at end of period	79,775	797,751	2,266,955	175,585	98,491	(41,547)	-	(95,161)	-	3,202,074
Appropriation and distribution of earnings										
Legal reserve appropriated	-	-	-	23,118	-	(23,118)	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	-	(38,217)	-	38,217	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,593)	23,593	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(74,775)	-	-	-	(74,775)
Share-based payments	-	-	14,776	-	-	-	-	-	-	14,776
Profit for 2022	-	-	-	-	-	405,146	-	-	-	405,146
Other comprehensive income for 2022	-	-	-	-	-	5,532	-	12,708	-	18,240
Total comprehensive income for 2022	-	-	-	-	-	410,678	-	12,708	-	423,386
Purchase of treasury shares	-	-	-	-	-	-	-	-	(267,945)	(267,945)
Retirement of treasury share	(5,000)	(50,000)	(139,433)	-	-	(78,512)	-	-	267,945	-
Changes in ownership interests in subsidiaries	-	-	714	-	-	-	-	-	-	714
Equity at end of period	74,775	\$ 747,751	\$ 2,143,012	\$ 160,486	\$ 74,898	\$ 254,536	\$ -	(\$ 82,453)	\$ -	\$ 3,298,230

The accompanying notes constitute part of the parent company only financial statements.
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Integrated Service Technology Inc.
Parent Company Only Statements of Cash Flows
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Profit before tax	\$ 486,747	\$ 264,549
Adjustments to reconcile profit (loss):		
Depreciation expense	682,036	658,125
Amortization expense	7,258	5,518
Expected credit loss (gain)	2,072	(1,327)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,886)	1,741
Interest expense	41,206	31,241
Interest income	(647)	(333)
Share-based payments	14,776	9,999
Share of loss of subsidiaries and associates for using equity method	6,939	161,633
Gain on disposal of property, plan and equipment	(15,140)	(2,317)
Gain on disposal of investments accounted for using equity method	-	(12,880)
Unrealized foreign exchange loss (gain)	3,101	(844)
Other adjustments to reconcile profit (loss)	(290)	(170)
Changes in operating assets and liabilities		
Contract assets	-	1,150
Notes and accounts receivable	(137,302)	(105,623)
Accounts receivable due from related parties	8,345	(3,266)
Other receivable due from related parties	(5,060)	42,466
Prepayments and other current assets	(55,195)	8,430
Other operating assets	(112)	(55)
Contract liabilities	45,672	(12,983)
Notes and accounts payable	58,083	(9,772)
Accounts payable to related parties	(5,319)	(2,850)
Adjustments for other current liabilities	<u>125,577</u>	<u>(297,006)</u>
Cash generated from operations	1,255,861	735,426
Interest paid	(40,181)	(31,044)
Income taxes paid	<u>(97,117)</u>	<u>(41,629)</u>
Net cash generated from operating activities	<u>1,118,563</u>	<u>662,753</u>

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	2022	2021
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through profit or loss	\$ 1,016	\$ 601
Acquisition of investments accounted for using equity method	(5,000)	(90,070)
Proceeds from disposal of investments accounted for using equity method	-	33,898
Acquisition of property, plant and equipment	(712,502)	(497,960)
Proceeds from disposal of property, plant and equipment	21,784	383,526
Decrease in refundable deposits	(2,168)	(1,355)
Acquisition of intangible assets	(7,796)	(6,231)
Proceeds from disposal of other intangible assets	-	3,282
Decrease in long-term lease and installment receivables	4,340	4,230
Increase in other financial assets	(974)	270
Interest received	647	333
Dividends received	<u>6,630</u>	<u>3,050</u>
Net cash used in investing activities	(<u>694,023</u>)	(<u>166,426</u>)
Cash flows from financing activities		
Increase in short-term loans	(2,296)	246,571
Proceeds from long-term debt	610,000	1,426,000
Repayment of long-term debt	(617,400)	(1,174,400)
Increase in guarantee deposits received	3,589	-
Repayment of principal portion of lease liabilities	(53,969)	(49,120)
Cash dividends paid	(35,430)	(383,658)
Purchase of treasury stock	(<u>267,945</u>)	(<u>730,808</u>)
Net cash used in financing activities	(<u>363,451</u>)	(<u>665,415</u>)
Effect of exchange rate changes on cash and cash equivalents	<u>3,025</u>	(<u>583</u>)
Net increase (decrease) in cash and cash equivalents	64,114	(169,671)
Cash and cash equivalents at beginning of period	<u>361,968</u>	<u>531,639</u>
Cash and cash equivalents at end of period	<u>\$ 426,082</u>	<u>\$ 361,968</u>

The accompanying notes constitute part of the parent company only financial statements.
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023.)

