# Integrated Service Technology Inc.

# Parent Company Only Financial Statements for the Years 2024 and 2023 and Independent Auditors' Report

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## Independent Auditors' 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 sheet as of Dec. 31, 2024 and 2023 and the parent-company-only statement of comprehensive income, parent-company-only statement of changes in equity and parent-company-only statement 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 parent-company-only financial conditions of Integrated Service Technology Inc. as of Dec. 31, 2024 and 2023 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 parent-company-only 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. 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, 2024. 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, 2024 are stated as follows:

Recognition of Revenue

The operating revenue of Integrated Service Technology Inc. for 2024 was NTD 3,803,818 thousand, mainly generated from service income for providing customers with product verification and analysis service. Please refer to Notes 4 and 21 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 Integrated Service Technology Inc. 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 2024 in order to confirm whether misstatements existed for the annual operating revenue of 2024.

Evaluation on Impairment of Accounts Receivable

The total amount of accounts receivable by Integrated Service Technology Inc. as of Dec. 31, 2024 was NTD 1,391,099 thousand. For accounting policies and information regarding accounts receivable, please refer to Notes 4 and 9 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 11 to the parent-company-only financial statements, the financial statements of some investee companies accounted for using the equity method, which have been included in the parent-company-only financial statements of Integrated Service Technology Inc., were audited by other auditors instead of us. In our opinion expressed in the aforementioned parent-company-only 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, 2024 and 2023, the aforementioned investments accounted for using the equity method were NTD 712,875 thousand and NTD 678,942 thousand, respectively, which accounted for 9% of the total assets. For the years ended Dec. 31, 2024 and 2023, the comprehensive income of the aforementioned associates accounted for using the equity method were NTD 33,933 thousand and NTD 47,295 thousand, which accounted for 8% and 12% of the total comprehensive income, respectively.

**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 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 financial statements represent the underlying transactions and events fairly.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within 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 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 parent-company-only financial statements of Integrated Service Technology Inc. for the year ended Dec. 31, 2024. 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 | Chang Ya-Yun, CPA |
| Securities and Futures Bureau Approval No.: Tai-Cai-Zheng-6-Zi-0920123784 | Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi-1110348898 |

March 11, 2025

Integrated Service Technology Inc.
Parent Company Only Balance Sheets

Dec. 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

| Assets | Dec. 31, 2024 Amount | % | Dec. 31, 2023 Amount | % |
|---|---|---|---|---|
| Current assets | | | | |
| Cash and cash equivalents (Notes 4 and 6) | $ 599,824 | 8 | $ 520,940 | 7 |
| Notes and accounts receivable, net (Notes 4, 5 and 9) | 1,375,839 | 18 | 1,380,403 | 19 |
| Finance lease receivables (Notes 4, 10 and 29) | 15,677 | - | - | - |
| Accounts receivable due from related parties (Note 29) | 24,197 | - | 25,101 | - |
| Other receivables due from related parties (Note 29) | 44,937 | 1 | 38,267 | 1 |
| Prepayments and other current assets (Notes 15, 23 and 29) | 87,954 | 1 | 116,915 | 2 |
| Other current financial assets (Note 30) | - | - | 3,719 | - |
| Total current assets | 2,148,428 | 28 | 2,085,345 | 29 |
| Non-current assets | | | | |
| Non-current financial assets at fair value through profit or loss (Notes 4 and 7) | 23,769 | - | 27,692 | - |
| Financial assets measured at fair value through other comprehensive income (Notes 4 and 8) | 142,494 | 2 | - | - |
| Investments accounted for using equity method (Notes 4, 11 and 33) | 1,183,317 | 15 | 1,382,613 | 19 |
| Property, plant and equipment (Notes 4, 12, 29 and 30) | 3,760,390 | 49 | 3,460,117 | 48 |
| Right-of-use assets (Notes 4 and 13) | 275,390 | 4 | 286,272 | 4 |
| Other intangible assets (Notes 4 and 14) | 9,896 | - | 5,066 | - |
| Deferred income tax assets (Notes 4 and 23) | 883 | - | - | - |
| Prepayments for business facilities | 105,893 | 1 | 5,219 | - |
| Guarantee deposits paid | 17,683 | - | 16,106 | - |
| Non-current leases receivable (Notes 4, 10 and 29) | 29,394 | 1 | - | - |
| Net defined benefit asset, non-current(Notes 4 and 19) | 25,239 | - | 19,579 | - |
| Total non-current assets | 5,574,348 | 72 | 5,202,664 | 71 |
| Total assets | $ 7,722,776 | 100 | $ 7,288,009 | 100 |

| Liabilities and Equity | Dec. 31, 2024 Amount | % | Dec. 31, 2023 Amount | % |
|---|---|---|---|---|
| Current liabilities | | | | |
| Current borrowings (Notes 4 and 16) | $ 579,669 | 8 | $ 862,476 | 12 |
| Current financial liabilities at fair value through profit or loss(Notes 4 and 7) | 114 | - | 236 | - |
| Current contract liabilities (Notes 4 and 21) | 134,141 | 2 | 133,898 | 2 |
| Notes and accounts payable | 277,771 | 4 | 162,598 | 2 |
| Accounts payable to related parties (Note 29) | 15,504 | - | 5,353 | - |
| Payable on machinery and equipment (Note 29) | 342,547 | 4 | 155,416 | 2 |
| Dividends payable (Note 20) | 171,023 | 2 | 151,065 | 2 |
| Current tax liabilities (Notes 4 and 23) | 28,192 | - | - | - |
| Current lease liabilities (Notes 4 and 13) | 71,719 | 1 | 54,024 | 1 |
| Long-term borrowings, current portion (Notes 4, 17 and 30) | 44,667 | 1 | 94,944 | 1 |
| Other current liabilities, others (Notes 4, 18 and 29) | 566,368 | 7 | 489,868 | 7 |
| Total current liabilities | 2,231,715 | 29 | 2,109,878 | 29 |
| Non-current liabilities | | | | |
| Non-current portion of non-current borrowings (Notes 4, 17 and 30) | 1,781,389 | 23 | 1,643,056 | 23 |
| Deferred tax liabilities (Notes 4 and 23) | - | - | 468 | - |
| Non-current lease liabilities (Notes 4 and 13) | 261,385 | 4 | 244,847 | 3 |
| Deferred government subsidy income (Notes 4 and 26) | 5,000 | - | - | - |
| Guarantee deposits received (Note 29) | 13,232 | - | 13,232 | - |
| Total non-current liabilities | 2,061,006 | 27 | 1,901,603 | 26 |
| Total liabilities | 4,292,721 | 56 | 4,011,481 | 55 |
| Equity (Notes 4 and 20) | | | | |
| Ordinary share | 743,667 | 10 | 755,409 | 10 |
| Capital collected in advance | 2,721 | - | 1,577 | - |
| Capital reserve | 2,132,798 | 27 | 2,172,448 | 30 |
| Retained earnings | | | | |
| Legal reserve | 240,027 | 3 | 204,651 | 3 |
| Special reserve | 102,819 | 1 | 69,941 | 1 |
| Unappropriated retained earnings | 340,087 | 5 | 298,129 | 4 |
| Other equity, others | ( 132,064 ) | ( 2 ) | ( 85,830 ) | ( 1 ) |
| Treasury shares | - | - | ( 139,797 ) | ( 2 ) |
| Total equity | 3,430,055 | 44 | 3,276,528 | 45 |
| Total liabilities and equity | $ 7,722,776 | 100 | $ 7,288,009 | 100 |

The accompanying notes constitute part of the parent-company-only financial statements.
(Please see the auditors' report made by Deloitte & Touche on Mar. 11, 2025.)

Integrated Service Technology Inc.
Parent Company Only Statements of Comprehensive Income
For the years ended Dec. 31, 2024 and 2023

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

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Operating revenue (Notes 4, 21 and 29) | $ 3,803,818 | 100 | $ 3,424,332 | 100 |
| Operating costs (Notes 22 and 29) | 2,636,191 | 69 | 2,273,466 | 66 |
| Gross profit from operations | 1,167,627 | 31 | 1,150,866 | 34 |
| Operating expenses (Notes 22 and 29) | | | | |
| Selling expenses | 97,566 | 3 | 85,815 | 2 |
| Administrative expenses | 413,896 | 11 | 370,250 | 11 |
| Research and development expenses | 160,431 | 4 | 122,604 | 4 |
| Expected credit impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | ( 187 ) | - | 2,588 | - |
| Total operating expenses | 671,706 | 18 | 581,257 | 17 |
| Net operating income | 495,921 | 13 | 569,609 | 17 |
| Non-operating income and expenses | | | | |
| Interest income (Note 22) | 3,803 | - | 2,251 | - |
| Other income, others (Notes 22 and 29) | 83,192 | 2 | 101,916 | 3 |
| Other gains and losses, net (Notes 4 and 22) | 38,593 | 1 | ( 75,006 ) | ( 2 ) |
| Finance cost, net (Notes 4, 22 and 29) | ( 54,081 ) | ( 1 ) | ( 54,354 ) | ( 2 ) |
| Share of profit (loss) of subsidiaries and associates for using equity method, net (Notes 4 and 11) | ( 30,961 ) | ( 1 ) | ( 125,459 ) | ( 4 ) |
| Total non-operating income and expenses | 40,546 | 1 | ( 150,652 ) | ( 5 ) |
| Profit before tax | 536,467 | 14 | 418,957 | 12 |
| Total tax expense (Notes 4 and 23) | 54,728 | 1 | 33,403 | 1 |
| Profit | 481,739 | 13 | 385,554 | 11 |

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| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Amount | % | Amount | % |
| Other comprehensive income | | | | |
| Components of other comprehensive income that will not be reclassified to profit or loss | | | | |
| Gains on remeasurements of defined benefit plans (Notes 4 and 19) | $ 5,415 | - | ($ 2,171) | - |
| Unrealized gains (losses) from equity instrument measured at fair value through other comprehensive income (Notes 4 and 20) | ( 67,116) | ( 2) | - | - |
| Share of other comprehensive income of associates accounted for using equity method (Note 4) | - | - | 33 | - |
| Components of other comprehensive income that will be reclassified to profit or loss | | | | |
| Exchange differences on translation of financial statements of foreign operations (Notes 4 and 20) | 15,057 | 1 | 489 | - |
| Share of other comprehensive income of subsidiaries and associates for using equity method (Notes 4 and 20) | 4,957 | - | ( 3,866) | - |
| Other comprehensive income (Net after tax) | ( 41,687) | ( 1) | ( 5,515) | - |
| Total comprehensive income | $ 440,052 | 12 | $ 380,039 | 11 |
| Earnings per share (Note 24) | | | | |
| Total basic earnings per share | $ 6.50 | | $ 5.15 | |
| Total diluted earnings per share | $ 6.44 | | $ 5.06 | |

The accompanying notes constitute part of the parent-company-only financial statements.
(Please see the auditors' report made by Deloitte & Touche on Mar. 11, 2025.)

Integrated Service Technology Inc.
Parent Company Only Statements of Changes in Equity
For the years ended Dec. 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

| | Ordinary shares | | | | Retained earnings | | | Other equity | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares (in thousands of shares) | Amount | Capital collected in advance | Capital reserve | Legal reserve | Special reserve | Undistributed earnings (Accumulated deficit) | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Exchange differences on translation of financial statements of foreign operations | Treasury shares | Total owners' equity |
| Balance at Jan. 1, 2023 | 74,775 | $ 747,751 | $ - | $ 2,143,012 | $ 160,486 | $ 74,898 | $ 254,536 | $ - | ( $ 82,453 ) | $ - | $ 3,298,230 |
| Appropriation and distribution of earnings | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | - | 44,165 | - | ( 44,165 ) | - | - | - | - |
| Reversal of special reserve | - | - | - | - | - | ( 4,957 ) | 4,957 | - | - | - | - |
| Cash dividends of ordinary shares | - | - | - | - | - | - | ( 300,615 ) | - | - | - | ( 300,615 ) |
| Changes in associates accounted for using the equity method | - | - | - | 11,232 | - | - | - | - | - | - | 11,232 |
| Exercise of the right to obtain gains on the sale of shares held by their holders for less than 6 months | - | - | - | 19 | - | - | - | - | - | - | 19 |
| Net profit for 2023 | - | - | - | - | - | - | 385,554 | - | - | - | 385,554 |
| Other comprehensive income after tax for 2023 | - | - | - | - | - | - | ( 2,138 ) | - | ( 3,377 ) | - | ( 5,515 ) |
| Total comprehensive income for 2023 | - | - | - | - | - | - | 383,416 | - | ( 3,377 ) | - | 380,039 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | ( 139,797 ) | ( 139,797 ) |
| Changes in ownership interests in subsidiaries | - | - | - | ( 22,616 ) | - | - | - | - | - | - | ( 22,616 ) |
| Share-based payments | - | - | - | 7,720 | - | - | - | - | - | - | 7,720 |
| Ordinary shares issued under the employee stock option plan | 766 | 7,658 | 1,577 | 33,081 | - | - | - | - | - | - | 42,316 |
| Balance at Dec. 31, 2023 | 75,541 | 755,409 | 1,577 | 2,172,448 | 204,651 | 69,941 | 298,129 | - | ( 85,830 ) | ( 139,797 ) | 3,276,528 |
| Appropriation and distribution of earnings | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | - | 35,376 | - | ( 35,376 ) | - | - | - | - |
| Reversal of special reserve | - | - | - | - | - | 32,878 | ( 32,878 ) | - | - | - | - |
| Cash dividends of ordinary shares | - | - | - | - | - | - | ( 296,873 ) | - | - | - | ( 296,873 ) |
| Changes in associated accounted for using the equity method | - | - | - | 1,990 | - | - | - | - | - | - | 1,990 |
| Net profit for 2024 | - | - | - | - | - | - | 481,739 | - | - | - | 481,739 |
| Other comprehensive income after tax for 2024 | - | - | - | - | - | - | 5,415 | ( 67,116 ) | 20,014 | - | ( 41,687 ) |
| Total comprehensive income for 2024 | - | - | - | - | - | - | 487,154 | ( 67,116 ) | 20,014 | - | 440,052 |
| Cancellation of treasury share | ( 1,562 ) | ( 15,620 ) | - | ( 44,108 ) | - | - | ( 80,069 ) | - | - | 139,797 | - |
| Disposal of investments accounted for using equity method | - | - | - | ( 12,710 ) | - | - | - | - | 868 | - | ( 11,842 ) |
| Changes in ownership interests in subsidiaries | - | - | - | ( 3,964 ) | - | - | - | - | - | - | ( 3,964 ) |
| Share-based payments | - | - | - | 3,147 | - | - | - | - | - | - | 3,147 |
| Ordinary shares issued under the Employee stock option plan | 388 | 3,878 | 1,144 | 15,995 | - | - | - | - | - | - | 21,017 |
| Balance at Dec. 31, 2024 | 74,367 | $ 743,667 | $ 2,721 | $ 2,132,798 | $ 240,027 | $ 102,819 | $ 340,087 | ( $ 67,116 ) | ( $ 64,948 ) | $ - | $ 3,430,055 |

The accompanying notes constitute part of the parent-company-only financial statements.
(Please see the auditors' report made by Deloitte & Touche on Mar. 11, 2025.)

Integrated Service Technology Inc.
Parent Company Only Statements of Cash Flows
For the years ended Dec. 31, 2024 and 2023
Unit: In Thousands of New Taiwan Dollars

| | 2024 | 2023 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | $ 536,467 | $ 418,957 |
| Adjustments to reconcile profit : | | |
| Depreciation expense | 684,766 | 682,964 |
| Amortization expense | 5,409 | 6,374 |
| Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 | ( 187) | 2,588 |
| Net gain on financial assets or liabilities at fair value through profit or loss | ( 2,283) | ( 6,103) |
| Financial cost | 54,081 | 54,354 |
| Interest income | ( 3,803) | ( 2,251) |
| Compensation cost for share-based payments | 3,147 | 7,720 |
| Share of profits of subsidiaries and associates accounted for using equity method | 30,961 | 125,459 |
| Gains on disposal of investments accounted for using equity method | ( 99,181) | - |
| Net foreign exchange loss (gain) | ( 4,411) | 2,341 |
| Profit from lease modification | ( 2,037) | ( 27) |
| Deferred income from government subsidy | 5,000 | - |
| Net changes in operating assets and liabilities | | |
| Notes and accounts receivable | 11,172 | ( 150,960) |
| Accounts receivable due from related parties | 976 | ( 4,613) |
| Other receivable due from related parties | ( 6,670) | ( 4,136) |
| Prepayments and other current assets | 28,768 | ( 4,618) |
| Defined benefit assets, net | ( 245) | ( 290) |
| Contract liabilities | 243 | 16,563 |
| Notes and accounts payable | 114,714 | ( 79,305) |
| Accounts payable to related parties | 10,151 | 4,621 |
| Oher current liabilities | 77,446 | 41,136 |
| Cash generated from operations | 1,444,484 | 1,110,774 |
| Interest paid | ( 65,047) | ( 52,517) |
| Income taxes paid | ( 27,694) | ( 88,438) |
| Net cash generated from operating activities | 1,351,743 | 969,819 |

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| | 2024 | 2023 |
|---|---|---|
| Cash flows from investing activities | | |
| Acquisition of financial assets at amortized cost | ($ 15,000) | $ - |
| Disposal of financial assets at amortized cost | 15,000 | - |
| Proceeds from disposal of financial assets at fair value through profit or loss | 6,084 | 6,452 |
| Acquisition of investments accounted for using equity method | ( 31,583) | ( 99,265) |
| Proceeds from investment reduction accounted for using equity method | 95,687 | - |
| Acquisition of property, plant and equipment | ( 830,651) | ( 644,586) |
| Increase in refundable deposits | ( 1,577) | ( 3,463) |
| Acquisition of intangible assets | ( 10,239) | ( 3,431) |
| Decrease in long-term lease and installment receivables | 15,625 | 4,358 |
| Decrease in other financial assets | 3,719 | 1,478 |
| Interest received | 3,803 | 2,251 |
| Dividends received from the investments accounted for using equity method | - | 6,958 |
| Net cash used in investing activities | ( 749,132) | ( 729,248) |
| Cash flows from financing activities | | |
| Increase (decrease) in short-term borrowings | ( 283,170) | 301,328 |
| Proceeds from long-term debts | 870,000 | 1,092,000 |
| Repayments of long-term debts | ( 781,944) | ( 1,157,400) |
| Payments of lease liabilities | ( 72,743) | ( 59,269) |
| Cash dividends paid | ( 276,915) | ( 224,325) |
| Exercise of employee stock options | 21,017 | 42,316 |
| Capital reduction payments to shareholders | - | ( 139,797) |
| Exercise of the right to obtain gains on the sale of shares held by their holders for less than 6 months | - | 19 |
| Net cash used in financing activities | ( 523,755) | ( 145,128) |
| Effect of exchange rate changes on cash and cash equivalents | 28 | ( 585) |
| Net increase in cash and cash equivalents for the year | 78,884 | 94,858 |
| Cash and cash equivalents at beginning of year | 520,940 | 426,082 |
| Cash and cash equivalents at end of year | $ 599,824 | $ 520,940 |

The accompanying notes constitute part of the parent-company-only financial statements.
(Please see the auditors' report made by Deloitte & Touche on Mar. 11, 2025.)

Integrated Service Technology Inc.

Notes to Parent-company-only Financial Statements

For the years ended Dec. 31, 2024 and 2023

(In Thousands of New Taiwan Dollars, except as otherwise indicated herein)

I. Corporate History

Integrated Service Technology Inc. (hereinafter referred to as IST) was incorporated in September 1994 after the approval of Ministry of Economic Affairs. Its main business activities include the R&D and manufacturing of integrated circuits, analysis, burn-in, testing, the import and export of semiconductor parts and relevant equipment, electronic parts, computer and computer components, and dealing with distribution, quotation and bidding activities concerning the aforementioned products as an agent on behalf of domestic and overseas companies.

Stocks of IST have been traded at Taipei Exchange since Dec. 28, 2004.

The New Taiwan Dollar, the functional currency adopted by IST, is used to express amounts indicated in the parent-company-only financial statements.

II. Date and Procedure of Adoption of Financial Statements

The parent-company-only financial statements were approved by the board of directors on Mar. 7, 2025.

III. Applicability of New and Amended Standards and Interpretations

(I) We initially apply International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (hereinafter referred to as IFRSs) endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the FSC).

Application of the IFRSs, which are recognized and published by the FSC, does not cause any significant change in accounting policies of IST.

(II) IFRSs Recognized by the FSC and Applied in 2025

| Standards Published / Amended / Revised and Interpretations | Effectiveness Date Announced by International Accounting Standards Board (IASB) |
|---|---|
| Amendments to IAS 21 Lack of Exchangeability | January 1, 2025 (Note 1) |
| Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments for the content of the application guidance for classification of financial assets | January1 ,2026 (Note 2) |

Note 1: These amendments are applicable for the annual reporting periods beginning on and after Jan. 1, 2025. For initial implementation of these amendments, the comparative period will not be rearranged and effects will be recognized in the retained earnings or the exchange differences on translation of foreign operations (as applicable) at the date of initial application and the assets and liabilities affected accordingly.

Note 2: These amendements are applicable for the annual reporting periods beginning on and after Jan. 1, 2026. However, enterprises may choose to apply in advance from Jan. 1, 2025. For initial implementation of these amendments, the amendments should be applied retroactively, but the comparative period should not be rearranged. The effects of initial application should be recognized at the date of initial application. If an enterprise is able to rearrange without use of hindsight, the enterprise may choose to rearrange a comparative period.

As of the date of publication of the parent-company-only financial statements, IST believes, after evaluation, the amendments to other standards and interpretations do not have a material impact on financial results.

(III) IFRSs Published by IASB already but Not Recognized or Published by FSC Yet:

| Standards Published / Amended / Revised and Interpretations | Effectiveness Date Announced by IASB (Note 1) |
|---|---|
| Annual Improvements to IFRS Accounting Standards – Volume 11 | January1 ,2026 |

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments for the content of the application guidance for derecognition of financial liabilities | January1 ,2026 |
| Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity | January1 ,2026 |
| Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Not decided yet |
| IFRS 17 Insurance Contracts | January 1, 2023 |
| Amendments to IFRS 17 | January 1, 2023 |
| Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information | January 1, 2023 |
| IFRS 18 Presentation and Disclosure in Financial Statements | January1 ,2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | January1 ,2027 |

Note 1: Except otherwise as indicated, the standards newly published/amended/revised or interpretations shall come into effect from the annual reporting period after the indicated date.

1. IFRS 18 Presentation and Disclosure in Financial Statements

   IFRS 18 will replace IAS 1 Presentation of Financial Statements. Main changes in the Standard include:

   - The income statement should divide income, expenses and taxes into business, investment, financing, income tax and discontinuing operation categories.
   - The income statement should list the subtotal and the total of the operating income, the profit or loss before financing and tax, and the profit or loss.
   - Guidance provided for consolidation of the rules of aggregation and disaggregation: IST should identify the assets, liabilities, equity, income, expenses, losses and cash flows being generated from individual transactions and other events, and classify and aggregate based on their common characteristics to ensure that every item listed in each single column in the primary financial statements share at least one similar characteristic. In the primary financial statements and the notes thereto, items with different characteristics shall be disaggregated. IST lists

items as “others” only when IST is unable to find a more informative name for such items.

- Addition of the disclosure of the performance measurement defined by the management: For conducting public communication beyond financial statements and sharing a specific concept of overall financial performance with users of the financial statements, IST shall disclose, in the notes to the financial statements, the information of the performance measurement defined by the management, including description of the measurement, calculation methods, adjustment of the subtotal or total amount specified in the IFRSs, and income tax and non-controlling interest effects.

In addition to the impacts mentioned above,as of the date of publication of the parent-company-only financial statements, IST still continued evaluating the impact of the amendments to other standards and interpretations on financial results. Relevant impacts will be disclosed after the evaluation is completed.

## IV. Explanations of Material Accounting Policies

### (I) Declaration of Compliance

The parent-company-only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### (II) Preparation Basis

The parent-company-only financial statements are prepared on the basis of historical cost, except for the financial instruments at fair value, and the net defined benefit asset recognized based on the current value of defined benefit obligations less the fair value of plan assets.

Fair value measurement is classified from level 1 to level 3 based on observable level and importance of relevant inputs.

1. Level 1 Inputs: They refer to the prices of the same assets or liabilities obtained in the active market on measurement date (not adjusted).
2. Level 2 Inputs: They refer to direct inputs (i.e. prices) or indirect inputs (presumed from prices) observable, except level 1 prices, for assets or liabilities.
3. Level 3 Inputs: They refer to inputs not observable for assets or liabilities.

In preparing the parent-company-only financial statements, IST uses the equity method to deal with investments in subsidiaries and associates. To ensure that the current profit and loss, other comprehensive income and equity specified in the parent-company-only financial statements are the same as the current profit and loss, other comprehensive income and equity attributed to owners of IST in the consolidated financial statements, IST adjusts the ”investments accounted for using the equity method,” ”share of profits or losses of subsidiaries and associates accounted for using the equity method,” “share of other comprehensive income of subsidiaries and associates accounted for using the equity method” and relevant equity items to respond to accounting treatment differences in preparation of the parent-company-only financial statements and the consolidated financial statements.

(III) Standards of Distinguishing Current Assets and Liabilities from Non-current Assets and Liabilities

Current assets include:

1. Assets held primarily for sale;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including the same that would be used to exchange or pay off liabilities 12 months after the balance sheet date and be therefore restricted).

Current liabilities include:

1. Liabilities held primarily for sale;
2. Liabilities due and repaid within 12 months after the balance sheet date; and
3. Liabilities for which the repayment period cannot be unconditionally postponed to at least 12 months after the balance sheet date.

The assets and liabilities which are not listed as current assets and current liabilities above are classified as non-current assets and non-current liabilities.

(IV) Foreign Currency

For the transactions completed by IST using a (foreign) currency rather than its functional currency, IST converts the foreign currency to the functional currency at the exchange rate prevailing on the date of transaction in preparing the financial statements.

Foreign monetary items are converted at the closing rate on the balance sheet date. Exchange differences generated from the transfer or conversion of monetary items are recognized in profit or loss for the current year when the differences occur.

Foreign currency non-monetary items measured at fair value are converted at the exchange rate on the date when fair value is determined. Exchange differences generated are listed as current profit or loss. However, in case of changes in fair value that are recognized in other comprehensive income or losses, the exchange differences generated are listed as other comprehensive income or loss.

Foreign currency non-monetary items measured at historical cost are converted at the exchange rate on the date of transaction and will not be re-converted.

If IST disposes all equity of a subsidiary operating overseas, or disposes part of the equity of a subsidiary operating overseas but loses its control over the subsidiary, then the accumulate exchange differences that are attributable to the owners of IST and relevant to the entities operating overseas will be reclassified to profit or loss.

(V) Investments in Subsidiaries

Investments made by IST in subsidiaries are measured by using the equity method.

A subsidiary means an entity over which IST have control.

With the equity method, investments in subsidiaries are originally recognized at cost. After the date of acquisition, the book amount increases or decreases correlatively subject to the share of the profits, losses, other comprehensive income and profit distribution enjoyed by IST from subsidiaries. Besides, changes in the equity of subsidiaries to be enjoyed by IST are recognized proportionally based on the ratio of shareholding.

When changes in IST's ownership interests in a subsidiary do not cause IST to lose its control over the subsidiary, the changes are treated as equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received is recognized directly as equity.

When IST's share of loss in a subsidiary equals or exceeds its interests in the subsidiary (including the book amount of investments in the subsidiary accounted for using the equity method, and other long-term interests substantially comprising IST's net investments in the subsidiary), any further loss shall be recognized proportionally based on the ratio of shareholding.

Acquisition cost exceeding IST's share of the identifiable assets and liabilities of subsidiaries in fair value on the date of acquisition is recognized as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized. When the share of the identifiable assets and liabilities of subsidiaries in fair value enjoyed by IST on the acquisition date exceeds the amount of the acquisition cost, such excess is recognized as current profit.

In evaluating impairment, IST uses the financial statements as a whole to consider cash-generating units and compares the recoverable amount with the book amount. If the recoverable amount of the asset increases afterward, the reversal of impairment loss is recognized as profit. However, the book amount of the asset, after the impairment loss is reversed, shall not exceed the book amount of the asset from which the amortization to be allocated is subtracted before the impairment loss is recognized for the asset. Impairment loss attributed to goodwill shall not be reversed in a subsequent period.

When IST loses its control over a subsidiary, IST measures its remaining investment in the former subsidiary at the fair value effective on the date when IST loses its control over the subsidiary. The difference between the fair value of the remaining investment and any disposal proceeds and the book amount of the investment on the date when IST loses its control over the former subsidiary is listed in current profit or loss. In addition, the accounting treatment of all amounts relevant to such subsidiary to be recognized in other comprehensive income is the same as the accounting base complied with by IST to directly dispose relevant assets or liabilities.

Unrealized profits or losses generated from downstream transactions between IST and a subsidiary are eliminated in the parent-company-only financial statements. Profits or losses generated from upstream and sidestream transactions between IST and a subsidiary are recognized in the parent-company-only financial statements only to the extent that the equity of the subsidiary owned by IST is not relevant.

(VI) Investments in Associates

An associate refers to an enterprise on which IST has a significant influence and that is not a subsidiary or joint venture of IST.

Investments made by IST in associates are measured by using the equity method.

With the equity method, investments in associates are originally recognized at cost. After the date of acquisition, the book amount increases or decreases correlatively subject to the share of the profits, losses, other comprehensive income and profit distribution enjoyed by IST from associates. Besides, changes in equity of associates are recognized proportionally based on the ratio of shareholding.

Acquisition cost exceeding IST's share of the identifiable assets and liabilities of associates in fair value on the date of acquisition is recognized as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized.

If IST fails, when an associate issues new shares, to subscribe for shares proportionally at the rate of its shareholding so that the rate of its shareholding changes and the net equity of the investment increases or decreases accordingly, then capital reserve is adjusted by such increase or decrease – changes in net equity of associates accounted for using the equity method, and investments accounted for using the equity method. If the aforementioned adjustment is debited to capital reserve and the balance of capital reserve generated from the investments accounted for using the equity method is not sufficient, then the difference id debited to retained earnings.

When IST's share of loss in an associate equals or exceeds its interests in the associate (including the book amount of investments in the associate accounted for using the equity method, and other long-term interests substantially comprising IST's net investments in the associate), no loss shall be further recognized. IST recognizes additional losses and liabilities only to the extent of legal obligations or constructive obligations incurred or payments made on behalf of the associate.

In evaluating impairment, IST regards the entire book amount of investments (including goodwill) as single assets and compares the recoverable amount with the book amount to perform the impairment test. The impairment loss recognized is not amortized to any assets (including goodwill) that constitute part of the book amount of investments. Any reversal of impairment loss is recognized to the extent of the subsequent increase in the recoverable amount of the investments.

IST stops using the equity method when it does not invest in the associate anymore. Its retained interests in the associate are measured at faire value. The difference between the faire value and disposal proceeds and the book amount of investments as of the date when it stops using the equity method is listed in current profit or loss.

Profits or losses generated from upstream, downstream and sidestream transactions between IST and an associate are recognized in the parent-company-only financial statements only to the extent that the equity of the associate owned by IST is not relevant.

(VII) Property, Plant and Equipment

Property, plant and equipment are recognized at cost and measured subsequently based on the amount of cost less the accumulated depreciation and accumulated impairment loss.

No depreciation is allocated for self-owned land. Each important portion of other property, plant and equipment is depreciated within service life by using the straight line method. IST reviews the estimated service life, residual value and depreciation method at least at the end of every year and put off the effect of applicable changes in accounting estimates.

Upon derecognition of property, plant and equipment, the difference between the net proceeds on disposal and the book amount of the assets is recognized in profit or loss.

(VIII) Intangible Assets

1. Individual Acquisition

Intangible assets with limited service life acquired individually are originally measured at cost and measured subsequently based on the amount of cost less accumulated amortization. Intangible assets are amortized within service life by using the straight line method. Estimated service life, residual value and amortization method are reviewed at least at the end of every year and the effect of applicable changes in accounting estimates shall be put off. Intengible assets with defined servie life are recorded at cost less accumulated impairment loss.

2. Derecongition

Upon derecongition of intangible assets, the difference between the net disposal proceeds and the book amount of such assets is recognized in current profit or loss.

(IX) Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

IST evaluates on every balance sheet date whether there is any sign indicating that property, plant and equipment, right-of-use assets or intangible assets may be impaired. In case of any sign of impairment, a recoverable amount is estimated for the assets. If a recoverable amount cannot be estimated for any individual asset, IST will estimate the recoverable amount of the cash-generating unit (CGU) of the concerned asset.

The recoverable amount is the higher of fair value less costs to sell and use value. If the recoverable amount of individual assets or CGUs is less than the book amount thereof, then the book amount of the assets or CGUs will be reduced to the recoverable amount, and the impairment loss will be recognized in profit and loss.

Upon subsequent reverse of impairment loss, the book amount of the assets or CGUs is increased to the revised recoverable amount. However, the increased book amount shall not exceed the book amount (less amortization or depreciation) determined if the impairment loss of the assets or CGUs was not recognized in the previous year. Reverse of impairment loss is recognized in profit and loss.

(X) Financial Instruments

Financial assets and financial liabilities are recognized in the parent-company-only balance sheet when IST becomes a party to the contract concerning the instruments.

If financial assets or financial liabilities are not measured at fair value through profit or loss ("FVTPL"), the financial assets or financial liabilities, upon original recognition, are measured at fair value plus transaction cost attributable directly to the obtained or issued financial assets or financial liabilities. Transaction cost attributable directly to the obtained or issued financial assets or financial liabilities at FVTPL is recognized as profit and loss immediately.

1. Financial Assets

Routine transactions of financial assets are recognized and derecognized on transaction date.

(1) Type of Measurement

Financial assets held by IST are financial assets at FVTPL, financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income ("FVTOCI").

A. Financial Assets at FVTPL

Financial assets at FVTPL include the financial assets that are enforced or designated to be measured at FVTPL. The financial assets enforced to be measured at FVTPL include the investments in equity instruments not designated to be measured at FVTPL.

Financial assets at FVTPL are measured at fair value while the dividends, interest and remeasured profits or losses thereof are recognized in other profits and losses. For the method used to determine fair value, please refer to Note 28.

B. Financial Assets at Amortized Cost

Financial assets invested by IST are classified as the financial assets measured at amortized cost if both of the following conditions are satisfied simultaneously:

a. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and

b. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

After being recognized originally, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at mortised cost (including accounts receivable from related parties), other receivables (including receivables from related parties), limited bank deposits and refundable deposits) are measured at the amortized cost of the total book amount less any impairment loss determined by the effective interest method. Foreign exchange gains or losses are recognized in profit or loss.

Interest income is computed at the effective interest rate multiplied by the total book amount of financial assets.

Cash equivalents include the time deposits that are highly liquid and may be transferred to a fixed amount of cash any time with minimal risk of changes in value to fulfill short-term cash commitments.

C. Investments in Equity Instruments at Fair Value through Other Comprehensive Income ("FVTOCI")

Upon original recognition, IST may irrevocably choose to indicate that the investments in equity instruments which are not possessed for sale and not recognized by acquirers of business combinations or for which considerations are provided shall be measured at FVTOCI.

Investments in equity instruments at FVTOCI are measured at fair value, and the subsequent changes in fair value are listed in other comprehensive income or losses and accumulated in other equity. Upon disposal of investments, accumulated profits or losses are transferred directly to retained earnings and will not be reclassified as profits or losses.

Dividends for investments in equity instruments at FVTOCI are recognized in profits immediately when IST's right to collect payments has been established unless the dividends obviously represent part of the investment cost recovered.

(2) Impairment of Financial Assets

IST evaluates impairment loss of financial assets at amortized cost (including accounts receivable), finance leases receivable and contract assets based on the expected credit loss every balance sheet date.

Loss allowances for accounts receivable and finance leases receivable are recognized based on the expected credit loss for the duration of accounts receivable, finance leases receivable and contract assets. As for other financial assets, IST determines whether credit risks increases significantly after the original recognition of such other financial assets. If the risk does not increase significantly, then loss allowances for other financial assets are recognized based on the expected credit loss for 12 months. If the risk increases significantly, loss allowances are recognized based on the expected credit loss for the duration of such other financial assets.

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

For all financial assets, impairment loss is reflected by reducing the book amount of the financial assets through the allowance account.

(3) Derecognition of Financial Assets

IST derecognizes financial assets only when their rights to cash flows from financial assets under a contract expire or when financial assets have been transferred and almost all risks of ownership of the assets and payments of the assets have been transferred to other enterprises.

Upon derecognition of the entire financial assets measured at amortized cost, the difference between the book amount of the financial assets and the received consideration is recognized in profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the accumulated profits or losses of the investments in equity instruments are transferred to retained earnings directly instead of being reclassified as profit or loss.

2. Equity Instruments

The debt and equity instruments issued by IST are classified as financial liabilities or equity based on the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

The equity instruments issued by IST are recognized based on the obtained consideration less the cost of direct issuance.

The equity instruments of IST taken back are recognized as and subtracted from equity. The book amount thereof is calculated based on weighted average subject to types of stocks. No purchase, sale, issuance or annulment of equity instruments of IST shall be recognized as profit or loss.

3. Financial Liabilities

(1) Subsequent Measurement

All financial liabilities, except financial liabilities at FVTPL, are measured at amortized cost by using the effective interest method.

Financial liabilities at FVTPL are held for trading. Financial liabilities held for trading are measured at fair value. Interest incurred is recognized in financial cost, and other gains or losses generated by remeasurement are recognized in other gains or losses. For the method used to determine fair value, please refer to Note 28.

(2) Derecognition of Financial Liabilities

With respect to derecognition of financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

4. Derivatives

The derivatives contracted for by IST are forward exchange agreements, which are used to manage exchange rate risk of IST.

Derivatives are recognized at fair value originally upon execution of the contract of derivatives, and are remeasured at fair value subsequently on the balance sheet date. The gain or loss generated by the subsequent measurement is recognized directly as profit or loss. Derivatives are listed as financial assets if the fair value thereof is a positive value, and listed as financial liabilities if the fair value is a negative value.

(XI) Revenue Recognition

After identifying its obligations under a contract made with a customer, IST amortizes the transaction price to each obligation and recognizes revenue upon fulfillment of each obligation.

For a contract based on which merchandise or service is delivered within one year after or before receipt of consideration, the transaction price is not adjusted for the important compositions thereof.

Service income derives from the R&D, manufacturing, analysis, burn-in and testing of integrated circuits.

IST provides service for a customer and the customer obtains and consumes performance effect simultaneously. The related revenue is recognized upon provision of service.

Customers were given gift vouchers upon sale of service under the customer loyalty program for their purchases to be made in the further. As the gift vouchers provided important rights, the transaction prices to which the gift vouchers were amortized were recognized as contract liabilities upon receipt of the gift vouchers and listed as revenue upon redemption or expiration of the gift vouchers.

(XII) Lease

Upon establishment of a contract, IST evaluates whether the contract is (or includes) a lease.