Independent Auditors' Report

To Integrated Service Technology Inc.:

Opinion

We have audited the financial statements of Integrated Service Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet as of Dec. 31, 2022 and 2021 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2022 and 2021 and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis of Opinion

We conducted our audit of the consolidated financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Auditing Standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit section below. We are independent of Integrated Service Technology Inc. and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant and have fulfilled our other responsibilities in accordance with the Norm. Based on our audit results and the audit reports certified by other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022 are stated as follows:

Recognition of Revenue

The consolidated operating revenue of Integrated Service Technology Inc. and its subsidiaries for 2022 was NTD 3,742,682 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 22 to the consolidated financial statements for the details on accounting policies and information relevant to revenue recognition.

Revenue recognition is a risk assumed in the Statement on Auditing Standards. Customers of Integrated Service Technology Inc. and its subsidiaries are numerous and are in different industrial fields domestically and overseas. Thus for the specific customers with respect to which the revenue growth rate of the year exceeds that of the IST Group with such customers, the authenticity of revenue is listed as a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We understood the internal controls for the procedure of operating revenue recognition, tested and assessed the effectiveness of the internal controls.
2. We verified the authenticity of the customers, analyzed changes in each of the customers for the latest two years, and reviewed reasonableness of receivables turnover ratio.
3. We took adequate transactions from the whole year's operating revenue account as samples to review corresponding sales vouchers, documents signed by the customers for receipt of products, and record of receiving payments in order to confirm the authenticity and accuracy of recognized revenue.
4. We reviewed after the balance sheet date whether any material return and allowance for revenue was attributed to an event taking place in 2022 in order to confirm whether misstatements existed for the annual operating revenue of 2022.

Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2022 was NTD 1,324,447 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 9 to the consolidated financial statements.

The management used historical payment collection experience and the credit risk assumption for customers to evaluate impairment of accounts receivable. As such evaluation could involve the management's judgment, the evaluation on impairment of accounts receivable was therefore a key audit matter for this year.

Our key audit procedure performed in respect of the aforementioned key audit matter comprises the following:

1. We tested for accuracy of age distribution for accounts receivable and evaluated reasonableness of bad debt losses allocated by the management for accounts receivable.
2. We reviewed subsequent receipts of the accounts receivable due and unpaid as of the balance sheet date and verified whether the impairment of accounts receivable was reasonable.

Other Matters

As stated in Note 12 to the consolidated financial statements, the financial statements of some investee companies accounted for using the equity method, which have been included in the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries, were audited by other auditors instead of us. In our opinion expressed in the aforementioned consolidated financial statements, the amounts listed in the financial statements of such investee companies accounted for using the equity method were recognized based on the audit reports of other CPAs. As of Dec. 31, 2022 and 2021, the aforementioned investments accounted for using the equity method were NTD 631,647 thousand and NTD 573,816 thousand, respectively, which accounted for 9% and 8% of the total consolidated assets, respectively. For the years ended Dec. 31, 2022 and 2021, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 57,831 thousand and NTD 24,937 thousand, which accounted for 14% and 21% of the total consolidated comprehensive incomes, respectively.

Integrated Service Technology Inc. has prepared its separate financial statements for the years ended Dec. 31 2022 and 2021. For the financial statements, we have issued an audit report containing our unqualified opinion with other explanations stated in the Other Matters section for reference.

Responsibilities of the Management and the Units Charged with Governance for the Consolidated Financial Statements

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the

Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is also responsible for assessing the ability of Integrated Service Technology Inc. and its subsidiaries to continue as a going concern, disclosing relevant matters and using the going concern basis of accounting unless the management intends to liquidate Integrated Service Technology Inc. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

The units charged with governance (including the audit committee) are responsible for overseeing the financial reporting process of Integrated Service Technology Inc. and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards always detects any existing material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

In conducting the audit in accordance with the Auditing Standards, we exercise professional judgment and maintain professional skepticism. We also:

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

expressing an opinion on the effectiveness of the internal controls of Integrated Service Technology Inc. and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Conclude, based on the audit evidence obtained, on the appropriateness of the management's use of the going concern basis of accounting, and whether a material uncertainty exists in respect of any event or situation that may cast significant doubt on the ability of Integrated Service Technology Inc. and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the relevant disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or situations may cause Integrated Service Technology Inc. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the Notes) and whether the financial statements represent the underlying transactions and events fairly.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of Integrated Service Technology Inc. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the corporate audit, and also responsible for issuing our opinion based on our corporate audit.