1. IST is a lessor.

If almost all of the risks pertaining to the ownership of the assets and the compensation are required to be transferred to the lessee in accordance with the terms of the lease, then the lease is classified as a financed lease. All other leases are classified as operating leases.

When subleasing right-of-use assets, IST determines the classification of the sublease (instead of the subject assets). However, if the master lease is applicable to the short-term leases for which IST recognizes exemptions, then the sublease is classified as an operating lease.

Lease payments under a finance lease include fixed payments. Net investment in the lease is measured at the current value of lease payments receivable and is expressed as finance leases receivable. Finance income are amortized to relevant accounting periods to reflect the fixed rate of return obtained for each accounting period based on the net of unexpired lease investments of IST.

Lease payments under the operating lease are recognized as income for the lease period on a straight-line basis.

2. IST is a lessee.

For other leases, right-of-use assets and lease liabilities are recognized on the date of lease commencement, except for leases of low-value assets for which exemptions can be recognized and short-term leases, in which case, lease payments are recognize as expenses for the lease period on a straight-line basis.

Right-of-use assets are originally measured at cost (including the amount of originally measured lease liabilities). They are subsequently measured based on the cost less accumulated depreciation and accumulated impairment loss, and the remeasured amount of lease liabilities is adjusted accordingly. Right-of-use assets are expressed separately in the parent-company-only balance sheet.

Right-of-use assets are depreciated on a straight-line basis between the date of lease commencement and the expiration of the service life or expiration of the lease period, whichever comes first.

Lease liabilities are originally measured based on the current value of lease payments (including periodical payments). If a lease implies an interest rate that can be determined easily, then lease payments are discounted at the interest rate. If the interest rate cannot be determined easily, then the lessee's incremental borrowing rate of interest is used.

After that, lease liabilities are measured at amortized cost by using the effective interest method, and interest expenses are amortized for the leasing. If the index or rate determined for lease payments changes during the lease period, then IST remeasures lease liabilities and adjusts right-of-use assets accordingly. However, if the book amount of right-of-use assets has been reduced to zero, then the rest of the remeasured amount is recognized in profit or loss. Lease liabilities are expressed separately in the parent-company-only balance sheet.

(XIII) Borrowing Cost

The borrowing cost directly attributable to the acquisition, construction or production of the assets that meet requirements is part of the cost of the assets until almost all activities necessary for the assets to be used or sold as expected have been completed.

If specific borrowings are used for temporary investments prior to occurrence of the capital expenditure that meets requirements, then any and all investment income earned accordingly are subtracted from the borrowing costs satisfying the condition of capitalization.

Except otherwise as stated above, all other borrowing costs are recognized as loss for the year when the costs occur.

(XIV) Government Subsidies

A government subsidy is recognized only when IST is reasonably believed to comply with the conditions attached to the government subsidy and will receive the subsidy.

Income-related government subsidies are recognized as other income on a systemic basis for the year in which IST recognizes as expenses the costs to be covered by the subsidies.

The subsidies granted by the government on condition that IST purchases, constructs or otherwise acquires non-current assets are recognized as deferred government subsidy income and are transferred to profit/loss in service lives of corresponding assets on a reasonable and systematic basis.

(XV) Employee Benefits

1. Short-term Employee Benefits

Liabilities relevant to short-term employee benefits are measured based on non-discounted amounts expected to pay to exchange for employees' service.

2. Post-employment Benefits

As for retirement pensions under the defined contribution plan, the pension amounts allocated for the period when employees provide service are recognized as expenses.

Defined costs (including service costs, net interest and remeasurements) of the defined benefit plan are calculated by using the projected unit credit method. Current service costs and net interest on defined benefit assets are recognized as employee benefit expenses upon their occurrence. Remeasurements (including actuarial gains and losses, and return on plan asset less interest) are recognized as other comprehensive income or losses and listed in retained earnings upon their occurrence, and will not be reclassified to profit or loss.

Net defined benefit assets are allocated surplus of the defined benefit plan. Net defined benefit assets shall not exceed the current value of the refund of contributions from the plan or the reduction in future contributions.

(XVI) Share-based Payment Arrangement

Employee stock options are recognized as expenses on a straight-line basis for the vesting period based on the fair value of equity instrument on the grant date and the best estimate of the employee stock options expected and obtained, and the "capital reserve－employee stock option" is also adjusted simultaneously. If employee stock options are vested immediately on the grant date, then all such options shall be recognized as expenses on the grant date.

IST amends the estimate of the expected employee stock options on each balance sheet date. If an originally estimated amount is amended, then its effects are recognized as profit or loss so that accumulated expenses reflect the amended estimate, and the "capital reserve－employee stock option" is also adjusted accordingly.

(XVII) Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current Income Tax

   IST determines its income (losses) for the current period in accordance with the regulations enacted by the Republic of China and calculates income tax payable (refundable) based on such income (losses).

   The income tax on unappropriated earnings computed in accordance with the Income Tax Act of the Republic of China is recognized for the year when the resolution is adopted at the shareholders' meeting.

   Adjustment made for the previous year's income tax payable is listed in current income tax.

2. Deferred Income Tax

   Deferred income tax is computed based on temporary differences generated from the book amounts of assets and liabilities and the tax base used to compute taxable income.

   Deferred income tax liabilities are generally recognized based on taxable temporary differences. Deferred income tax assets are recognized when there may probably be taxable income from which the tax credits generated from temporary differences can be subtracted.

   Taxable temporary differences relevant to investments in subsidiaries and associates are recognized as deferred income tax liabilities, except when IST is able to control the point of reverse of temporary differences and the taxable temporary differences will not be reversed in the foreseeable future. Deductible temporary differences relevant to the investments are recognized as deferred income tax assets only to the extent of the foreseeable reverse expected in the future when there is taxable income sufficient to realize temporary differences.

   The book amount of deferred income tax assets is reviewed again on every balance sheet date. For all or part of assets that taxable income may probably not be sufficient to recover, the book amount is reduced. Those that are not originally recognized as deferred income tax assets are also reviewed again on every balance sheet date. The book amount is increased when there may be any taxable income used to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate applicable to the year when liabilities are expected to be repaid or assets are expected to be realized. The interest rate refers to the interest rate determined by the tax law that is enacted or substantially enacted as of the balance sheet date. Deferred income tax liabilities and assets are measured to reflect the tax consequences generated in the way that IST expects to recover or repay the book amount of its assets or liabilities as of the balance sheet date.

3. Current and Deferred Income Taxes

Current and deferred income taxes are recognized in profit or loss. However, the current and deferred income taxes relevant to the items recognized in other comprehensive income or losses or those included directly in equity are recognized in other comprehensive income or losses or included directly in equity respectively.

## V. Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty

For relevant information not available by IST from other resources in applying accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual result may probably differ from the estimate.

Main Sources of Estimates and Assumption Uncertainty

Impairment of Financial Asset Estimates

Impairment of accounts receivable was estimated based on the assumptions of probability of default and loss given default made by IST. IST considered historical experience and current market conditions to make its assumptions and choose input values for the impairment of estimates. For the important assumptions and input values used, please refer to Note 9. If the actual cash flows in the future are less than those expected, a material impairment loss may occur.

## VI. Cash and Cash Equivalents

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Cash on hand and revolving funds | $ 135 | $ 130 |

| | | |
|---|---|---|
| Bank checks and saving deposits of bank | 584,689 | 520,810 |
| Cash Equivalents | | |
| Time deposits | 15,000 | - |
| | $599,824 | $520,940 |

The interest rate range of time deposits as of the balance sheet date is as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Bank deposits | 0%~0.90% | 0%~1.45% |

VII. Financial Instruments at Fair Value through Profit and Loss

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Financial assets—Non-current | | |
| At fair value through profit or loss compulsorily—Not listed (non-OTC) | | |
| Beneficiary certificates of funds | $ 23,769 | $ 27,692 |
| | | |
| Financial liabilities—Current | | |
| Held for trading | | |
| Derivatives (not designed for hedging) | | |
| —Forward exchange agreement | $ 114 | $ 236 |

The forward exchange agreements to which hedge accounting was not applied and were not mature on the balance sheet date are as follows:

| | Currency | Maturity Period | Contract Price (in thousands of NT dollars) |
|---|---|---|---|
| Dec. 31, 2024 | | | |
| Forward foreign exchange purchase | TWD to JPY | January 2025 ~February 2025 | TWD 4,128/ JPY 31,810 |
| Dec. 31, 2023 | | | |
| Forward foreign exchange purchase | TWD to JPY | January 2024 ~ July 2024 | TWD 13,367/ JPY 85,610 |

IST engaged in forward exchange transactions in 2024 and 2023 primarily for the purpose of avoiding the risk incurred from foreign exchange fluctuation for foreign currency assets and liabilities.

VIII. Financial Assets Measured at Fair Value through Other Comprehensive Income Investments in Equity Instruments

| | Dec. 31, 2024 |
|---|---|
| Non-current | |
| Domestic investment | |
| Listed (OTC) shares | |
| Ordinary shares of BTL Inc. | $142,494 |

IST resigned as a director of BTL Inc. in June 2024. IST invested in ordinary shares of BTL Inc. based on a medium- and long-term strategy and expected to make profits through the long-term investment. IST chose to have such investment measured at fair value through other comprehensive income because the management of IST believed that short-term fluctuations in fair value of such investment to be listed in profits or losses would be inconsistent with the aforementioned long-term investment planning. For relevant explanation, please refer to Note 11.

IX. Notes and Accounts Receivable – Net

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Measured at amortized cost | | |
| Notes receivable | $ 671 | $ 387 |
| Accounts receivable | 1,391,099 | 1,396,134 |
| Less: Loss allowance | ( 15,931) | ( 16,118) |
| | $1,375,839 | $1,380,403 |

As for payments of the services sold by IST, the average credit period is between 30 and 120 days after the date of monthly settlement. No interest accrues for notes and accounts receivable. To reduce credit risk, the management of IST designates a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, IST reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of IST believes that IST's credit risk has significantly reduced.

IST recognizes, based on expected credit loss for the duration, the allowance for losses on accounts receivable. The expected credit loss for the duration is calculated by using the provision matrix, which considers the historical default records of customers, current financial conditions and the state of industrial economy. As shown in the history of credit loss incurred by IST, there is no significant difference between loss types in terms of different customer bases. Thus the provision matrix is not used to distinguish customer bases, but to determine expected credit loss rates based on the number of days the accounts receivable are past due.

If evidence shows that the counterparty encounters serious financial difficulties and IST is unable to reasonably expect a recoverable amount, then IST will write off relevant accounts receivable directly; however, claiming activities will still continue. Amounts claimed and recovered are recognized in profit.

The allowance for loss of accounts receivable loss measured by IST by using the provision matrix is as follows:

Dec. 31, 2024

| | Not overdue | Overdue for 1～90 days | Overdue for 91～180 days | Overdue for 180～365 days | Overdue for over 365 days | Total |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.20% | 1.24% | 8.18% | 47.62% | 100% | - |
| Total book amount | $1,216,388 | $ 146,478 | $ 4,708 | $ 23,253 | $ 272 | $1,391,099 |
| Loss allowance (Expected credit loss for the duration) | ( 2,379 ) | ( 1,823 ) | ( 385 ) | ( 11,072 ) | ( 272 ) | ( 15,931 ) |
| Amortized cost | $1,214,009 | $ 144,655 | $ 4,323 | $ 12,181 | $ - | $1,375,168 |

Dec. 31, 2023

| | Not overdue | Overdue for 1～90 days | Overdue for 91～180 days | Overdue for 180～365 days | Overdue for over 365 days | Total |
|---|---|---|---|---|---|---|
| Expected credit loss rate | 0.15% | 1.03% | 6.01% | 64.88% | 100% | - |
| Total book amount | $1,118,950 | $ 175,124 | $ 94,580 | $ 1,604 | $ 5,876 | $1,396,134 |
| Loss allowance (Expected credit loss for the duration) | ( 1,681 ) | ( 1,809 ) | ( 5,688 ) | ( 1,064 ) | ( 5,876 ) | ( 16,118 ) |
| Amortized cost | $1,117,269 | $ 173,315 | $ 88,892 | $ 540 | $ - | $1,380,016 |

Information of changes in the allowance for loss of accounts receivable is as follows:

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 16,118 | $ 13,530 |
| Add: Impairment loss allocated for the year | - | 2,588 |
| Less: Impairment loss reversed for the year | ( 187 ) | - |
| Ending balance | $ 15,931 | $ 16,118 |

X. Finance Leases Receivable

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Lease payments not discounted | | |
| 1st year | $ 16,387 | $ - |
| 2nd year | 15,626 | - |
| 3rd year | 8,892 | - |
| 4th year | 5,515 | - |
| | 46,420 | - |
| Less: Finance income not earned yet | ( 1,349 ) | - |
| Lease payments receivable | 45,071 | - |
| Net investment in the lease | $ 45,071 | $ - |

(Expressed as finance leases receivable)

XI. Investments Accounted for Using the Equity Method

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Investments in subsidiaries | $ 470,442 | $ 586,024 |
| Investments in associates | 712,875 | 796,589 |
| | $1,183,317 | $1,382,613 |

(I) Investments in Subsidiaries

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Samoa Integrated Service Technology（Samoa IST） | $244,762 | $257,882 |
| Supreme Fortune Corp.（Supreme Corp.） | 3,760 | 51,310 |
| Pin Wen Corp. (Pin Wen Company) | 58,670 | 73,228 |
| Innovative Turnkey Solution (ITS Company) | - | 18,722 |
| Prosperity Power Technology Inc. (PPT Company) | 163,250 | 184,882 |
| | $470,442 | $586,024 |

| | Percentage of ownership rights and voting rights held | |
|---|---|---|
| Name of subsidiary | Dec. 31, 2024 | Dec. 31, 2023 |
| Samoa IST | 100% | 100% |
| Supreme Corp. | 100% | 100% |
| ITS Company (Notes 1 and 3) | - | 51% |
| Pin Wen Company | 100% | 100% |
| PPT Company (Notes 2 and 3) | 71% | 75% |

Note 1： In August 2023, IST did not participate in the follow-on offering of ITS Company proportionally based on the percentage of its shareholding. IST acquired 13% of equity at NTD 59,265 thousand and the percentage of the ITS shares held by IST rose from 38% to 51%. Pin Wen Company did not participate in the follow-on offering of ITS Company proportionally based on the percentage of its shareholding and the percentage of the ITS shares held by Pin Wen Company reduced from 13% to 10%. IST held 61% of ITS shares aggregately as of Dec. 31, 2023.In addition, ITS Company merged with PPT Company on Mar. 31,

2024. (PPT Company is the surviving company while ITS Company is the dissolved company. For further information, please refer to Note 3.) All the ITS shares possessed by IST were exchanged for PPT shares as of Dec. 31, 2024.

Note 2： The percentage of the total PPT shares possessed by IST was 81% as of Dec. 31, 2023. ITS Company merged with PPT Company on Mar. 31, 2024. (PPT Company is the surviving company while ITS Company is the dissolved company. For further information, please refer to Note 3.) IST exchanged 13,622 thousand shares of ITS Company for 3,593 thousand shares of PPT Company, and the percentage of the PPT shares held by IST decreased from 75% to 71%. Pin Wen Company exchanged 2,672 thousand shares of ITS Company for 705 thousand shares of PPT Company, and the percentage of the PPT shares held by Pin Wen Company was 6%. IST held 77% of PPT shares aggregately as of Dec. 31, 2024.

Note 3： To integrate operation resources effectively and, with shared operation management, technology, talents and resources, optimize resource allocation to enhance overall operation efficiency and strengthen competitiveness, the board of directors resolved on Nov. 3, 2023 to merge Innovative Turnkey Solution and Prosperity Power Technology Inc. in accordance with the Business Mergers and Acquisitions Act. (PPT Company is the surviving company while ITS Company is the dissolved company.) To conduct the merger, PPT Company will issue new shares and one ordinary share of PPT Company is changed to 3.7921 ordinary shares of IST. The new shares will be issued to shareholders of ITS Company at the aforementioned exchange ratio. The merger was resolved at the extraordinary meeting of shareholders held on Dec. 8, 2023. For the merger and ownership swap case, PPT Company issued a total of 6,982 thousand ordinary shares for increase of capital, and the capital increase base date was Mar. 31, 2024.

For the information relevant to investments in subsidiaries, please refer to Schedules 2 and 3.

(II) Investments in Associates

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Investments in associates | | |
| Dekra iST (Dekra Company) | $712,875 | $678,942 |
| BTL Inc. (BTL Inc.) | - | 117,647 |

| | | |
|---|---|---|
| | $712,875 | $796,589 |

Material associates are listed as follows:

| Company Name | Percentage of ownership and voting rights held by IST | |
|---|---|---|
| | Dec. 31, 2024 | Dec. 31, 2023 |
| Dekra Company | 49% | 49% |
| BTL Inc. | - | 10% |

The OTC-listed BTL Inc. conducted a follow-on offering in March 2023 and IST did not participate in the follow-on offering proportionally based on the percentage of its shareholding. After the participation, the percentage of the BTL shares held by IST reduced from 11% to 10%. Though the percentage of such shareholding was less than 20%, yet IST still had one seat on the board of directors of BTL Inc. and therefore had a significant impact on BTL Inc. based on the evaluation made by using the equity method. IST resigned as a director of BTL Inc. in June 2024. IST possessed the shares of BTL Inc. for investment based on a medium- and long-term strategy and expected to make profits through the long-term investment. Thus, the shares were transferred to the financial assets measured at fair value through other comprehensive income.

The market price of the equity of primary exchange (or OTC) listed associates held by IST as of the end of the reporting period was calculated at closing price. Such equity had level 1 fair value that was quoted in the open market. Relevant information is provided as follows:

| Company Name | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| BTL Inc. | $ - | $184,620 |

For the business nature and main place of business of each of the aforementioned associates, and the country where it is registered, please refer to Schedule 2 "Information of Investee Companies, their Locations, etc."

The following compiled information was prepared based on the financial report made by each associate in compliance with IFRSs and has reflected the adjustment made upon application of the equity method.

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Dekra iST | | |
| Current assets | $ 374,151 | $ 366,818 |
| Non-current assets | 1,500,627 | 1,228,701 |

| | | |
|---|---|---|
| Current liabilities | ( 418,985) | ( 403,842) |
| Non-current liabilities | ( 445,219) | ( 250,355) |
| Equity | $1,010,574 | $ 941,322 |
| | | |
| Percentage of shares held by IST | 49% | 49% |
| | | |
| Equity enjoyed by IST | $ 495,181 | $ 461,248 |
| Goodwill | 217,694 | 217,694 |
| Book amount of investments | $ 712,875 | $ 678,942 |

| | 2024 | 2023 |
|---|---|---|
| Operating revenue | $679,155 | $647,498 |
| | | |
| Profit of the current year | $ 61,398 | $102,749 |
| Other comprehensive income (loss) | 7,854 | ( 6,229) |
| Total comprehensive income | $ 69,252 | $ 96,520 |

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| BTL Inc. | | |
| Current assets | $ - | $289,163 |
| Non-current assets | - | 957,718 |
| Current liabilities | - | ( 202,363) |
| Non-current liabilities | - | ( 235,913) |
| Equity | $ - | $808,605 |
| | | |
| Percentage of shares held by IST | - | 10% |
| | | |
| Equity enjoyed by IST | $ - | $ 81,570 |
| Goodwill | - | 23,886 |
| Customer relations | - | 2,611 |
| Land | - | 9,580 |
| Book amount of investments | $ - | $117,647 |

| | 2024 | 2023 |
|---|---|---|
| Operating revenue | $ - | $250,604 |
| Profit (loss) of the current year | $ - | ($ 53,455) |
| Other comprehensive income (loss) | - | ( 7,581) |
| Total comprehensive income (loss) | $ - | ($ 61,036) |

## XII. Property, Plant and Equipment

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Self-used | $3,164,096 | $2,798,253 |
| Rented out under operating lease | 596,294 | 661,864 |
| | $3,760,390 | $3,460,117 |

### (I) Self-used

| | Land | Building and structure | Mechanical equipment | Transportation equipment | Office equipment | Leased improvements | Other equipment | Equipment under installation and construction in progress | Total |
|---|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | | |
| Balance at Jan. 1, 2024 | $ 30,852 | $1,319,251 | $2,369,776 | $ 733 | $ 15,236 | $248,235 | $252,158 | $281,008 | $4,517,249 |
| Additions | - | 3,075 | 117,637 | - | 940 | 5,247 | 2,192 | 796,749 | 925,840 |
| Disposals | - | ( 18,849) | ( 641,752) | - | ( 15,236) | ( 6,961) | ( 50,181) | - | ( 732,979) |
| Reclassification | - | 60,796 | 633,646 | 90 | 2,650 | 5,238 | 37,416 | ( 739,836) | - |
| Balance at Dec. 31, 2024 | $ 30,852 | $1,364,273 | $2,479,307 | $ 823 | $ 3,590 | $251,759 | $241,585 | $337,921 | $4,710,110 |
| Accumulated depreciation | | | | | | | | | |
| Balance at Jan. 1, 2024 | $ - | $291,066 | $1,129,255 | $ 367 | $ 12,863 | $164,859 | $120,586 | $ - | $1,718,996 |
| Depreciation expenses | - | 91,487 | 417,767 | 122 | 2,726 | 6,553 | 41,342 | - | 559,997 |
| Disposals | - | ( 18,849) | ( 641,752) | - | ( 15,236) | ( 6,961) | ( 50,181) | - | ( 732,979) |
| Balance at Dec. 31, 2024 | $ - | $363,704 | $905,270 | $ 489 | $ 353 | $164,451 | $111,747 | $ - | $1,546,014 |
| Net at Dec. 31, 2024 | $ 30,852 | $1,000,569 | $1,574,037 | $ 334 | $ 3,237 | $ 87,308 | $129,838 | $337,921 | $3,164,096 |
| Cost | | | | | | | | | |
| Balance at Jan. 1, 2023 | $ 30,852 | $1,261,051 | $2,618,116 | $ 733 | $ 17,928 | $298,037 | $242,770 | $153,264 | $4,622,751 |
| Additions | - | 12,020 | 57,188 | - | - | - | 6,246 | 552,010 | 627,464 |
| Disposals | - | ( 4,090) | ( 627,474) | - | ( 2,692) | ( 63,273) | ( 35,437) | - | ( 732,966) |
| Reclassification | - | 50,270 | 321,946 | - | - | 13,471 | 38,579 | ( 424,266) | - |
| Balance at Dec. 31, 2023 | $ 30,852 | $1,319,251 | $2,369,776 | $ 733 | $ 15,236 | $248,235 | $252,158 | $281,008 | $4,517,249 |
| Accumulated depreciation | | | | | | | | | |
| Balance at Jan. 1, 2023 | $ - | $206,185 | $1,335,522 | $ 244 | $ 10,589 | $223,683 | $119,053 | $ - | $1,895,276 |
| Depreciation expenses | - | 88,971 | 421,207 | 123 | 4,966 | 4,449 | 36,970 | - | 556,686 |
| Disposals | - | ( 4,090) | ( 627,474) | - | ( 2,692) | ( 63,273) | ( 35,437) | - | ( 732,966) |
| Reclassification | - | - | - | - | - | - | - | - | - |
| Balance at Dec. 31, 2023 | $ - | $291,066 | $1,129,255 | $ 367 | $ 12,863 | $164,859 | $120,586 | $ - | $1,718,996 |
| Net at Dec. 31, 2023 | $ 30,852 | $1,028,185 | $1,240,521 | $ 366 | $ 2,373 | $ 83,376 | $131,572 | $281,008 | $2,798,253 |

No impairment loss was recognized by IST in either 2024 or 2023.

Depreciation expenses are allocated based on the following service lives on a straight-line basis.

| | |
|---|---|
| Building and structure | |
| Main buildings in the plant | 35~50 years |
| Building renovation | 5~20 years |
| Mechanical equipment | 1~10 years |
| Transportation equipment | 2~6 years |
| Office equipment | 2~6 years |
| Leased improvements | 2~15 years |
| Other equipment | 3~20 years |

For the amounts of the property, plant and equipment pledged by IST, please refer to Note 30.

(II) Renting Out Under Operating Lease

| | Land | Building and structure | Mechanical equipment | Other equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at Jan. 1, 2024 | $ 12,583 | $ 898,189 | $ 48,000 | $ 79,072 | $1,037,844 |
| Disposals | - | ( 8,121 ) | - | ( 12,595 ) | ( 20,716 ) |
| Balance at Dec. 31, 2024 | $ 12,583 | $ 890,068 | $ 48,000 | $ 66,477 | $1,017,128 |
| Accumulated depreciation | | | | | |
| Balance at Jan. 1, 2024 | $ - | $ 310,342 | $ 19,333 | $ 46,305 | $ 375,980 |
| Depreciation expenses | - | 49,913 | 8,000 | 7,657 | 65,570 |
| Disposals | - | ( 8,121 ) | - | ( 12,595 ) | ( 20,716 ) |
| Balance at Dec. 31, 2024 | $ - | $ 352,134 | $ 27,333 | $ 41,367 | $ 420,834 |
| Net at Dec. 31, 2024 | $ 12,583 | $ 537,934 | $ 20,667 | $ 25,110 | $ 596,294 |
| Cost | | | | | |
| Balance at Jan. 1, 2023 | $ 12,583 | $ 939,631 | $ 48,000 | $ 81,443 | $1,081,657 |
| Disposals | - | ( 41,442 ) | - | ( 2,371 ) | ( 43,813 ) |
| Balance at Dec. 31, 2023 | $ 12,583 | $ 898,189 | $ 48,000 | $ 79,072 | $1,037,844 |
| Accumulated depreciation | | | | | |
| Balance at Jan. 1, 2023 | $ - | $ 299,048 | $ 11,333 | $ 39,392 | $ 349,773 |
| Depreciation expenses | - | 52,736 | 8,000 | 9,284 | 70,020 |
| Disposals | - | ( 41,442 ) | - | ( 2,371 ) | ( 43,813 ) |
| Balance at Dec. 31, 2023 | $ - | $ 310,342 | $ 19,333 | $ 46,305 | $ 375,980 |
| Net at Dec. 31, 2023 | $ 12,583 | $ 587,847 | $ 28,667 | $ 32,767 | $ 661,864 |

IST rented out land, building and structure, mechanical equipment and other equipment under operating leases and the lease periods were 3.17 to 10 years.

The total lease payments to be received in the future because of the property, plant and equipment rented out under operating leases are as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| 1st year | $ 53,331 | $ 60,422 |
| 2nd year | 32,731 | 62,822 |
| 3rd year | 18,138 | 42,122 |
| 4th year | - | 24,452 |
| | $104,200 | $189,818 |

Depreciation expenses are allocated based on the following service lives on a straight-line basis.

| | |
|---|---|
| Building and structure | |
| Main buildings in the plant | 35~50 years |
| Building renovation | 6~20 years |
| Mechanical equipment | 6 years |
| Other equipment | 3~20 years |

## XIII. Lease Agreement

### (I) Right-of-use Assets

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Book amount of right-of-use assets | | |
| Land | $143,852 | $148,700 |
| Building | 125,009 | 127,414 |
| Transportation equipment | 6,125 | 9,512 |
| Office equipment | 404 | 646 |
| | $275,390 | $286,272 |

| | 2024 | 2023 |
|---|---|---|
| Added right-of-use assets | $ 81,931 | $ 85,077 |
| Expense of depreciation of right-of-use assets | | |
| Land | $ 4,848 | $ 4,849 |
| Building | 48,062 | 45,527 |
| Transportation equipment | 6,047 | 5,862 |
| Office equipment | 242 | 20 |
| | $ 59,199 | $ 56,258 |
| Proceeds from sublease of right-of-use assets (Listed as other income in the books) | ($ 16,649) | ($ 4,392) |

(II) Lease Liabilities

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Book amount of lease liabilities | | |
| Current | $ 71,719 | $ 54,024 |
| Non-current | $261,385 | $244,847 |

The range of discount rates for lease liabilities is as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Land | 2.76% | 2.76% |
| Building | 1.62%~2.76% | 1.62%~2.76% |
| Transportation equipment | 4.97%~5.91% | 4.97%~5.78% |
| Office equipment | 5.78% | 5.78% |

(III) Important Lease Activities and Terms

IST as a lessee has leased some land, buildings, transportation equipment and office equipment for its operating activities and the lease periods are from 2 to 40 years. IST does not have the right of first refusal for the land, buildings, transportation equipment and office equipment that it has leased as a lessee upon expiration of a lease period.

(IV) Sublease

IST has the following sublease-related transactions except those explained in Notes 10 and 12.

IST has subleased the right of use of some buildings under operating leases, and the lease period is 5 years.

The total lease payments to be received in the future because of the subleases under operating leases are as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| 1st year | $ 2,592 | $ - |
| 2nd year | 2,592 | - |
| 3rd year | 432 | - |
| | $ 5,616 | $ - |

(V) Other Lease Information

For the agreements concerning the assets that IST has rented out under finance leases, please refer to Note 10.

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Short-term lease expenses | $ 10,929 | $ 3,407 |
| Low-value asset lease expenses | $ 27 | $ 26 |
| Total cash provided from (used in) leases | ($ 92,170) | ($ 70,318) |

IST chose to recognize exemptions applicable to the building and transportation equipment leases that are in line with short-term leases and low-value asset leases and did not recognize right-of-use assets or lease liabilities relevant to such leases.

XIV. Other Intangible Assets

| | 2024 | 2023 |
|---|---|---|
| Computer software | | |
| Cost | | |
| Beginning balance | $ 17,462 | $ 20,653 |
| Additions for the year | 10,239 | 3,431 |
| Disposals for the year | ( 6,815) | ( 6,622) |
| Ending balance | 20,886 | 17,462 |
| Accumulated amortization | | |
| Beginning balance | 12,396 | 12,644 |
| Amortization expense | 5,409 | 6,374 |
| Disposals for the year | ( 6,815) | ( 6,622) |
| Ending balance | 10,990 | 12,396 |
| Net | $ 9,896 | $ 5,066 |

No material disposal or impairment occurred with respect to IST's intangible assets as of Dec. 31, 2024 and 2023.

Amortization expenses were allocated based on the following service lives on a straight-line basis.

| | |
|---|---|
| Computer software | 3 years |

XV. Prepayments and Other Current Assets

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Prepaid materials stipulated in work order | $ 44,374 | $ 66,159 |
| Inventory of supplies | 27,139 | 23,736 |
| Prepaid expenses | 9,857 | 6,363 |
| Payment in advance | 5,417 | 7,711 |
| Other receivables | 19 | 11,366 |
| Others | 1,148 | 1,580 |
| | $ 87,954 | $116,915 |

XVI. Current Borrowings

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Loans without collateral | | |
| Working capital loan | $579,669 | $862,476 |

Interest rates for the working capital loans provided by the bank were 1.95% ～ 6.34% and 1.82% ～ 6.74% on Dec. 31, 2024 and Dec. 31, 2023, respectively.

XVII. Non-current Portion of Non-current Borrowings

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Guaranteed loans | | |
| Syndicated bank loans - A-1 (1) | $ - | $ 140,000 |
| Bank loans (2) | 171,000 | 217,000 |
| Loans without collateral | | |
| Syndicated bank loans - A-2 (1) | - | 30,000 |
| Syndicated bank loans - B (1) | - | 100,000 |
| Credit loan (3) | 1,655,056 | 1,252,000 |
| | 1,826,056 | 1,739,000 |
| Less: Unamortized balance of the expenses incurred by the organizer of syndicated loans | - | ( 1,000) |
| Current portion of non-current borrowings | ( 44,667) | ( 94,944) |
| | $1,781,389 | $1,643,056 |

(I) To improve its financial structure and obtain the funds needed for its mid-term business operation, IST made a 5-year joint credit loan contract for a loan limit of NTD 1 billion with Mega International Commercial Bank and other 5 financial institutions in September 2020. IST made a drawdown of the syndicated loan A in the 3rd quarter of 2020. The borrowed amount shall be repaid in installments of 5% of the capital every half a year (i.e. a term) for 10 terms from September

2020, and the rest of the capital shall be repaid on the maturity date. In addition, IST made a drawdown of the syndicated loan B in the 4th quarter of 2020. The loan shall be repaid in full upon maturity, and revolving drawdown is available before September 2025. The syndicated bank loans A and B were paid off in advance respectively in March and September 2024, without further application for a drawdown. Interest rates for the syndicated loans as of Dec. 31, 2023 were 2.53%～2.64%. For the aforementioned credit contract, certain buildings, mechanical equipment and bank deposits of IST have been mortgaged to the bank. (Please see Note 30.)

Applicable terms of the contract under which IST applies for loans from the bank syndicate: There shall be a debt burden ratio to be complied with in the first half year’s and annual consolidated financial statements of IST, and the net worth of the tangible assets shall not be less than NTD 2,800,000 thousand. If IST violates its financial commitment and fails to correct during the period given for improvement, IST shall pay 0.1% of the unrepaid balance as compensation.

(II) For the bank loans, IST mortgaged its buildings to the bank. (Please see Note 30.) The maturity date as of Dec. 31, 2023 and Dec. 31, 2024 was March 2032 and the annual interest rates on Dec. 31, 2024 and Dec. 31, 2023 were 1.83% and 1.70% respectively.

(III) The maturity date of the credit loans as of Dec. 31, 2024 and Dec. 31, 2023 was the end of November 2030, and the annual interest rates on Dec. 31, 2024 and Dec. 31, 2023 were 1.65%～2.25% and 1.52%～2.13% respectively.

Applicable terms of the contract under which IST applies for a long-term loan: There shall be a current ratio, a debt burden ratio, a financial debt ratio and a interest coverage ratio to be complied with in the first half year’s and annual consolidated financial statements of IST, and the net worth of the tangible assets shall not be less than NTD 2,800,000 thousand. If IST violates any of the conditions of credit loan, the interest rate for any new drawdown shall be increased by 0.25%.

## XVIII. Other Current Liabilities

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Other payables | | |
| Wages and bonuses payable | $298,512 | $262,054 |
| Remunerations payable to employees and directors | 40,120 | 30,920 |
| Bonus for unused leave | 16,747 | 12,447 |
| | 355,379 | 305,421 |
| Other current liabilities | | |
| Other payables to related parties | 360 | 373 |
| Others (Note) | 210,629 | 184,074 |
| | $566,368 | $489,868 |

Note: It mainly includes business tax payable, receipts under custody, etc.

## XIX. Post-employment Benefit Plan

### (I) Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to IST, refers to the defined contribution plan managed by the government. The 6% of the monthly wages of an employee is allocated to the specific account of the individual with Bureau of Labor Insurance.

### (II) Defined Benefit Plan

The retirement pension system adopted by IST in accordance with the Labor Standards Act of the Republic of China refers to the defined benefit plan governed by the government. The retirement pension to an employee is computed based on the employee’s service time and average wage of the 6 months immediately before the date of retirement approval. IST allocates the 2% of the monthly wages of an employee to be the employee’s retirement fund and transfers it to Supervisory Committee of Business Entities’ Labor Retirement Reserve. The committee then deposits it to the specific account with Bank of Taiwan in the name of the committee. If the balance of the specific account at the end of a fiscal year is estimated to be insufficient for the amount of retirement pensions to be paid to the employees who will meet the requirements of retirement in the next year, the difference will be allocated in full by the end of March in the next year. The specific account is entrusted to Bureau of Labor Funds, Ministry of Labor to manage. IST has no right to influence its investment and management strategies.

Amounts for the defined benefit plan in the parent-company-only balance sheet are listed as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Fair value of plan assets | $ 64,828 | $ 58,855 |
| Present value of defined benefit obligation | ( 39,589 ) | ( 39,276 ) |
| Net defined benefit assets | $ 25,239 | $ 19,579 |

Changes in net defined benefit assets are as follows:

| | Fair value of plan assets | Present value of defined benefit obligations | Net defined benefit assets |
|---|---|---|---|
| Balance at Dec. 31, 2023 | $ 57,629 | ( $ 36,169 ) | $ 21,460 |
| Interest income (expense) | 775 | ( 485 ) | 290 |
| Recognized in profit (loss) | 775 | ( 485 ) | 290 |
| Remeasurements | | | |
| Return on plan assets (except the amounts included in net interest) | 451 | - | 451 |
| Actuarial losses－Changes in demographic assumptions | - | ( 49 ) | ( 49 ) |
| Actuarial losses－Changes in financial assumptions | - | ( 382 ) | ( 382 ) |
| Actuarial losses－Experience adjustments | - | ( 2,191 ) | ( 2,191 ) |
| Recognized in other comprehensive income | 451 | ( 2,622 ) | ( 2,171 ) |
| Balance at Dec. 31, 2023 | 58,855 | ( 39,276 ) | 19,579 |
| Interest income (expense) | 732 | ( 487 ) | 245 |
| Recognized in profit (loss) | 732 | ( 487 ) | 245 |
| Remeasurements | | | |
| Return on plan assets (except the amounts included in net interest) | 5,241 | - | 5,241 |
| Actuarial losses－Changes in demographic assumptions | - | ( 6 ) | ( 6 ) |
| Actuarial losses－Changes in financial assumptions | - | 1,455 | 1,455 |
| Actuarial losses－Experience adjustments | - | ( 1,275 ) | ( 1,275 ) |
| Recognized in other comprehensive income | 5,241 | 174 | 5,415 |
| Balance at Dec. 31, 2024 | $ 64,828 | ( $ 39,589 ) | $ 25,239 |

IST is exposed to the following risks with respect to the retirement pension system provided by the Labor Standards Act.

1. Investment Risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund, by itself or though an agent, in domestic (foreign) domestic equity securities and debt securities, bank deposits and other subject matters. However, the distributable amount of IST's plan assets is the income calculated at an interest rate not inferior to that announced by the local bank for 2-year time deposits.
2. Interest Rate Risk: Interest rates for government bonds are reduced so that the present value of defined benefit obligations increases. However, the return on debt investments with respect to plan assets increases accordingly. Both offset the impact on the net defined benefit liabilities partially.
3. Wage Risk: The present value of defined benefit obligations is calculated by taking future wages of plan members into account. Thus the increase in wages of plan members will result in an increase in the present value of defined benefit obligations.

The present value of defined benefit obligations of IST is calculated by a qualified actuary. Material assumptions on the measurement date are as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Discount rate | 1.65% | 1.25% |
| Expected rate of wage increments | 2.00% | 2.00% |

In case of a reasonable and possible change in any material actuarial assumption, the increase (decrease) in the present value of defined benefit obligations on the premise that other assumptions remain unchanged is as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Discount rate | | |
| Increased by 0.25% | ($ 869) | ($ 945) |
| Decreased by 0.25% | $ 900 | $ 980 |
| Increased by 0.1% | ($ 351) | ($ 382) |
| Decreased by 0.1% | $ 356 | $ 388 |
| Expected rate of wage increments | | |
| Increased by 0.25% | $ 895 | $ 971 |
| Decreased by 0.25% | ($ 868) | ($ 940) |

The aforementioned sensitivity analysis may probably not reflect actual changes in the present value of defined benefit obligations as actuarial assumptions may correlate mutually and changes in only one assumption are not quite possible.