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

We also provide the units charged with governance with a declaration that we have complied with applicable ethical requirements regarding independence, and communicate with them about all relationships and other matters that may reasonably be considered to impair our independence (and relevant preventive measures).

From the matters communicated with the units charged with governance, we determine the key audit matters in the audit of the financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2022. We describe these matters in our audit report unless any law or regulation precludes public disclosure of any of these matters or

when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report because the adverse consequences of such communication are reasonably expected to outweigh any public interest to be promoted.

Deloitte & Touche

Huang Yu-Feng, CPA

Tsai Mei-Chen, CPA

Securities and Futures Bureau Approval
No.:

Tai-Cai-Zheng-6-Zi-0920123784

Financial Supervisory Commission
Approval No.:

Jin-Guan-Zheng-Shen-Zi-1010028123

Mar. 14, 2023

Integrated Service Technology Inc. and Subsidiaries

Consolidated Balance Sheets

Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

A s s e t s	Dec. 31, 2022		Dec. 31, 2021		Liabilities and Equity	Dec. 31, 2022		Dec. 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents (Notes 4 and 6)	\$ 875,347	12	\$ 844,879	12	Current borrowings (Notes 4 and 17)	\$ 648,500	9	\$ 656,432	9
Current financial assets at fair value through profit or loss (Notes 4 and 7)	523	-	-	-	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	10	-
Current contract assets (Notes 4 and 22)	11,620	-	4,903	-	Current contract liabilities (Notes 4 and 22)	117,829	1	72,175	1
Notes and accounts receivable, net (Notes 4, 5 and 9)	1,311,491	18	1,216,017	17	Accounts payable	270,621	4	211,610	3
Finance lease receivables (Notes 4 and 10)	4,358	-	3,980	-	Accounts payable to related parties (Note 30)	692	-	6,203	-
Accounts receivable due from related parties, net(Note 30)	17,316	-	19,802	-	Payable on machinery and equipment	167,477	2	181,277	3
Other receivables	1,298	-	3,969	-	Dividends payable, non-cash assets distributions	74,775	1	35,430	1
Other receivables due from related parties (Note 30)	19,821	-	20,981	-	Current tax liabilities (Notes 4 and 24)	54,690	1	70,995	1
Prepayments and other current assets					Current lease liabilities (Notes 4 and 14)	53,276	1	82,432	1
(Notes 16 and 30)	152,335	2	105,898	2	Long-term borrowings, current portion (Notes 4, 18 and 31)	145,486	2	105,542	1
Other current financial assets (Note 31)	<u>16,633</u>	<u>-</u>	<u>12,431</u>	<u>-</u>	Other current liabilities, others (Notes 4, 19 and 30)	<u>535,688</u>	<u>7</u>	<u>386,488</u>	<u>5</u>
Total current assets	<u>2,410,742</u>	<u>32</u>	<u>2,232,860</u>	<u>31</u>	Total current liabilities	<u>2,069,034</u>	<u>28</u>	<u>1,808,594</u>	<u>25</u>
Non-current assets					Non-current liabilities				
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	27,282	1	22,172	-	Non-current portion of non-current borrowings (Notes 4, 18 and 31)	1,697,982	23	1,751,096	24
Investments accounted for using equity method (Notes 4 and 12)	756,424	10	689,319	10	Deferred tax liabilities (Notes 4 and 24)	5,056	-	3,998	-
Property, plant and equipment					Non-current lease liabilities (Notes 4 and 14)	247,886	3	331,151	5
(Notes 4, 5, 13 and 31)	3,881,876	52	3,794,212	53	Guarantee deposits received (Note 30)	<u>2,005</u>	<u>-</u>	<u>2,005</u>	<u>-</u>
Right-of-use assets (Notes 3, 4 and 14)	288,884	4	402,963	6	Total non-current liabilities	<u>1,952,929</u>	<u>26</u>	<u>2,088,250</u>	<u>29</u>
Other intangible assets (Notes 4 and 15)	14,280	-	15,030	-	Total liabilities	<u>4,021,963</u>	<u>54</u>	<u>3,896,844</u>	<u>54</u>
Deferred tax assets (Notes 4 and 24)	541	-	702	-	Equity attributed to owners of parent (Notes 4 and 21)				
Prepayments for business facilities	56	-	27,835	-	Ordinary share	747,751	10	797,751	11
Guarantee deposits paid	22,611	1	20,461	-	Capital surplus	2,143,012	29	2,266,955	31
Net defined benefit asset, non-current (Notes 4 and 20)	<u>21,460</u>	<u>-</u>	<u>15,971</u>	<u>-</u>	Retained earnings				
Total non-current assets	<u>5,013,414</u>	<u>68</u>	<u>4,988,665</u>	<u>69</u>	Legal reserve	160,486	2	175,585	3
					Special reserve	74,898	1	98,491	1
					Unappropriated retained earnings (accumulated deficit)	254,536	4	(41,547)	(1)
					Other equity, others	(<u>82,453</u>)	(<u>1</u>)	(<u>95,161</u>)	(<u>1</u>)
					Total equity attributable to owners of parent	3,298,230	45	3,202,074	44
					Non-controlling interests (Notes 21 and 27)	<u>103,963</u>	<u>1</u>	<u>122,607</u>	<u>2</u>
					Total equity	<u>3,402,193</u>	<u>46</u>	<u>3,324,681</u>	<u>46</u>
Total assets	<u>\$7,424,156</u>	<u>100</u>	<u>\$7,221,525</u>	<u>100</u>	Total liabilities and equity	<u>\$7,424,156</u>	<u>100</u>	<u>\$7,221,525</u>	<u>100</u>

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars,
except for EPS in New Taiwan Dollars

	2022		2021	
	Amount	%	Amount	%
Operating revenue (Notes 4, 22 and 30)	\$ 3,742,682	100	\$ 3,213,788	100
Operating costs (Notes 4, 23 and 30)	<u>2,726,860</u>	<u>73</u>	<u>2,412,076</u>	<u>75</u>
Gross profit from operations	<u>1,015,822</u>	<u>27</u>	<u>801,712</u>	<u>25</u>
Operating expenses (Notes 23 and 30)				
Selling expenses	106,933	3	101,919	3
Administrative expenses	444,823	12	395,422	12
Research and development expenses	127,111	3	117,166	4
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	<u>2,072</u>	<u>-</u>	<u>(1,327)</u>	<u>-</u>
Total operating expenses	<u>680,939</u>	<u>18</u>	<u>613,180</u>	<u>19</u>
Net operating income	<u>334,883</u>	<u>9</u>	<u>188,532</u>	<u>6</u>
Non-operating income and expenses				
Interest income (Notes 23 and 30)	2,737	-	1,575	-
Other income, others (Notes 23 and 30)	47,445	1	37,000	1
Other gains and losses, net (Notes 4 and 23)	58,428	1	(16,518)	-
Finance costs, net (Notes 4, 23 and 29)	(46,315)	(1)	(36,909)	(1)
Share of profit (loss) of associates for using equity method, net (Notes 4 and 12)	<u>70,935</u>	<u>2</u>	<u>38,551</u>	<u>1</u>
Total non-operating income and expenses	<u>133,230</u>	<u>3</u>	<u>23,699</u>	<u>1</u>
Profit from continuing operations before tax	468,113	12	212,231	7
Total tax expense (Notes 4 and 24)	<u>81,611</u>	<u>2</u>	<u>89,062</u>	<u>3</u>
Profit	<u>386,502</u>	<u>10</u>	<u>123,169</u>	<u>4</u>

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	2022		2021	
	Amount	%	Amount	%
Other comprehensive incomes				
Components of other comprehensive income that will not be reclassified to profit or loss				
Gains on remeasurements of defined benefit plans (Notes 4 and 20)	\$ 5,377	-	\$ 2,266	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(5,559)	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	155	-	22	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation (Notes 4 and 21)	10,777	1	(3,573)	-
Share of other comprehensive income of associates for using equity method, components of other comprehensive income that will be reclassified to profit or loss (Note 4)	1,931	-	705	-
Total other comprehensive income	18,240	1	(6,139)	-
Total comprehensive income	\$ 404,742	11	\$ 117,030	4
Profit, attributable to:				
Owners of parent	\$ 405,146	11	\$ 179,708	6
Non-controlling interests	(18,644)	(1)	(56,539)	(2)
	\$ 386,502	10	\$ 123,169	4
Comprehensive income attributable to:				
Owners of parent	\$ 423,386	11	\$ 173,569	6
Non-controlling interests	(18,644)	-	(56,539)	(2)
	\$ 404,742	11	\$ 117,030	4
Earnings per share (Note 25)				
Total basic earnings per share	\$ 5.33		\$ 2.02	
Total diluted earnings per share	\$ 5.30		\$ 2.01	