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Amount expected to be contributed in one year | $ - | $ - |
| Average expiration period of defined benefit obligations | 9 years | 9 years |

XX. Equity

(I) Ordinary Share

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Authorized number of shares (In thousands of shares) | 200,000 | 200,000 |
| Authorized capital stock | $2,000,000 | $2,000,000 |
| Number of issued and paid-in shares (In thousands of shares) | 74,367 | 75,541 |
| Capital stock issued | $ 743,667 | $ 755,409 |

IST resolved at the board meeting of Aug. 4, 2023 to approve conversion of employee stock warrants into 532 thousand shares with par value NTD 10 The subscription price per share was NTD 53.22. After the cash capital increase, the paid-in capital was NTD 753,067 thousand. The date of capital increase was Aug. 4, 2023. Procedures for registration of relevant changes were completed. Date of registration of changes was Sep. 21, 2023.

IST resolved at the board meeting held at Nov. 3, 2023 to approve that employee stock options should be converted to 234 thousand ordinary shares, with par value of NTD 10, and the offering price was NTD 53.22 per share. After the capital increase, the paid-in capital was NTD 755,409 thousand. The record date for the capital increase was determined to be Nov. 3, 2023. Relevant procedures for registration of the change were completed, and the change registration date was Dec. 4, 2023.

IST resolved at the board meeting of Mar. 6, 2024 to approve conversion of employee stock warrants into 30 thousand shares with par value NTD 10. The subscription price per share was NTD 52.14～52.76. The date of capital increase was Mar. 6, 2024. The change registration was completed on Apr. 17, 2024.

IST resolved at the board meeting of Apr. 26, 2024 to approve conversion of employee stock warrants into 32 thousand shares with par value NTD 10. The subscription price per share was NTD 51.55～52.14. The date of capital increase was Apr. 29, 2024. The change registration was completed on May 21, 2024.

IST resolved at the board meeting of Jul. 11, 2024 to approve conversion of employee stock warrants into 219 thousand shares with par value NTD 10. The subscription price per share was NTD 51.11. The date of capital increase was Jul. 11, 2024. The change registration was completed on Sep. 3, 2024.

IST resolved at the board meeting of Nov. 4, 2024 to approve conversion of employee stock warrants into 107 thousand shares with par value NTD 10. The subscription price per share was NTD 50.87～51.11. The date of capital increase was Nov. 4, 2024. Procedures for registration of relevant changes were completed on Nov. 12, 2024.

IST employees exercised stock options during the period between October and December 2024 to subscribe 53 thousand shares. The subscription price per share was NTD 50.60～50.87. A total amount of NTD 2,721 thousand paid for the shares was received. The record date for capital increase was resolved to be Mar. 7, 2025 at the board meeting on Mar. 7, 2025. As of Dec. 31, 2024, the procedure of alteration registration was not completed yet, so the amount was listed as Capital Collected in Advance.

## (II) Capital Reserve

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| May be used to offset deficits, distribute cash or transfer to share capital (Note 1) | | |
| Additional paid-in capital | $2,111,875 | $2,132,703 |
| May be Used to offset deficits only | | |
| Changes in equity of associates accounted for using the equity method | 2,977 | 13,697 |
| Recognized changes in ownership interests in subsidiaries (Note 2) | 3,958 | 7,922 |
| Exercise of the right to obtain gains on the sale of shares held by their holders for less than 6 months | 19 | 19 |
| Not used for any purpose | | |
| Stock option | 13,969 | 18,107 |
| | $2,132,798 | $2,172,448 |

Note 1: Such capital reserve may be used to offset deficits of loss and may be used to distribute cash or expand capital stock when IST has no loss; however, the amount used to expend capital stock is limited to a certain percentage of the paid-in capital.

Note 2: Such capital reserve is the equity transaction effect recognized for changes in the equity of the subsidiary when IST does not acquire or dispose the equity in the subsidiary.

The balance of capital reserve reconciled for 2024 and 2023 is as follows:

| | Stock issuance premium | Stock option | Recognized changes in ownership interests of subsidiaries | Changes in equity of associates accounted for using the equity method | Others |
|---|---|---|---|---|---|
| Balance at Jan. 1, 2023 | $2,085,234 | $ 24,775 | $ 30,538 | $ 2,465 | $ - |
| Recognized changes in ownership interests of subsidiaries | - | - | ( 22,616 ) | - | - |
| Changes in equity of associates and joint ventures accounted for using the equity method | - | - | - | 11,232 | - |
| Share-based payment | - | 7,720 | - | - | - |
| Exercise of the right to obtain gains on the sale of shares held by their holders for less than 6 months | $ - | $ - | $ - | $ - | $ 19 |
| Share premium of ordinary shares issued under employee stock option plan | 47,469 | ( 14,388 ) | - | - | - |
| Balance at Dec. 31, 2023 | 2,132,703 | 18,107 | 7,922 | 13,697 | 19 |
| Recognized changes in ownership interests of subsidiaries | - | - | ( 3,964 ) | - | - |
| Changes in equity of associates and joint ventures accounted for using the equity method | - | - | - | 1,990 | - |
| Disposal of investments accounted for using equity method | - | - | - | ( 12,710 ) | - |
| Share-based payment | - | 3,147 | - | - | - |
| Share premium of ordinary shares issued under employee stock option plan | 23,280 | ( 7,285 ) | - | - | - |
| Treasury shares retired | ( 44,108 ) | - | - | - | - |
| Balance at Dec. 31, 2024 | $2,111,875 | $ 13,969 | $ 3,958 | $ 2,977 | $ 19 |

(III) Retained Earnings and Dividend Policies

According to IST's articles of incorporation, for any distribution of earnings, IST shall make good of the previous year's loss (including the adjusted amount of undistributed earnings) first, and allocate 10% of the rest of the earnings as legal reserve. However, if legal reserve reaches the amount of IST's total paid-in capital, no legal reserve shall be allocated. Then special reserve shall be allocated or reversed in accordance with regulations or as required by the competent authority. After retaining such earnings as considered necessary by the board of directors for business operation, the board of directors shall prepare an earning distribution proposal for the rest of the earnings, together with the undistributed earnings at the beginning of the year (including the adjusted amount of undistributed earnings), and resolve to allocate dividends and bonuses to shareholders based on the proposal. For such policies concerning remunerations to employees and directors as provided in IST's articles of incorporation, please refer to Note 22(VII) Employees' Remuneration and Directors' Remuneration.

IST requires that earnings shall be distributed and losses shall be made good after the end of each quarter. Earnings to be distributed in cash shall be resolved by the board of directors and then reported at the shareholders' meeting. No proposal of such distribution of earnings shall be submitted at the shareholders' meeting for approval.

IST considers its financial environment and growth stage to meet the requirements for future funds and long-term financial plans and satisfy the needs of shareholders in terms of cash inflows. After deducting the items provided above from distributable earnings, IST shall allocate dividends to shareholders. For the dividends distributed to shareholders for the current year, cash dividends shall account for 10% to 100% of the total dividends while stock dividends shall account for 0% to 90% of the total dividends.

In case that IST has no earnings to be distributed for the current year, or the amount of earnings is far less than that of the earnings actually distributed for the previous year, or the entirety or part of the reserve shall be distributed, based on financial, business and operating factors of IST, in compliance with the law or as required by the competent authority, then earnings to be distributed in cash shall be resolved by the board of directors and reported at the shareholders' meeting, and no proposal of such distribution of earnings shall be submitted at the shareholders' meeting for approval.

Legal reserve shall be allocated until the balance thereof reaches the total paid-in capital of IST. Legal reserve may be used to make good of loss. When IST has no loss, the portion of legal reserve in excess of 25% of paid-in capital can be used to expand capital stock or be distributed in cash.

The earning distribution proposal of IST for each quarter of 2024, 2023 and 2022 and the cash dividends per share were resolved at the board meeting as follows:

| | 2024 Q4 | 2024 Q3 | 2024 Q2 | 2024 Q1 |
|---|---|---|---|---|
| Date of resolution by the board of director | Mar. 7, 2025 | Nov. 4, 2024 | Aug. 5, 2024 | Apr. 26, 2024 |
| Legal reserve | $ 9,606 | $ 8,532 | $ 17,245 | $ 5,325 |
| Special reserve | $ 29,245 | $ 34,572 | ( $ 2,044 ) | ( $ 15,539 ) |
| Cash dividends | $ 74,429 | $ 74,379 | $ 96,644 | $ 74,040 |
| Cash dividends per share (NTD) | $ 1 | $ 1 | $ 1.3 | $ 1 |

| | 2023 Q4 | 2023 Q3 | 2023 Q2 | 2023 Q1 |
|---|---|---|---|---|
| Date of resolution by the board of director | Mar. 6, 2024 | Nov. 3, 2023 | Aug. 4, 2023 | Apr. 28, 2023 |
| Legal reserve | $ 4,274 | $ 9,151 | $ 15,120 | $ 9,795 |
| Special reserve | $ 15,889 | ( $ 16,621 ) | $ 7,549 | ( $ 3,440 ) |
| Cash dividends | $ 51,810 | $ 75,562 | $ 75,503 | $ 74,775 |
| Cash dividends per share (NTD) | $ 0.7 | $ 1 | $ 1 | $ 1 |

| | 2022 Q4 | 2022 Q3 |
|---|---|---|
| Date of resolution by the board of director | Mar. 14, 2023 | Nov. 2, 2022 |
| Legal reserve | $ 10,099 | $ 23,118 |
| Special reserve | $ 7,555 | ( $ 20,263 ) |
| Cash dividends | $ 74,775 | $ 74,775 |
| Cash dividends per share (NTD) | $ 1 | $ 1 |

IST held a board meeting on Mar. 24, 2022 where a motion of offset deficits of the loss NTD 38,217 thousand in use of legal reserve was proposed. The board of directors resolved at the board meetings of May 5 and Aug. 2, 2022 not to distribute earnings for 2022 Q1 and 2022 Q2.

IST held the general meeting of shareholders on June 14, 2024 and June 14, 2023 to resolve on distribution of earnings for 2023 and 2022 respectively.

The above cash dividends for each quarter of 2024 have been resolved to allocate by the board of directors, and the rest is expected to be resolved at the general meeting of shareholders held on June 13, 2025.

(IV) Special Reserve

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | $ 69,941 | $ 74,898 |
| Allocated (Reversed) special reserve | | |
| Allocated (Reversed) deduction of other equity items | 32,878 | ( 4,957 ) |
| Ending balance | $102,819 | $ 69,941 |

When implementing IFRSs initially, IST shall reverse at the disposal percentage the special reserve allocated from the exchange difference between financial statements of foreign operations (including subsidiaries). After IST loses its material impact, IST shall reverse the entirety of such special reserve. Upon distribution of earnings, an additional special reserve is allocated from the difference between the net value of deductions of other shareholders' equity listed in the books at the end of the reporting period and the special reserve allocated upon initial implementation of IFRSs. In case of reverse of the net value of deductions of other shareholders' equity afterwards, the special reserve is reversed based on the reversed portion of such net value to distribute earnings.

(V) Other Equity

1. Exchange Differences on Translation of Financial Statements of Foreign Operations

| | 2024 | 2023 |
|---|---|---|
| Beginning balance | ( $ 85,830 ) | ( $ 82,453 ) |
| Generated in the current period | | |
| Exchange differences arising on translating financial statements of foreign operations | 15,057 | 489 |
| Share of translation differences of associates accounted for using the equity method | 4,957 | ( 3,866 ) |
| Reclassification | | |
| Disposal of investments accounted for using equity method | 868 | - |
| Ending balance | ( $ 64,948 ) | ( $ 85,830 ) |

2. Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income

| | 2024 |
|---|---|
| Beginning balance | $ - |
| Generated in the current period | |
| Unrealized gains or losses | |
| Equity instruments | ( 67,116) |
| Other comprehensive income for the year | ( 67,116) |
| Ending balance | ($ 67,116) |

(VI) Treasury Shares

| Reason of recall | Purchased back to be retired (In thousands of shares) |
|---|---|
| Number of shares at Jan. 1, 2023 | - |
| Shares increased in the year | 1,562 |
| Number of shares at Dec. 31, 2023 | 1,562 |
| | |
| Number of shares at Jan. 1, 2024 | 1,562 |
| Shares decreased in the year | ( 1,562) |
| Number of shares at Dec. 31, 2024 | - |

To maintain corporate credit and shareholders' equity, IST resolved at the board meeting of Nov. 3, 2023 to purchase back treasury shares. The predetermined buyback period was from Nov. 6, 2023 to Jan. 5, 2024 and the predetermined number of shares to be purchased back was 2,000 thousand. The range of buyback prices was from NTD 61 to NTD 133 per share. When the share price was less than the lower limit of the buyback price, IST bought back shares continuously. The upper limit for the total amount of the shares planned to be bought back was NTD 266,000 thousand (estimated based on the expected price range of the shares to be bought back). As of Dec. 31, 2023, IST bought back a total of 1,562 thousand treasury shares, and the payment to redeem such treasury shares was NTD 139,797 thousand in total. IST resolved at the board meeting of Mar. 6, 2024 to retire 1,562 thousand treasury shares. The record date for capital reduction was Mar. 8, 2024. The registration of such change was completed on Apr. 17, 2024. ◦

According to the Securities and Exchange Act, IST shall not pledge the treasury shares it holds and shall not have the right to allocation of dividends or the right to voting based on the treasury shares.

XXI. Revenue

| | 2024 | 2023 |
|---|---|---|
| Revenue from contracts with customers | | |
| Revenue from inspection and testing services | $3,803,818 | $3,424,332 |

(I) Contracts with Customers

The contract made by IST with a customer provides inspection and testing service obligations. The customer pays the contractual consideration during the credit period after inspecting and accepting the service. Because service is delivered within one year after or before receipt of payment, the material financial compositions of the contractual consideration are not adjusted.

(II) Contract Balance

| | Dec. 31, 2024 | Dec. 31, 2023 | Jan. 1, 2023 |
|---|---|---|---|
| Accounts receivable (Note 9) | $ 1,375,168 | $ 1,380,016 | $ 1,238,261 |
| Accounts receivable due from related parties (Note 29) | $ 24,197 | $ 25,101 | $ 20,575 |
| Contract liabilities | | | |
| Customer loyalty program | $ 85,507 | $ 87,570 | $ 62,145 |
| Unearned sales revenue | 48,634 | 46,328 | 55,190 |
| | $ 134,141 | $ 133,898 | $ 117,335 |

Changes in contract assets and contract liabilities resulted mainly from the point of time when performance obligations were satisfied and the difference between the points of time when customers made payments.

Performance obligations from the contract liabilities at the beginning of the year that had been satisfied were recognized as revenue for the current year as follows:

| | 2024 | 2023 |
|---|---|---|
| Contract liabilities at beginning of the year | | |
| Unearned sales revenue | $ 9,689 | $ 26,721 |

| | | |
|---|---|---|
| Customer loyalty program | 48,580 | 41,558 |
| | $ 58,269 | $ 68,279 |

(III) Itemized Revenue from Contracts with Customers

| | 2024 | 2023 |
|---|---|---|
| Main regional markets | | |
| Asia | $3,033,791 | $2,810,561 |
| America | 589,050 | 501,013 |
| Others | 180,977 | 112,758 |
| | $3,803,818 | $3,424,332 |

(IV) Contracts with Customers Not Performed Completely

Transaction prices amortized based on the performance obligations not satisfied completely and the points of time when such prices were recognized as revenue are as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Customer loyalty program | | |
| — Performed in 2024 | $ - | $ 87,570 |
| — Performed in 2025 | 85,507 | - |
| | $ 85,507 | $ 87,570 |
| Unearned sales revenue | | |
| — Performed in 2024 | $ - | $ 46,328 |
| — Performed in 2025 | 48,634 | - |
| | $ 48,634 | $ 46,328 |

XXII. Net Profit of Continuing Operations

(I) Interest Income

| | 2024 | 2023 |
|---|---|---|
| Bank deposits | $ 2,477 | $ 1,996 |
| Net investment in the lease | 1,024 | 34 |
| Others | 302 | 221 |
| | $ 3,803 | $ 2,251 |

(II) Other Income

| | 2024 | 2023 |
|---|---|---|
| Income from operating lease | $ 65,367 | $ 74,998 |
| Profit from lease modification | 2,037 | 27 |
| Government subsidy income | 1,161 | 8,839 |
| Others | 14,627 | 18,052 |
| | $ 83,192 | $101,916 |

(III) Other Gains and Losses

| | 2024 | 2023 |
|---|---|---|
| Gains on disposal of investments accounted for using equity method | $ 99,181 | $ - |
| Depreciation expenses | ( 76,658) | ( 79,453) |
| Net foreign exchange gain (loss) | 13,787 | ( 1,656) |
| Gain (loss) of financial assets and financial liabilities | | |
| Financial assets at fair value through profit or loss | 2,161 | 6,339 |
| Financial liabilities at fair value through profit or loss | 122 | ( 236) |
| | $ 38,593 | ( 75,006) |

(IV) Financial Cost

| | 2024 | 2023 |
|---|---|---|
| Interest on bank loans | $ 54,379 | $ 53,654 |
| Interest on lease liabilities | 8,471 | 7,616 |
| Amortization of the expenses incurred by the organizer of syndicated loans | 1,000 | 600 |
| Computed interest on security deposits | 212 | 198 |
| Less: Amounts listed in cost of qualifying assets | ( 9,981) | ( 7,714) |
| | $ 54,081 | $ 54,354 |

Information relevant to capitalization of interest is as follows:

| | 2024 | 2023 |
|---|---|---|
| Capitalized interest | $ 9,981 | $ 7,714 |
| Interest rate for capitalization of interest | 2.05%~2.32% | 1.93%~2.38% |

(V) Depreciation and Amortization

| | 2024 | 2023 |
|---|---|---|
| Depreciation expenses by functions: | | |
| Operating cost | $475,288 | $466,794 |
| Operating expenses | 132,820 | 136,717 |
| Non-operting expenses | 76,658 | 79,453 |
| | $684,766 | $682,964 |
| | | |
| Amortization expenses by function: | | |
| Operating cost | $ 3,238 | $ 4,033 |
| Management expenses | 2,171 | 2,341 |
| | $ 5,409 | $ 6,374 |

(VI) Employee Benefit Expenses

| | 2024 | 2023 |
|---|---|---|
| Short-term employee benefits | $1,377,321 | $1,207,219 |
| Post-employment benefits | | |
| Defined contribution plan | 41,458 | 36,642 |
| Defined benefit plan (Note 19) | ( 245) | ( 290) |
| Share-based payment | | |
| Equity settlement | 3,147 | 7,720 |
| Total employee benefit expenses | $1,421,681 | $1,251,291 |
| | | |
| Compiled by functions | | |
| Operating cost | $1,044,580 | $ 930,595 |
| Operating expenses | 377,101 | 320,696 |
| | $1,421,681 | $1,251,291 |

(VII) Employees' Remuneration and Directors' Remuneration

IST allocated employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate of no less than 3% and at a rate no more than 3% respectively. The employees' remuneration and directors' remuneration estimated for 2024 and 2023 were resolved at the board meeting on Mar. 7, 2025 and Mar. 6, 2024 as follows:

Estimated Percentage

| | 2024 | 2023 |
|---|---|---|
| Employees' remuneration | 5% | 5% |
| Directors' remuneration | 2% | 2% |

Amount

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Cash | Stock | Cash | Stock |
| Employees' remuneration | $ 28,660 | $ - | $ 22,070 | $ - |
| Directors' remuneration | 11,460 | - | 8,850 | - |

If any amount is changed after the date when the annual parent-company-only financial statements are announced, then such change is treated as a change in accounting estimate and entered into the account for the following year after adjustment.

There is no difference between the actually distributed amounts of the employees' remuneration and directors' remuneration for the years 2023 and 2022 and the corresponding amounts recognized in the parent-company-only financial statements of 2023 and 2022.

For information of the employees' remuneration and directors' remuneration resolved by the board of directors of IST, please check at the market observatory post system of Taiwan Stock Exchange.

## XXIII. Income Tax

### (I) Income Tax Recognized in Profit or Loss

The income tax expense mainly comprises the items listed as follows:

| | 2024 | 2023 |
|---|---|---|
| Current income tax | | |
| Incurred for the current year | $ 68,798 | $ 51,178 |
| Adjustments for previous years | ( 12,719) | ( 17,623) |
| | 56,079 | 33,555 |
| Deferred income tax | | |
| Incurred for the current year | ( 1,351) | ( 152) |
| Income tax expense recognized in profit or loss | $ 54,728 | $ 33,403 |

The accounting income and the income tax expense are reconciled as follows:

| | 2024 | 2023 |
|---|---|---|
| Net profit before tax | $536,467 | $418,957 |
| Income tax computed based on the net profit before tax at the legal tax rate | $107,293 | $ 83,791 |
| Temporary differences | ( 39,846) | ( 32,765) |
| Current adjustment of the current income tax expense of the previous year | ( 12,719) | ( 17,623) |
| Income tax expense recognized in profit or loss | $ 54,728 | $ 33,403 |

(II) Current Tax Assets and Liabilities

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Current tax assets | | |
| Income tax refund receivable (Listed as repayments and other current assets in the books) | $ - | $ 193 |
| Current tax liabilities | | |
| Income tax payable | $ 28,192 | $ - |

(III) Deferred Income Tax Assets and Liabilities

Changes in deferred income tax assets and liabilities are as follows:

2024

| | Beginning balance | Recognized in profit (loss) | Ending balance |
|---|---|---|---|
| Deferred income tax assets | | | |
| Temporary difference | $ - | $ 883 | $ 883 |
| Deferred income tax liabilities | | | |
| Temporary difference | ($ 468) | $ 468 | $ - |

2023

| Deferred income tax liabilities | Beginning balance | Recognized in profit (loss) | Ending balance |
|---|---|---|---|
| Temporary difference | ($ 620) | $ 152 | ($ 468) |

(IV) Deductible Temporary Difference from Deferred Income Tax Assets Not Recognized in Parent Company Only Balance Sheet, and Amount of Loss Carryforwards Not Used

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Deductible Temporary difference | $102,254 | $100,016 |

(V) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by IST as of 2022 have been assessed by the tax authority.

XXIV. Earnings Per Share

Unit : NTD per share

| | 2024 | 2023 |
|---|---|---|
| Basic earnings per share | $ 6.50 | $ 5.15 |
| Diluted earnings per share | $ 6.44 | $ 5.06 |

The net profit and the number of weighted average ordinary shares used to calculate earnings per share are disclosed as follows:

Net Profit of the Year

| | 2024 | 2023 |
|---|---|---|
| Net profit used to calculate basic and diluted earnings per share | $481,739 | $385,554 |

Number of Shares

Unit: In Thousands of Shares

| | 2024 | 2023 |
|---|---|---|
| Number of weighted average ordinary shares used to calculate basic earnings per share | 74,146 | 74,841 |
| Impact of the ordinary shares with dilution effect: | | |
| Employee stock options | 398 | 1,044 |
| Employees' remuneration | 241 | 290 |
| Number of weighted average ordinary shares used to calculate diluted earnings per share | 74,785 | 76,175 |

If IST chooses to distribute employees' remuneration by stock or cash, then for calculation of diluted earnings per share, employees' remuneration is assumed to be distributed by stock and the number of weighted average outstanding ordinary shares is included when potential ordinary shares have dilutive effect. When calculating diluted earnings per share before the number of shares distributed as employees' remuneration is resolved in the next year, IST shall continue to consider dilutive effect of the potential ordinary shares.

## XXV. Share-based Payment Arrangement

Employee Stock Options

IST resolved at the board meeting of Mar. 5, 2021 to issue 2,000 thousand units of employee stock warrant for 2021. Each unit entitled its holder to subscribe one ordinary share. The new shares issued were 2,000 thousand ordinary shares in total, which were planned to be granted to full-time employees of IST. Subscribers may exercise their stock options in accordance with the Regulations of Employee Stock Options after 2 years from the date of grant of employee stock warrant. The duration of employee stock warrant is 5 years.

Information relevant to employee stock options is as follows:

| Employee stock options | Jan. 1 to Dec. 31, 2024 Unit (In thousands) | Jan. 1 to Dec. 31, 2024 Exercise price (NTD) | Jan. 1 to Dec. 31, 2023 Unit (In thousands) | Jan. 1 to Dec. 31, 2023 Exercise price (NTD) |
|---|---|---|---|---|
| Outstanding at the beginning of the year | 1,234 | $ 52.14 | 2,000 | $ 53.81 |
| Issued this year | ( 388 ) | 50.87~52.14 | ( 766 ) | 52.76~53.22 |
| Outstanding at the end of the year | 846 | 50.60 | 1,234 | 52.14 |
| Exercisable at the end of the year | 231 | | 234 | |

For the employee stock options granted on the grant date Apr. 29, 2021, IST used the Black-Scholes model. The parameters used in the evaluation model are as follows:

| | Apr. 29, 2021 |
|---|---|
| Stock price on grant date | NTD 56.20 |
| Exercise price | NTD 56.20 |
| Expected ratio of fluctuation | 44.16% |
| Expected duration | 3.88 years |
| Risk-free interest rate | 0.26% |
| Fair value of stock options | NTD 19.03 |

The compensation cost recognized by IST for 2024 and 2023 was NTD 3,147 thousand and NTD 7,720 thousand respectively.

XXVI. Government Subsidies

IST obtained the government subsidies, totaling to NTD 5,000 thousand, under the Plan of Energy Saving by Air-Condition Improvement and Energy Management System Establishment in March and December 2024 respectively. The amount was listed as deferred government subsidy income already and would be transferred to profit/loss within service life of the corresponding assets.

XXVII. Capital Risk Management

IST conducts capital management to ensure that IST is able to maximize the shareholder return by optimizing debt and equity balances on the premise that IST operates on an ongoing basis. The overall strategy of IST remains unchanged.

The capital structure of IST consists of its net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. capital stock, capital reserve, retained earnings and other equity items).

IST does not have to abide by other external capital rules.

The main management of IST reviews IST's capital structure regularly and considers cost and relevant risks for capital. IST takes the suggestions given by the main management to balance its entire capital structure by paying dividends, issuing new shares, repurchasing shares, issuing new debts or repaying old debts.

## XXVIII. Financial Instruments

### (I) Information of Fair Value — Financial instruments measured at fair value on the basis of repeatability

1. Hierarchy of Fair Value

Dec. 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| Investments in equity instruments—Not listed (non-OTC) —Beneficiary certificates of funds | $ - | $ - | $ 23,769 | $ 23,769 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | $ - | $ 114 | $ - | $ 114 |
| Financial assets measured at fair value through other comprehensive income | | | | |
| Investments in equity instruments—Not listed (non-OTC) —Domestic stocks | $ 142,494 | $ - | $ - | $ 142,494 |

Dec. 31, 2023

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Financial assets at fair value through profit or loss | | | | |
| Investments in equity instruments—Not listed (non-OTC) —Beneficiary certificates of funds | $ - | $ - | $ 27,692 | $ 27,692 |
| Financial liabilities at fair value through profit or loss | | | | |
| Derivatives | $ - | $ 236 | $ - | $ 236 |

There was no transfer between level 1 and level 2 fair value measurements in 2024 and 2023.

2. Valuation Technique and Input Value Measured at Level 2 Fair Value

| Category of financial instrument | Valuation technique and input value |
|---|---|
| Derivatives—Forward exchange agreement | Discounted cash flows: To estimate future cash flows by using the forward exchange rate observable at the end of the year and the exchange rate stipulated in a contract, and to discount separately at the discount rate that reflects the credit risk of each counterparty to the transaction |

3. Reconciliation of Financial Instruments Measured at Level 3 Fair Value

| | Measured at fair value through profit or loss -- Beneficiary certificates of funds | |
|---|---|---|
| Financial assets | 2024 | 2023 |
| Beginning balance | $ 27,692 | $ 27,282 |
| Recognized in profit (loss) | 2,161 | 6,862 |
| Disposals | ( 6,084 ) | ( 6,452 ) |
| Ending balance | $ 23,769 | $ 27,692 |
| Changes in the current unrealized profit or loss that are relevant to the assets held at the end of the year and recognized in profit or loss | $ 2,161 | $ 6,862 |

4. Valuation Technique and Input Value Measured at Level 3 Fair Value

For domestically unlisted (non-OTC) equity investments and beneficiary certificates of funds, the asset approach is used to evaluate the total value of individual assets and individual liabilities covered by the subject to reflect the value of the enterprise or business as a whole. The material unobservable input is listed below. When liquidity discount decreases, fair value of the investment increases.

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Liquidity discount | 20% | 20% |

In case that the following input is changed for the purpose of reflecting a reasonable and possible alternative assumption, the amount of the increase (decrease) in fair value of equity investment, in the situation where all other inputs remain unchanged, is as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Liquidity discount | | |
| Increased by 1% | ($ 297) | ($ 346) |
| Decreased by 1% | $ 297 | $ 346 |

## (II) Type of Financial Instrument

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Financial assets | | |
| Measured at fair value through profit or loss | | |
| Measured at fair value through profit or loss compulsorily | $ 23,769 | $ 27,692 |
| Financial assets measured at fair value through other comprehensive income | | |
| Equity instruments | $ 142,494 | $ - |
| Financial assets at amortized cost | | |
| Cash and cash equivalents | 599,824 | 520,940 |
| Notes and accounts receivable, net | 1,375,839 | 1,380,403 |
| Accounts receivable due from related parties | 24,197 | 25,101 |
| Other receivables (Listed as prepayments and other current assets in the books) | 19 | 11,366 |
| Other receivables due from related parties | 44,937 | 38,267 |
| Other current financial assets | - | 3,719 |
| Guarantee deposits paid | 17,683 | 16,106 |
| Financial liabilities | | |
| Measured at fair value through profit or loss | | |
| Measured at fair value through profit or loss compulsorily | 114 | 236 |
| Financial assets at amortized cost | | |
| Current borrowings | 579,669 | 862,476 |
| Notes and accounts payable | 277,771 | 162,598 |
| Accounts payable to related parties | 15,504 | 5,353 |
| Payable on machinery and equipment | 342,547 | 155,416 |
| Other payables to related parties (Listed as other current liabilities in the books) | 360 | 373 |
| Long-term borrowings (including the current portion thereof) | 1,826,056 | 1,738,000 |

(III) Purpose and Policy of Financial Risk Management

Financial management departments of IST provide service for each business, master and coordinate operations in domestic and international financial markets, and supervise and manage the financial risks relevant to business operation based on the level and extent of each risk and the internal risk report that analyzes risk exposure. Such risks include market risks (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

IST avoids risk exposure through derivative financial instruments to reduce the impact of such risk. The use of derivative financial instruments is governed by the policy approved by the board of directors, which is the written principle for exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investments made through current funds. Internal auditors review policy compliance and risk exposure limit continuously. IST does not speculate in financial instruments (including derivative financial instruments).

The financial management department submits reports to the board of directors of IST periodically.

1. Market Risks

Main market risks assumed by IST for its operating activities are exchange rate risk (as stated in the item (1) below) and interest rate risk (as stated in the item (2) below).

(1) Exchange Rate Risk

IST conducts transactions in foreign currencies, so it is exposed to foreign exchange risk. IST manages its exchange rate exposure within the scope permitted by the policy. IST uses forward exchange agreements to manage risks.

For IST's book amounts of monetary assets and monetary liabilities and book amounts of derivatives exposed to exchange rate risk in non-functional currencies on the balance sheet date, please refer to Note 32.

Sensitivity Analysis

IST is mainly impacted by fluctuation of USD, CNY and JPY exchange rates.

The table below presents IST's sensitivity analysis for the situations when the exchange rate of the NT Dollar (the functional currency) to each foreign currency increases or decreases by 5%. The sensitivity ratio used in the report on exchange rate risk submitted to the management internally is 5%, which is also the estimate provided by the management for the range in which a foreign exchange rate changes. Sensitivity analysis only includes outstanding monetary items in foreign currencies, and the conversion made at the end of the year is adjusted by 5% exchange rate fluctuation. The table below shows the increase or decrease in the pretax net profit when the NT Dollar against each foreign currency depreciates/appreciates by 5%.

| | Impact of USD | | Impact of JPY | | Impact of CNY | |
|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Gain (loss) | $ 4,663 | $ 4,476 | ($ 919) | ($ 951) | $ 139 | $ 2 |

The management believes that sensitivity analysis cannot represent the inherent risk of exchange rate.

(2) Interest Rate Risk

Since IST borrows funds at both the fixed interest rate and the floating interest rate simultaneously, IST is exposed to interest rate risk. IST tries to maintain a combination of fixed and floating interest rates to manage interest rate risk.

The book amounts of financial assets and financial liabilities of IST exposed to interest rate risk on the balance sheet date are as follows:

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| With fair value interest rate risk | | |
| －Financial assets | $ 15,000 | $ - |
| －Financial liabilities | 392,773 | 421,347 |
| With cash flow interest rate risk | | |
| －Financial assets | 579,650 | 524,490 |
| －Financial liabilities | 2,346,056 | 2,478,000 |

Sensitivity Analysis

The following sensitivity analysis is determined based on interest rate exposure with respect to non-derivative instruments on the balance sheet date. For the assets and liabilities with floating interest rates, the analysis is made based on the assumption that the outstanding assets and liabilities on the balance sheet date are still outstanding during the reporting period. The rate of change used internally for interest rate related report to the main management is the interest rate plus or minus 1%, which is also the estimate provided by the management for the range in which the interest rate may reasonably change.

If the interest rate is increased/decreased by 1%, then in the situation where all other variables remain unchanged, the pretax profit for 2024 and 2023 would be decreased/increased by NTD 17,664 thousand and NTD 19,535 thousand respectively.

2. Credit Risk

Credit risk refers to the risk incurred when the counterparty to the transaction delays contractual obligations and thus causes a loss to IST. As of the balance sheet date, the greatest credit risk to which IST was exposed due to failure by any counterparty to a transaction to perform its obligations would probably come from the book amount of financial assets recognized on the parent-company-only balance sheet.

To reduce credit risk, the management of IST has designated a team to be responsible for a decision of credit line, credit approval and other monitoring procedures to ensure that proper measures are taken to recover overdue receivables. In addition, IST reviews recoverable amounts of receivables on a case-by-case basis on the balance sheet date to ensure that a proper amount of impairment loss is allocated for unrecoverable receivables. Accordingly, the management of IST believes that IST’s credit risk has significantly reduced.

Customers of IST are numerous and not related, so the credit risk concentration is not high.

3. Liquidity Risk

IST keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents. The management of IST supervises the status of loans within the credit limit and ensures compliance with the terms of each loan contract.

A bank loan is an important source of liquidity for IST. For the line of credit unused by IST as of Dec. 31, 2024 and Dec. 31, 2023, please see the item (2) "Line of Credit" below.

(1) Table of Liquidity of Non-derivative Financial Liabilities and Interest Rate Risk

The maturity analysis for the remaining contracts of non-derivative financial liabilities is conducted based on the undiscounted cash flows of financial liabilities on the earliest date that IST is requested to make the repayment.

Dec. 31, 2024

| | To pay upon demand or less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | Over 5 years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Liabilities without interest | $ 445,989 | $ 227,898 | $ 132,883 | $ - | $ - |
| Lease liabilities | 6,777 | 13,436 | 58,857 | 145,966 | 188,249 |
| Floating rate instruments | 71,389 | 159,778 | 333,500 | 1,621,004 | 160,385 |
| Fixed rate instruments | 18,360 | 31,474 | 9,835 | - | - |
| | $ 542,515 | $ 432,586 | $ 535,075 | $1,766,970 | $ 348,634 |

Further information of the above maturity analysis for financial liabilities is as follows:

| | Less than 1 year | 1 ~ 5 years | 5 ~ 10 years | 10 ~ 15 years | 15 ~ 20 years | Over 20years |
|---|---|---|---|---|---|---|
| Lease liabilities | $ 79,070 | $ 145,966 | $ 38,043 | $ 38,043 | $ 38,043 | $ 74,120 |
| Floating rate instruments | $ 564,667 | $1,621,004 | $ 160,385 | $ - | $ - | $ - |
| Fixed rate instruments | $ 59,669 | $ - | $ - | $ - | $ - | $ - |

Dec. 31, 2023

| | To pay upon demand or less than 1 month | 1 ~ 3 months | 3 months ~ 1 year | 1 ~ 5 years | Over 5 years |
|---|---|---|---|---|---|
| Non-derivative financial liabilities | | | | | |
| Liabilities without interest | $ 187,380 | $ 153,889 | $ 133,088 | $ - | $ - |
| Lease liabilities | 5,503 | 10,595 | 44,950 | 123,440 | 195,859 |
| Floating rate instruments | 50,000 | 197,000 | 587,944 | 1,400,975 | 242,081 |
| Fixed rate instruments | - | 69,823 | 52,653 | - | - |
| | $ 242,883 | $ 431,307 | $ 818,635 | $1,524,415 | $ 437,940 |

Further information of the above maturity analysis for financial liabilities is as follows:

| | Less than 1 year | 1 ~ 5 years | 5 ~ 10 years | 10 ~ 15 years | 15 ~ 20 years | Over 20years |
|---|---|---|---|---|---|---|
| Lease liabilities | $ 61,048 | $ 123,440 | $ 38,043 | $ 38,043 | $ 38,043 | $ 81,730 |
| Floating rate instruments | $ 834,944 | $1,400,975 | $ 242,081 | $ - | $ - | $ - |
| Fixed rate instruments | $ 122,476 | $ - | $ - | $ - | $ - | $ - |

(2) Line of Credit

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Unsecured bank loan commitment, reviewed regularly | | |
| —Used within the credit line | $2,234,725 | $2,244,476 |
| —Unused within the credit line | 1,937,863 | 1,774,650 |
| | $4,172,588 | $4,019,126 |
| | | |
| Secured bank loan commitment | | |
| —Used within the credit line | $ 171,000 | $ 357,000 |
| —Unused within the credit line | - | - |
| | $ 171,000 | $ 357,000 |

XXIX. Transactions with Related Parties

Transactions between IST and related parties are as follows:

(I) Name of each Related Party and Relationship with the Related Party

| Name of Related Party | Relationship with IST |
|---|---|
| ITS Company | A subsidiary |
| PPT Company | A subsidiary |
| Samoa IST | A subsidiary |
| Integrated Service Technology USA Inc. （Integrated USA） | A subsidiary |
| System Integration Professional Technology (SIP KS Company) | A subsidiary |
| Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company) | A subsidiary |
| He Chou Technology Inc. (He Chou Company) | A subsidiary |
| Dekra Company | An associate |
| Dekra IST Reliability Services Limited (Dekra IST KS Company) | An associate |
| BTL Inc. | An associate (which became a non-related party after June 2024) |

(II) Service Income

| Item Listed in the Books | Type / Name of Related Party | 2024 | 2023 |
|---|---|---|---|
| Service income | Associates | $ 61,360 | $ 79,671 |
| | Subsidiaries | 62,323 | 50,172 |
| | | $ 123,683 | $ 129,843 |

Prices of the services for which IST obtains income from related parties are determined on an arm’s length basis and there is no comparable price of identical service sufficiently for IST to make a comparison with the determined prices. The payment terms provided by IST are net 30 to 90 days from the date of invoice every month or quarter or under a project.