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	Interests attributed to owners of IST											
						Other equity		Treasury shares	Total owners' equity	Non-controlling interests	Total equity	
						Gain or loss on financial asset valuation at fair value through other comprehensive income	Exchange differences on translation of financial statements of foreign operations					
	Common shares		Capital surplus	Retained earnings								
Number of shares (in thousands of shares)	Amount	Legal reserve		Special reserve	Undistributed earnings (Accumulated deficit							
Balance at Jan. 1, 2021	93,575	\$ 935,751	\$ 2,630,865	\$ 163,770	\$ 99,815	\$ 169,523	\$ 499	(\$ 92,644)	\$ -	\$ 3,907,579	\$ 24,148	\$ 3,931,727
Appropriation and distribution of earnings												
Legal reserve appropriated	-	-	-	11,815	-	(11,815)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	(1,324)	1,324	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(185,150)	-	-	-	(185,150)	-	(185,150)
Share-based payments	-	-	9,999	-	-	-	-	-	-	9,999	-	9,999
Changes of associates accounted for using the equity method	-	-	-	-	-	-	-	351	-	351	-	351
Net profit for 2021	-	-	-	-	-	179,708	-	-	-	179,708	(56,539)	123,169
Other comprehensive income after tax for 2021	-	-	-	-	-	2,288	(5,559)	(2,868)	-	(6,139)	-	(6,139)
Total comprehensive income for 2021	-	-	-	-	-	181,996	(5,559)	(2,868)	-	173,569	(56,539)	117,030
Purchase of treasury shares	-	-	-	-	-	-	-	-	(730,808)	(730,808)	-	(730,808)
Retirement of treasury share	(13,800)	(138,000)	(400,443)	-	-	(192,365)	-	-	730,808	-	-	-
Changes in ownership interests in subsidiaries	-	-	26,534	-	-	-	-	-	-	26,534	(26,534)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	181,532	181,532
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(5,060)	5,060	-	-	-	-	-
Equity at end of period	79,775	797,751	2,266,955	175,585	98,491	(41,547)	-	(95,161)	-	3,202,074	122,607	3,324,681
Appropriation and distribution of earnings												
Legal reserve appropriated	-	-	-	23,118	-	(23,118)	-	-	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	-	(38,217)	-	38,217	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(23,593)	23,593	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(74,775)	-	-	-	(74,775)	-	(74,775)
Share-based payments	-	-	14,776	-	-	-	-	-	-	14,776	-	14,776
Net profit for 2022	-	-	-	-	-	405,146	-	-	-	405,146	(18,644)	386,502
Other comprehensive income after tax for 2022	-	-	-	-	-	5,532	-	12,708	-	18,240	-	18,240
Total comprehensive income for 2022	-	-	-	-	-	410,678	-	12,708	-	423,386	(18,644)	404,742
Purchase of treasury shares	-	-	-	-	-	-	-	-	(267,945)	(267,945)	-	(267,945)
Retirement of treasury share	(5,000)	(50,000)	(139,433)	-	-	(78,512)	-	-	267,945	-	-	-
Changes in ownership interests in subsidiaries	-	-	714	-	-	-	-	-	-	714	-	714
Equity at end of period	74,775	\$ 747,751	\$ 2,143,012	\$ 160,486	\$ 74,898	\$ 254,536	\$ -	(\$ 82,453)	\$ -	\$ 3,298,230	\$ 103,963	\$ 3,402,193

The accompanying notes constitute part of the consolidated financial statements.
(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended Dec. 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

	2022	2021
Cash flows from operating activities		
Profit before tax	\$ 468,113	\$ 212,231
Adjustments to reconcile profit (loss)		
Depreciation expense	800,966	825,623
Amortization expense	11,121	10,969
Expected credit loss (gain)	2,072	(1,327)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,659)	1,919
Interest expense	46,315	36,909
Interest income	(2,737)	(1,575)
Share-based payments	14,776	9,999
Share of profits of associates for using equity method	(70,935)	(38,551)
Gain on disposal of property, plan and equipment	(43,904)	(2,721)
Gain on disposal of intangible assets	(97)	-
Gain on disposal of investments accounted for using equity method	-	(12,880)
Unrealized foreign exchange loss	1,898	351
Other adjustments to reconcile profit (loss)	(1,702)	(170)
Changes in operating assets and liabilities		
Contract assets	(6,717)	(1,581)
Notes and accounts receivable	(99,563)	(142,073)
Accounts receivable due from related parties	2,365	(4,292)
Other receivable	2,671	(2,756)
Other receivable due from related parties	1,160	(2,866)
Prepayments and other current assets	(46,437)	(3,819)
Other operating assets	(112)	(55)
Contract liabilities	45,654	(13,039)
Notes and accounts payable	58,972	5,929
Accounts payable to related parties	(5,511)	279
Adjustments for other current liabilities	148,176	22,621
Cash generated from operations	1,319,885	899,125
Interest paid	(51,274)	(39,798)
Income taxes paid	(97,127)	(41,660)
Net cash generated from operating activities	1,171,484	817,667

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	2022	2021
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ -	\$ 17,044
Proceeds from disposal of financial assets at fair value through profit or loss	1,016	601
Proceeds from disposal of investments accounted for using equity method	-	33,898
Proceeds from disposal of subsidiaries (Note 12)	-	109,335
Acquisition of property, plant and equipment	(798,469)	(560,537)
Proceeds from disposal of property, plant and equipment	56,456	30,267
Decrease in refundable deposits	(2,150)	(44)
Acquisition of intangible assets	(10,376)	(10,293)
Proceeds from disposal of intangible assets	183	-
Decrease in long-term lease and installment receivables	4,340	4,230
Increase in other financial assets	(4,202)	68
Interest received	2,737	1,575
Dividends received	<u>6,630</u>	<u>3,050</u>
Net cash used in investing activities	(<u>743,835</u>)	(<u>370,806</u>)
Cash flows from financing activities		
Increase in short-term loans	(8,404)	254,475
Proceeds from long-term debt	630,650	1,451,000
Repayments of long-term debt	(643,820)	(1,201,118)
Payments of lease liabilities	(86,537)	(82,884)
Cash dividends paid	(35,430)	(383,658)
Capital reduction payments to shareholders	(267,945)	(730,808)
Change in non-controlling interests (Note 27)	<u>-</u>	<u>181,532</u>
Net cash used in financing activities	(<u>411,486</u>)	(<u>511,461</u>)
Effect of exchange rate changes on cash and cash equivalents	<u>14,305</u>	(<u>3,201</u>)
Net increase (decrease) in cash and cash equivalents	30,468	(67,801)
Cash and cash equivalents at beginning of period	<u>844,879</u>	<u>912,680</u>
Cash and cash equivalents at end of period	<u>\$ 875,347</u>	<u>\$ 844,879</u>

The accompanying notes constitute part of the consolidated financial statements.

(Please see the audit report made by Deloitte & Touche on Mar. 14, 2023)

Attachment 7**INTEGRATED SERVICE TECHNOLOGY INC.
2022 Profit and Loss Allocation Statement**

Unit: NTD

Item	Amount	
Undistributed earnings at the beginning of the year	0	
Net profit in current period	405,145,831	
Add: Actuarial gain or loss on pension	5,531,745	
Less: Treasury stock retired	(78,511,858)	
Less: Statutory surplus reserve drawn	(33,216,572)	
Add: Special surplus reserve	12,707,910	
Surplus available for distribution in current period		<u>311,657,056</u>
Allocations:		
1. Cash dividends for 2022 Q3 (NTD 1.0 per share)	74,775,121	
2. Cash dividends for 2022 Q4 (NTD 0.4 per share)	74,775,121	
Total allocations		<u>149,550,242</u>
Undistributed earnings at the end of the year		<u>162,106,814</u>

Note: Cash dividends were distributed based on the resolution made by the Board of Directors and were reported at the Shareholders' Meeting.

Chairman: Wei-Pin Yu

General Manager: Wei-Pin Yu

Accounting Manager: Yu-Sang Lin