(III) Accounts Receivable from Related Parties

| Item Listed in the Books | Type / Name of Related Party | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|---|
| Accounts receivable due from related parties | Associates | | |
| | Dekra Company | $ 18,058 | $ 18,516 |
| | Dekra IST KS Company | 99 | - |
| | | $ 18,157 | $ 18,516 |
| | Subsidiaries | | |
| | Integrated USA | 2,858 | 4,823 |
| | IST KS Company | 2,746 | - |
| | PPT Company | 436 | 349 |
| | ITS Company | - | 1,413 |
| | | $ 24,197 | $ 25,101 |
| Other receivables due from related parties | Associates | | |
| | Dekra Company | $ 23,843 | $ 23,188 |
| | Subsidiaries | | |
| | PPT Company | 18,580 | 10,681 |
| | IST KS Company | 2,514 | 1,800 |
| | ITS Company | - | 2,598 |
| | | $ 44,937 | $ 38,267 |
| Other current assets | Subsidiaries | $ 646 | $ 646 |

No guarantee was received for the accounts receivable from related parties. No loss allowance was allocated for the accounts receivable from related parties for 2024 and 2023 respectively.

“Other receivables due from related parties” refer to the technical service income, rent income and advances receivable from related parties.

(IV) Accounts Payable to Related Parties

| Item Listed in the Books | Type / Name of Related Party | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|---|
| Accounts payable to related parties | Associates | | |
| | Dekra Company | $ 15,182 | $ 4,689 |
| | Subsidiaries | | |
| | PPT Company | 322 | 664 |
| | | $ 15,504 | $ 5,353 |
| Payables on equipment | Associates | | |
| | Dekra Company | $ 186 | $ - |
| | Subsidiaries | | |
| | Integrated USA | 7,791 | 7,297 |
| | | $ 7,977 | $ 7,297 |
| Other payable to related parties | Subsidiaries | | |
| | Others | $ 360 | $ 373 |
| Other current liabilities | Subsidiaries | $ - | $ 110 |

(V) Acquisition of Property, Plant and Equipment

| | Amount acquired | |
|---|---|---|
| Type / Name of Related Party | 2024 | 2023 |
| Subsidiaries | $ 1,257 | $ - |

The price and payment terms based on which a related party acquires property, plant and equipment are determined in the manner agreed by both sides.

(VI) Lease / Sublease Agreement

<u>Renting Out and Subleasing under Operating Lease</u>

IST rented out land, building and structure as well as other equipment under operating leases and subleased the right of use of the building and structure to the associate Dekra Company, and the lease periods were 3.17 to 10 years. Rents were determined based on the rents for similar assets, and fixed lease payments were collected pursuant to lease agreements quarterly. The total lease payments to be collected as of Dec. 31, 2024 and Dec. 31, 2023 were NTD 26,688 thousand and NTD 27,760 thousand respectively. Lease income recognized for

2024 and 2023 were NTD 11,516 thousand and NTD 23,019 thousand respectively.

IST rented out building and structure as well as mechanical equipment under operating leases to PPT Company, and the lease periods were 3.5 to 5.75 years. The total lease payments to be collected as of Dec. 31, 2024 and Dec. 31, 2023 were NTD 83,468 thousand and NTD 162,058 thousand respectively. Rents were determined based on the rents for similar assets, and fixed lease payments were collected pursuant to lease agreements monthly. Lease income recognized for 2024 and 2023 were NTD 50,260 thousand and NTD 48,266 thousand respectively.

Subleasing under Finance Lease

IST subleased the building and structure, which were originally listed as right-of-use assets in the books, to the associate Dekra Company under finance leases in 2024 and 2023. The net investment in the lease at the lease commencement date was NTD 62,081 thousand and NTD 4,718 thousand and the lease period was 1~5 years and 1.08 years. The balance of finance leases receivable as of Dec. 31, 2024 and Dec. 31, 2023 was NTD 45,071 thousand and NTD 0 respectively.

(VII) Guarantee Deposits Received

| Item Listed in the Books | Type / Name of Related Party | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|---|
| Guarantee deposits received | Associates | | |
| | Dekra Company | $ 2,005 | $ 2,005 |
| | Subsidiaries | | |
| | PPT Company | 11,227 | 7,638 |
| | ITS Company | - | 3,589 |
| | | $ 13,232 | $ 13,232 |

(VIII) Manufacturing Expenses and Operating Expenses

| Item Listed in the Books | Type / Name of Related Party | 2024 | 2023 |
|---|---|---|---|
| Manufacturing expenses | Associates | $ 32,000 | $ 11,253 |
| | Subsidiaries | 7,382 | 155 |
| | | $ 39,382 | $ 11,408 |
| Operating expenses | Associates | $ 443 | $ 5,486 |
| | Subsidiaries | - | 5 |
| | | $ 443 | $ 5,491 |

The amounts of manufacturing expenses and operating expenses and the payment terms between IST and its related parties are negotiated and agreed by both sides.

(IX) Non-operating Income and Expenses

| Item Listed in the Books | Type / Name of Related Party | 2024 | 2023 |
|---|---|---|---|
| Lease income | Associates | | |
| | Dekra Company | $ 11,516 | $ 23,019 |
| | Subsidiaries | | |
| | PPT Company | 44,836 | 30,160 |
| | ITS Company | 5,424 | 18,106 |
| | He Chou Company | - | 34 |
| | | $ 61,776 | $ 71,319 |
| Other income | Associates | | |
| | Dekra Company | $ 8,186 | $ 7,015 |
| | Subsidiaries | 5,553 | 7,338 |
| | | $ 13,739 | $ 14,353 |
| Interest expenses | Associates | $ 32 | $ 30 |
| | Subsidiaries | 179 | 168 |
| | | $ 211 | $ 198 |

Rents and collection methods under the lease contract between IST and its related parties are determined based on lease contracts.

The amounts of other income and the collection conditions between IST and its related parties are negotiated and agreed by both sides.

Interest on a security deposit incurred from the lease between IST and its related parties is determined based on lease contracts.

(X) Remunerations to Main Managements

| | 2024 | 2023 |
|---|---|---|
| Short-term benefits | $ 57,148 | $ 54,633 |
| Post-employment benefits | 400 | 400 |
| Share-based payment | 236 | 579 |
| | $ 57,784 | $ 55,612 |

The remunerations to directors and main managements are determined by the remuneration committee based on individual performance and market trends.

XXX. Pledged Assets

The following assets of IST were provided as guarantees for issuing of L/Cs, bank loans and line of credit.

| | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Property, plant and equipment | $663,515 | $737,647 |
| Demand deposit (Listed as other current financial assets in the books) | - | 3,719 |
| | $663,515 | $741,366 |

XXXI. Material Contingent Liabilities and Unrecognized Contractual Commitments

Contingencies

(I) The amount of the L/Cs issued by IST that were not used was JPY 2,440 thousand as of Dec. 31, 2024.

(II) Phoenix Silicon International Corporation ("Phoenix Silicon") accused an employee of IST of misappropriating the trade secrets of Phoenix Silicon. After the investigation concluded, IST received on Feb. 24, 2021 the indictment from Taiwan Hsinchu District Prosecutors Office against the employee and his/her employer IST, and also received in March 2021 the criminal and civil complaint submitted by Phoenix Silicon to Taiwan Hsinchu District Court. In the complaint, Phoenix Silicon claimed that its trade secrets were reproduced and used by IST and its employee without authorization and the concerned parties should compensate Phoenix Silicon for its loss. IST believed that the aforementioned lawsuit did not have significant effect on its financial conditions. Relevant operating activates were conducted normally.

XXXII. Information of Foreign Currency Assets and Liabilities that Have Material Impacts

The following information presents foreign currencies, rather than the functional currency, used by IST. The disclosed exchange rate refers to the exchange rate of the foreign currency to the functional currency. Foreign currency assets and liabilities that have material impacts are as follows:

| | Dec. 31, 2024 | | | Dec. 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Foreign currency | Exchange rate | Book amount | Foreign currency | Exchange rate | Book amount |
| Foreign currency assets | | | | | | |
| Monetary item | | | | | | |
| USD | $ 10,391 | 32.785 (USD：NTD) | $ 340,669 | $ 9,085 | 30.705 (USD：NTD) | $ 278,965 |
| CNY | 608 | 4.5608 (CNY：NTD) | 2,773 | 9 | 4.3352 (CNY：NTD) | 38 |
| JPY | 50,147 | 0.2099 (JPY：NTD) | 10,526 | 6,000 | 0.2172 (JPY：NTD) | 1,303 |
| | | | $ 353,968 | | | $ 280,306 |
| Investments accounted for using the equity method | | | | | | |
| USD | 7,580 | 32.785 (USD：NTD) | $ 248,522 | 10,070 | 30.705 (USD：NTD) | $ 309,192 |
| Foreign currency liabilities | | | | | | |
| Monetary item | | | | | | |
| USD | 7,546 | 32.785 (USD：NTD) | $ 247,396 | 6,170 | 30.7050 (USD：NTD) | $ 189,451 |
| JPY | 137,669 | 0.2099 (JPY：NTD) | 28,897 | 93,550 | 0.2172 (JPY：NTD) | 20,319 |
| | | | $ 276,293 | | | $ 209,770 |
| Non-monetary item | | | | | | |
| JPY | 542 | 0.2099 (JPY：NTD) | $ 114 | 1,088 | 0.2172 (JPY：NTD) | $ 236 |

Unrealized foreign currency exchange gains and losses which have material impacts are as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| Foreign currency | Exchange rate | Net foreign exchange gain (loss) | Exchange rate | Net foreign exchange gain (loss) |
| USD | 32.785 (USD：NTD) | $ 3,989 | 30.705 (USD：NTD) | ($ 2,792 ) |
| JPY | 0.2099 (JPY：NTD) | 305 | 0.2172 (JPY：NTD) | 431 |
| CNY | 4.5608 (CNY：NTD) | 41 | 4.3352 (CNY：NTD) | ( 4 ) |
| | | $ 4,335 | | ($ 2,365 ) |

## XXXIII.、Disclosures in the Notes

(I) Information Relevant to Material Transactions, and (II) Information Relevant to Reinvestments:

1. Funds lent to others (None)
2. Enforcement and guarantee for others (None)
3. Negotiable securities held at the end of the period (not including investments in subsidiaries and associates and joint ventures) (Schedule 1)
4. Accumulated purchases or sales of negotiable securities up to NTD 300 million or 20% of the paid-in capital (None)

5. Acquisition cost of real estate up to NTD 300 million or 20% of the paid-in capital (None)
6. Proceeds up to NTD 300 million or 20% of the paid-in capital from disposal of real estate (None)
7. Purchases from or sales to related parties up to NTD 100 million or 20% of the paid-in capital (None)
8. Receivables due from related parties up to NTD 100 million or 20% of the paid-in capital (None)
9. Transactions of derivatives (Notes 7 and 28)
10. Name and location of each investee company (not including investee companies in Mainland China) and other relevant information (Schedule 2)

(III) Information of Investments in Mainland China:

1. Name of each investee company in Mainland China and its main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the period, investment gain remitted back already, and limit of investments in Mainland China (Schedule 3)
2. Material transactions with investee companies in Mainland China directly or through a third region, and prices, payment terms and unrealized gains or losses with respect to the transactions, and other information helpful to understand the impact of investments in Mainland China on the financial statements: No material transaction.

(IV) Information of Main Shareholders: Name of each shareholder holding over 5% of equity, number of shares held, and ratio of shareholding (None)

Integrated Service Technology Inc.

Marketable Securities Held at the End of the Period

Dec. 31, 2024

Schedule 1

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Holding company | Type and name of marketable securities | Relation with the issuer of marketable securities | Items in the books | End of the year | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Number of shares | Book amount | Ratio of shareholding | Fair value | |
| IST | Funds | | | | | | | |
| | TIEF FUND,L.P. | — | Non-current financial assets at fair value through profit or loss | - | $ 23,769 | 4.35% | $ 23,769 | Note |
| | Stocks | | | | | | | |
| | BTL Inc. | — | Non-current financial assets measured at fair value through other comprehensive income | 2,805,000 | 142,494 | 9.25% | 142,494 | Note |
| Pin Wen Company | Stocks | | | | | | | |
| | Frame Magic Studios Co., Ltd. | — | Non-current financial assets at fair value through profit or loss | 242,105 | - | 10.53% | - | Note |

Note: It was calculated at fair value on Dec. 31, 2024.

Integrated Service Technology Inc.
Information of Investee Companies (Not Including Investee Companies in Mainland China), their Locations, etc.

2024

Schedule 2

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Name of investing company | Name of investee company | Location | Main business activities | Amount of original investment | | Shares held at the end of the year | | | Profit (loss) of the investee company for the year | Investment gain (loss) recognized for the year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | End of the year | End of last year | Number of shares | Ratio (%) | Book amount | | | |
| IST | Samoa IST | Samoa | Investment | USD 9,500 | USD 10,000 | 4,416,770 | 100 | $ 244,762 | ($ 10,935 ) | ($ 10,935 ) | A subsidiary (Note 1) |
| | Dekra Company | Hsinchu City | Product testing and relevant business | $ 192,624 | $ 192,624 | 19,262,390 | 49 | 712,875 | 61,398 | 30,085 | An associate (Note 2) |
| | BTL Inc. | Taipei City | Product testing and relevant business | - | 95,225 | - | - | - | 19,255 | 1,559 | An associate (Notes 3 and 5) |
| | Pin Wen Company | Hsinchu City | Investment | 237,000 | 237,000 | 9,841,258 | 100 | 58,670 | ( 15,552 ) | ( 15,552 ) | A subsidiary (Note 1) |
| | Supreme Fortune corp. | Belize | Investment | USD 125 | USD 1,655 | 125,000 | 100 | 3,760 | ( 685 ) | ( 685 ) | A subsidiary (Note 1) |
| | ITS Company | Hsinchu City | Electronic product testing and relevant business | $ - | $ 326,543 | - | - | - | ( 18,727 ) | ( 9,448 ) | A subsidiary (Notes 1 and 4) |
| | PPT Company | Hsinchu City | Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business | 776,543 | 450,000 | 32,842,807 | 71 | 163,250 | ( 33,734 ) | ( 25,985 ) | A subsidiary (Notes 1 and 4) |
| Samoa IST | Seychelles IST | Seychelles | Investment | USD 7,159 | USD 6,159 | 7,158,575 | 100 | USD 6,341 | (USD 373 ) | (USD 373 ) | A sub-subsidiary (Note 1) |
| | Integrated USA | USA | R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc. | USD 3,130 | USD 3,130 | 3,130,000 | 100 | USD 429 | (USD 18 ) | (USD 18 ) | A sub-subsidiary (Note 1) |
| Supreme Fortune corp. | Hot Light Co., Ltd. | Seychelles | Investment | USD 125 | USD 1,655 | 125,000 | 100 | USD 115 | (USD 21 ) | (USD 21 ) | A sub-subsidiary (Note 1) |
| Pin Wen Company | ITS Company | Hsinchu City | Electronic product testing and relevant business | $ - | $ 186,038 | - | - | $ - | ($ 18,727 ) | ($ 1,840 ) | A subsidiary (Notes 1 and 4) |
| | PPT Company | Hsinchu City | Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business | 235,538 | 49,500 | 2,849,679 | 6 | 12,823 | ( 33,734 ) | ( 1,768 ) | A subsidiary (Notes 1 and 4) |
| | EFUN Company | Hsinchu City | Information software service | 3,700 | 3,700 | 370,000 | 26 | 694 | ( 958 ) | ( 253 ) | An associate (Note 3) |
| | Huan Ying Company | Hsinchu City | Information software management service and relevant business | 5,100 | 5,100 | 510,000 | 29 | 3,456 | 111 | 32 | An associate (Note 3) |
| | MS Company | Hsinchu City | IC design | 39,974 | 39,974 | 2,954,600 | 21 | 22,171 | ( 50,874 ) | ( 10,733 ) | An associate (Note 2) |
| Hot Light Co., Ltd. | He Chou Company | Hsinchu City | Circuit design service | USD 125 | USD 125 | 400,000 | 100 | USD 49 | (USD 38 ) | (USD 38 ) | A sub-subsidiary (Note 1) |

Note 1: It was calculated based on the financial statements of the same accounting period reviewed by CPAs.
Note 2: It was calculated based on the financial statements of the same accounting period audited by other CPAs.
Note 3: It was calculated based on the financial statements of the same accounting period that were not reviewed by CPAs.
Note 4: ITS Company merged with PPT Company on Mar. 31, 2024.
Note 5: In June 2024, BTL Inc. was transferred to be listed as the financial assets measured at fair value through other comprehensive income.

Integrated Service Technology Inc.

Information of Investments in Mainland China

2024

Schedule 3

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Name of investee company in Mainland China | Main business activities | Paid-in capital | Investment method | Accumulated investment amount remitted from Taiwan as of the beginning of the year | Investment amount remitted or recovered in the year | | Accumulated investment amount remitted from Taiwan as of the end of the year | Investee company's profit (loss) of the year | Ratio of shares held by IST through direct or indirect investment | Investment gain (loss) recognized for the year | Ending book value of investment | Investment gain remitted back to Taiwan as of the end of the year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remitted | Recovered | | | | | | | |
| IST KS Company | Product testing and relevant business | $ 121,305 (USD 3,700) | Note 1 | $ 310,572 (USD 9,473) (Note 4) | $ - | $ 13,114 (USD 400) | $ 297,458 (USD 9,073) (Note 4) | ($ 3,597) (USD (112)) | 100% | ($ 3,597) (USD (112)) | $ 184,186 (USD 5,618) | $ - | Note 2 |
| SIP KS Company | Circuit design service | 53,112 (USD 1,620) | Note 1 | - (Note 5) | - | - | - (Note 5) | ( 1,991) (USD (62)) | 100% | ( 1,991) (USD (62)) | 16,983 (USD 518) | - | Note 2 |
| IST-trade KS Company | Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent | 11,402 (CNY 2,500) | Note 1 | - (Note 5) | - | - | - (Note 5) | 149 (CNY 33) | 100% | 149 (CNY 33) | 12,159 (CNY 2,666) | - | Note 2 |
| Xinchuang IST Shanghai | Inspection and testing services | 4,561 (CNY 1,000) | Note 1 | - (Note 5) | - | - | - (Note 5) | ( 2,665) (CNY (591)) | 100% | ( 2,665) (CNY (591)) | 1,865 (CNY 409) | - | Note 2 |

| Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the year | Investment amount approved by Investment Commission, Ministry of Economic Affairs | Limit of investment provided by Investment Commission, Ministry of Economic Affairs |
|---|---|---|
| $ 297,458 (USD9,073) | $ 539,248 (USD16,448) | $2,058,033 |

Note 1: The company in Mainland China was invested through a third-area investee company.

Note 2: It was calculated based on the financial statements of the same accounting period audited by CPAs.

Note 3: The figures in a foreign currency were converted into NT dollars at the exchange rate announced on the reporting date.

Note 4: An amount of USD 980 thousand in the investment is a reinvestment by Samoa IST using its own funds, so the limit of investments in Mainland China provided by Investment Commission, MOEA is not applicable here.

Note 5: It is a reinvestment by Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company) using its own funds, so the limit of investments in Mainland China provided by Investment Commission, MOEA is not applicable here.

# § Table of Contents of the Important Accounting Items List §

Integrated Service Technology Inc.

Schedule of Cash and Cash Equivalents

Dec. 31, 2024

Table 1

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Item | Description | Amount |
|---|---|---|
| Bank deposits | | |
| Checking and demand deposits | — | $528,018 |
| Foreign currency demand deposits | i.e. USD 1,337 thousand (exchange rate USD 1：NTD 32.785); JPY 41,062 thousand (exchange rate JPY 1：NTD 0.2099); CNY 4 thousand (exchange rate CNY 1：NTD 4.5608) ； EUR 123 thousand (exchange rate EUR 1 : NTD 34.1400) | 56,671 |
| | | 584,689 |
| Cash and cash equivalents | | |
| Time deposits | （Note） | 15,000 |
| Petty cash | — | 135 |
| | | $599,824 |

Note： To be mature by the end of Feburary 2025 with the interest rate 0.88%

Integrated Service Technology Inc.

Schedule of Notes and Accounts Receivable

Dec. 31, 2024

Table 2 Unit: In Thousands of New Taiwan Dollars

| Customer name | Amount |
|---|---|
| Customer A | $ 197,877 |
| Customer B | 170,007 |
| Customer C | 113,739 |
| Customer D | 99,556 |
| Others (Note 1) | 810,591 |
| | 1,391,770 |
| Loss allowance | ( 15,931) |
| | $1,375,839 |

Note 1: The balance of each customer in the "Others" item does not exceed 5% of the total balance of the item.

Note 2: The amount of the accounts receivables due for over a year was NTD 272thousand. IST has allocated a proper loss allowance for the amount that cannot be collected successfully.

Integrated Service Technology Inc.

Schedule of Changes in Non-current Financial Assets at Fair Value through Profit or Loss

For the year ended Dec. 31, 2024

Table 3

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Name of investee company | Beginning balance | | Gains from measurement at fair value | Decrease in the year | | Ending balance | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shares | Fair value | | Number of shares | Amount | Number of shares | Ratio of shareholding % | Fair value |
| Funds | | | | | | | | |
| TIEF FUND,L.P | - | $ 27,692 | $ 2,161 | - | ($ 6,084) | - | 4.35 | $ 23,769 |

Integrated Service Technology Inc.

Schedule of Changes in Non-current Financial Assets at Fair Value through Other Comprehensive Income

For the year ended Dec. 31, 2024

Table 4

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Name of investee company | Beginning balance | | Increase in the year | | Gains from measurement at fair value | Ending balance | | |
|---|---|---|---|---|---|---|---|---|
| | Number of shares | Fair value | Number of shares | Amount | | Number of shares | Ratio of shareholding % | Fair value |
| Equity investment | | | | | | | | |
| BTL Inc. | - | $ - | 2,805,000 | $ 209,610 | ($ 67,116) | 2,805,000 | 9.25 | $ 142,494 |

Integrated Service Technology Inc.

Schedule of Changes in Investments Accounted for Using the Equity Method

For the year ended Dec. 31, 2024

Table 5

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Name of investee company | Beginning balance | | Increase in the year | | Decrease in the year | | Changes in the owned equity of subsidiaries and associates | Investment gain (loss) recognized by using the equity method | Exchange differences on translation of foreign financial statements of foreign operations | Ending balance | | | Net equity | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of shares | Amount | Number of shares | Amount | Number of shares | Amount | | | | Number of shares | Ratio of shareholding (%) | Amount | | |
| Samoa IST | 4,916,770 | $ 257,882 | 1,000,000 | $ 31,580 | ( 1,500,000 ) | ($ 47,370 ) | $ - | ($ 10,935 ) | $ 13,605 | 4,416,770 | 100 | $ 244,762 | $ 244,762 | Notes 1 and 3 |
| Dekra Company | 19,262,390 | 678,942 | - | - | - | - | - | 30,085 | 3,848 | 19,262,390 | 49 | 712,875 | 495,181 | Note 2 |
| BTL Inc. | 2,550,000 | 117,647 | - | - | ( 2,550,000 ) | ( 122,271 ) | 1,956 | 1,559 | 1,109 | - | - | - | - | Note 4 |
| Pin Wen Company | 9,841,258 | 73,228 | - | - | - | - | 994 | ( 15,552 ) | - | 9,841,258 | 100 | 58,670 | 58,670 | Note 1 |
| Supreme Corp. | 1,655,000 | 51,310 | - | - | ( 1,530,000 ) | ( 48,317 ) | - | ( 685 ) | 1,452 | 125,000 | 100 | 3,760 | 3,760 | Notes 1 and 5 |
| ITS Company | 13,622,442 | 18,722 | - | - | ( 13,622,442 ) | ( 9,274 ) | - | ( 9,448 ) | - | - | - | - | - | Notes 1 and 6 |
| PPT Company | 29,250,292 | 184,882 | 3,592,515 | 9,277 | - | - | ( 4,924 ) | ( 25,985 ) | - | 32,842,807 | 71 | 163,250 | 153,040 | Notes 1 and 6 |
| | | $1,382,613 | | $ 40,857 | | ($ 227,232 ) | ($ 1,974 ) | ($ 30,961 ) | $ 20,014 | | | $1,183,317 | $ 955,413 | |

Note 1：It was calculated based on the investee company’s financial statements of the same accounting period audited by CPAs.

Note 2：It was calculated based on the investee company’s financial statements of the same accounting period audited by other CPAs.

Note 3：The increase in the year refers to the cash capital increase NTD 31,580 thousand. The decrease in the year refers to the the proceeds from capital reduction NTD 47,370 thousand.

Note 4：In June 2024, BTL Inc. was transferred to be listed as the financial assets measured at fair value through other comprehensive income.

Note 5：The decrease in the year refers to the proceeds from capital reduction NTD 48,317 thousand.

Note 6：ITS Company merged with PPT Company on Mar. 31, 2024. For further explanation, please refer to Note 11.

Integrated Service Technology Inc.

Schedule of Changes in Right-of-Use Assets and Changes in Accumulated Depreciation of Right-of-Use Assets

For the year ended Dec. 31, 2024

Table 6 Unit: In Thousands of New Taiwan Dollars

| | Land | Building | Transportation equipment | Office equipment | Total |
|---|---|---|---|---|---|
| Cost | | | | | |
| Balance at Jan. 1, 2024 | $ 172,965 | $ 244,362 | $ 18,263 | $ 666 | $ 436,256 |
| Additions | - | 79,271 | 2,660 | - | 81,931 |
| Decrease | - | ( 103,688 ) | ( 3,805 ) | - | ( 107,493 ) |
| Balance at Dec. 31, 2024 | 172,965 | 219,945 | 17,118 | 666 | 410,694 |
| Accumulated depreciation | | | | | |
| Balance at Jan. 1, 2024 | 24,265 | 116,948 | 8,751 | 20 | 149,984 |
| Depreciation | 4,848 | 48,062 | 6,047 | 242 | 59,199 |
| Decrease | - | ( 70,074 ) | ( 3,805 ) | - | ( 73,879 ) |
| Balance at Dec. 31, 2024 | 29,113 | 94,936 | 10,993 | 262 | 135,304 |
| Net at Dec. 31, 2024 | $ 143,852 | $ 125,009 | $ 6,125 | $ 404 | $ 275,390 |

Integrated Service Technology Inc.

Schedule of Short-term Borrowings

Dec. 31, 2024

Table 7

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Creditor | Loan period | Annual interest rate (%) | Balance | Line of credit (Note) | Mortgage or guarantee |
|---|---|---|---|---|---|
| Taipei Fubon Commercial Bank | 2024/08/23~2025/02/19 | 2.19 | $ 120,000 | $ 80,000 | None |
| Cathay United Bank | 2024/10/24~2025/01/24 | 1.95 | 100,000 | - | None |
| First Bank | 2024/08/08~2025/02/04 | 6.02 | 31,474 | - | None |
| Land Bank of Taiwan | 2024/10/23~2025/01/23 | 2.10 | 100,000 | 50,000 | None |
| Chang Hwa Commercial Bank | 2024/07/18~2025/01/14 | 6.34 | 18,360 | 81,640 | None |
| Hua Nan Bank | 2024/11/07~2025/05/06 | 5.70 | 9,835 | 83,652 | None |
| Shin Kong Bank | 2024/12/24~2025/02/24 | 2.17 | 100,000 | - | None |
| Taishin Bank | 2024/12/27~2025/01/17 | 2.05 | 100,000 | 30,000 | None |
| Total short-term borrowings | | | $ 579,669 | $ 325,292 | |

Note: As of the end of 2024, the amount unused within the line of credit was NTD 325,292 thousand.

Integrated Service Technology Inc.

Schedule of Notes and Accounts Payable

Dec. 31, 2024

Table 8 Unit: In Thousands of New Taiwan Dollars

| Name of Supplier | Amount |
|---|---|
| Supplier A | $ 81,462 |
| Supplier B | 24,781 |
| Supplier C | 23,082 |
| Supplier D | 16,673 |
| Others (Note) | 131,773 |
| | $277,771 |

Note: The amount of each supplier in the "Others" item does not exceed 5% of the total amount of the item.

Integrated Service Technology Inc.
Schedule of Long-term Borrowings
Dec. 31, 2024

Table 9

Unit: In Thousands of New Taiwan Dollars

| Creditor | Term of contract | Repayment terms | Annual interest rate (%) | Borrowed amount | Mortgage or guarantee | Remarks |
|---|---|---|---|---|---|---|
| Credit loans | | | | | | |
| Bank SinoPac | March 24, 2017 ~ March 24, 2032 | From March 24, 2017, interest shall be paid during the credit period. The grace period is 2 years. After that, NTD 7 million shall be repaid every quarter before full repayment by March 2032. | 1.83 | $ 171,000 | Note 1 | To purchase plant |
| Bank SinoPac | December 24, 2024 ~ March 24, 2024 | From December 24, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by May 2026. | 2.09 | 100,000 | None | To supplement working capital |
| Hua Nan Bank | November 22, 2024 ~ November 22, 2026 | From November 22, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by November 2026. | 2.17 | 100,000 | Note 2 | To supplement working capital |
| CTBC Bank | November 22, 2024 ~ May 22, 2025 | From November 22, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by November 2026. | 2.16 | 300,000 | None | To supplement working capital |
| Agricultural Bank of Taiwan | October 30, 2024 ~ January 24, 2025 | From October 30, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by June 2026. | 1.90 | 100,000 | None | To supplement working capital |
| Agricultural Bank of Taiwan | December 13, 2024 ~ June 11, 2025 | From December 13, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by June 2026. | 2.25 | 50,000 | None | To supplement working capital |
| Far Eastern International Bank | September 5, 2024 ~ March 4, 2025 | From September 5, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by September 2026. | 2.16 | 100,000 | None | To supplement working capital |
| Bank of Panhsin | November 8, 2024 ~ February 6, 2025 | From November 8, 2024, interest shall be paid during the credit period. A principal shall be repaid upon maturity. The loan shall be completely repaid by March 2026. | 2.23 | 50,000 | None | To supplement working capital |
| Chang Hwa Bank | July 28, 2023 ~ July 15, 2030 | From July 28, 2023, interest shall be paid during the credit period. The grace period is 1 year. After that, NTD 1,389 thousand shall be repaid every day before full repayment by July 2030. | 1.65 | 93,056 | None | To purchase mechanical equipment |
| First Bank | August 2, 2023 ~ July 15, 2030 | From August 2, 2023, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 3,854 thousand shall be repaid every day before full repayment by July 2030. | 1.67 | 185,000 | None | To purchase mechanical equipment |
| First Bank | March 8, 2024 ~ July 15, 2030 | From March 8, 2024, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 2,188 thousand shall be repaid every day before full repayment by July 2030. | 1.67 | 105,000 | None | To purchase mechanical equipment |
| First Bank | August 19, 2024 ~ July 15, 2030 | From August 19, 2024, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 1,354 thousand shall be repaid every day before full repayment by July 2030. | 1.67 | 65,000 | None | To purchase mechanical equipment |
| First Bank | December 23, 2024 ~ July 15, 2030 | From December 23, 2024, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 1,104 thousand shall be repaid every day before full repayment by July 2030. | 1.67 | 53,000 | None | To purchase mechanical equipment |
| Hua Nan Bank | August 21, 2023 ~ August 15, 2030 | From August 21, 2023, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 2,083 thousand shall be repaid every day before full repayment by August 2030. | 1.65 | 100,000 | None | To purchase mechanical equipment |
| Hua Nan Bank | March 29, 2024 ~ August 15, 2030 | From March 29, 2024, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 2,208 thousand shall be repaid every day before full repayment byAugust 2030. | 1.65 | 106,000 | None | To purchase mechanical equipment |
| Hua Nan Bank | November 22, 2024 ~ August 15, 2030 | From November 22, 2024, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 833 thousand shall be repaid every day before full repayment by August 2030. | 1.65 | 40,000 | None | To purchase mechanical equipment |
| Mega International Commercial Bank | November 16, 2023 ~ November 15, 2030 | From November 16, 2023, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 510 thousand shall be repaid every day before full repayment by November 2030. | 1.67 | 25,000 | None | To purchase mechanical equipment |
| Mega International Commercial Bank | September 8, 2023 ~ August 15, 2030 | From September 8, 2023, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 653 thousand shall be repaid every day before full repayment byAugust 2030. | 1.67 | 32,000 | None | To supplement working capital |
| Mega International Commercial Bank | June 7, 2024~ August 15, 2030 | From June 7, 2024, interest shall be paid during the credit period. The grace period is 3 years. After that, NTD 1,041 thousand shall be repaid every day before full repayment by August 2030. | 1.67 | 51,000 | None | To supplement working capital |
| | | | | 1,826,056 | | |
| Current portion of long-term borrowings | | | | ( 44,667 ) | | |
| | | | | $ 1,781,389 | | |

Note 1: The building and structure of a net amount NTD 333,332 thousand have been provided for the bank as security for the long-term loan.

Note 2: The building and structure of a net amount NTD 36,233 thousand have been provided for the bank as security for the long-term loan.

Integrated Service Technology Inc.

Schedule of Lease Liabilities

Dec. 31, 2024

Table 10

Unit: In thousands of New Taiwan Dollars, except as otherwise indicated herein

| Item | Lease period | Discount rate | Amount |
|---|---|---|---|
| Land | October 2017 ~ September 2057 | 2.76% | $ 154,333 |
| Building | March 2007 ~ December 2028 | 1.62%~2.76% | 172,045 |
| Transportation equipment | February 2022 ~ February 2027 | 4.97%~5.91% | 6,345 |
| Office equipment | September 2023 ~ August 2026 | 5.78% | 381 |
| Total | | | 333,104 |
| Less: Lease liabilities－Current | | | ( 71,719 ) |
| Lease liabilities－Non-current | | | $ 261,385 |

Integrated Service Technology Inc.

Schedule of Operating Revenue

For the year ended Dec. 31, 2024

Table 11 Unit: In Thousands of New Taiwan Dollars

| Item | Quantity | Amount |
| --- | --- | --- |
| Service of integrated circuit testing | Note | $3,819,029 |
| Sales discount | — | ( 15,211) |
| | | $3,803,818 |

Note: Not all the prices are calculated based on quantity, so the quantity cannot be estimated reasonably.

Integrated Service Technology Inc.

Schedule of Operating Cost

For the year ended Dec. 31, 2024

Table 12 Unit: In Thousands of New Taiwan Dollars

| Item | Operating cost |
|---|---|
| Salary expense | $ 875,059 |
| Miscellaneous purchases | 577,320 |
| Depreciation expense | 475,288 |
| Utilities | 151,336 |
| Consumables | 137,673 |
| Others (Note) | 419,515 |
| | $2,636,191 |

Note: The amount of each component in the "Others" item does not exceed 5% of the total amount of the item.

Integrated Service Technology Inc.

Schedule of Operating Expenses

For the year ended Dec. 31, 2024

Table 13 — Unit: In Thousands of New Taiwan Dollars

| Item | Selling expense | Management expense | R&D expense |
|---|---|---|---|
| Salary expense | $ 61,546 | $ 162,667 | $ 82,197 |
| Insurance premium | 5,176 | 13,864 | 6,551 |
| Depreciation expense | 1,468 | 77,482 | 53,870 |
| Service expense | - | 24,091 | - |
| Miscellaneous expenses | 3,633 | 38,166 | 1,480 |
| Others (Note) | 25,743 | 97,626 | 16,333 |
| | $ 97,566 | $ 413,896 | $ 160,431 |

Note: The amount of each component in the “Others” item does not exceed 5% of the total amount of the item.

Integrated Service Technology Inc.
Summary Statement of the Year's Employee Benefits, Depreciation and Amortization Expenses Classified by Functions
For the years ended Dec. 31, 2024 and 2023

Table 14 Unit: In Thousands of New Taiwan Dollars

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | In operating cost | In operating expenses | Total | In operating cost | In operating expenses | Total |
| Employee benefit expenses | | | | | | |
| Salary expense | $ 875,059 | $ 306,410 | $1,181,469 | $ 779,914 | $ 256,432 | $1,036,346 |
| Labor and national health insurance premium expense | 71,575 | 23,694 | 95,269 | 63,611 | 20,529 | 84,140 |
| Retirement pension expense | 30,108 | 11,105 | 41,213 | 26,607 | 9,745 | 36,352 |
| Remuneration to directors | - | 11,460 | 11,460 | - | 8,850 | 8,850 |
| Other employee benefit expenses | 67,838 | 24,432 | 92,270 | 60,463 | 25,140 | 85,603 |
| | $1,044,580 | $ 377,101 | $1,421,681 | $ 930,595 | $ 320,696 | $1,251,291 |
| Depreciation expenses | $ 475,288 | $ 132,820 | $ 608,108 | $ 546,229 | $ 136,735 | $ 682,964 |
| Amortization expense | $ 3,238 | $ 2,171 | $ 5,409 | $ 4,033 | $ 2,341 | $ 6,374 |

Note 1: The average number of IST employees per month in 2024 and 2023 was 1,183 and 1,065 respectively and there were 9 and 8 directors that were not employees in 2024 and 2023.

Note 2: Exchange-listed and OTC-listed companies are required to disclose the following information:

(1) Average employee benefit expenses of the current year NTD 1,201 thousand: (Total employee benefit expenses of the current year —Total remuneration to directors) / (Number of employees for the current year —Number of directors who are not employees)

Average employee benefit expenses of the previous year NTD 1,175 thousand: (Total employee benefit expenses of the previous year —Total remuneration to directors for the previous year) / (Number of employees for the previous year —Number of directors who were not employees for the previous year)

(2) Average employee salary expenses of the year NTD 1,006 thousand: Total employee salary expenses of the current year / (Number of employees for the current year —Number of directors who are not employees)

Average employee salary expenses of the previous year NTD 980 thousand: Total employee salary expenses of the previous year / (Number of employees for the previous year —Number of directors who were not employees for the previous year)

(3) Adjustment or change of average employee salary expenses 2.65%: (Average employee salary expenses of the year —Average employee salary expenses of the previous year) / Average employee salary expenses of the previous year

(4) The remuneration to independent directors for 2024 and 2023 has been included into the remuneration to directors for the purpose of disclosure.

(5) Please specify the remuneration policy of IST (including remunerations to directors, supervisors, managers and employees).

A. Remunerations to directors, remuneration committee members and managers are allocated pursuant to the IST Policy of Remunerations to Directors, Remuneration Committee Members and Managers. When IST has earnings, remunerations are allocated in compliance with its articles of incorporation. Allocated remunerations shall be resolved by the board of directors and reported at the shareholders' meeting.
B. With respect to remunerations to managers, the fixed salary is determined based on length of service, job value and salary structure while a variable pay is provided reasonably based on performance, the competitive environment where managers in relevant fields are paid, and standards of salaries paid in the same industry after personal performance, corporate performance and correlation to future risks are taken into account. Such remunerations shall be reviewed and approved by the remuneration committee and approved by the board of directors.
C. The salary structure used by IST includes the fixed salary, variable bonuses and a bonus from earnings. The fixed salary is approved based on relevant work experience, job structure, and salary level in the industry.Variable bonuses and the bonus from earnings are subject to the status of IST's profitability, and departmental and personal performance. IST shares business results with employees.