Integrated Service Technology Inc. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2025 and 2024 and Independent Auditors' Review Report

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Independent Auditors' Review Report

To: Integrated Service Technology Inc.

Introduction

We have reviewed the financial statements of Integrated Service Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet of June 30, 2025 and June 30, 2024, the consolidated statement of comprehensive income for the three months ended June 30, 2025 and June 30, 2024 as well as the six months ended June 30, 2025 and June 30, 2024, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2025 and 2024, and the notes to the consolidated financial statements (including a summary of material accounting policies). The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, and the Statement No. 34 "Interim Financial Reporting" of the International Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission. Our responsibilities are to draw a conclusion, based on the results of the review, on the consolidated financial statements.

Scope of Review

Except what has been stated in the "Basis for Qualified Conclusion" below, we conducted our review of the consolidated financial statements in accordance with the Statement No. 2410 "Review of Financial Statement" of the Standards on Review Engagements. The procedures performed in review of the consolidated financial statements included inquiries (mainly to personnel in charge of financial and accounting affairs), analytical procedure and other review procedures. The scope of review tasks was obviously narrower than that of audit tasks, so we might be unable detect all material matters identifiable through audit tasks. As a result, we are unable to issue our audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 to the consolidated financial statements, the financial statements of the same period of some non-material subsidiaries included in the consolidated financial statements were not reviewed by CPAs. Their assets in total as of Jun. 30, 2025 and Jun. 30, 2024 were NTD 291,015 thousand and NTD 322,959 thousand respectively, which accounted for 3% and 4% of the total consolidated assets respectively. Their liabilities in total were NTD 77,740 thousand and NTD 67,391 thousand respectively, which accounted for 2% of the total consolidated liabilities. Their comprehensive income in total for 2025 Q2, 2024 Q2, 2025 H1 and 2024 H1 was NTD (1,728) thousand, NTD (5,405) thousand, (8,713) thousand and NTD (6,985) thousand respectively, which accounted for (4)%, (3)%, (5)% and (2)% of the total consolidated comprehensive income. In addition, as stated in Note 13 to the consolidated statements, the amount of investments accounted for using the equity method as of Jun. 30, 2025 and Jun. 30, 2024 was NTD 739,158 thousand and NTD 729,332 thousand respectively. The share of the comprehensive income of associates accounted for using the equity method recognized for 2025 Q2, 2024 Q2, 2025 H1 and 2024 H1 was NTD 23,067 thousand, NTD 9,888 thousand, NTD 25,672 thousand and NTD15,817 thousand respectively; however, it was recognized based on those investee companies' financial statements of the same period that were not reviewed by CPAs. Besides, such information relevant to aforementioned subsidiaries and investee companies as stated in the reinvestment-related information in Note 36 "Disclosures" to the consolidated financial statements has not been reviewed by CPAs yet.

Qualified Conclusion

Except for some adjustments that would have been made to the consolidated financial statements if both the financial statements of those non-material subsidiaries and associates stated in the Basis for Qualified Conclusion below and the information disclosed in Note 36 to the consolidated financial statements had been reviewed by

CPAs, we have not found, based on our reviews, such non-compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers or the Statement No. 34 “Interim Financial Reporting” of the International Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission that resulted in the consolidated financial statements not presenting fairly the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Jun. 30, 2025 and Jun. 30, 2024, the consolidated financial performance for 2025 Q2 and 2024 Q2, and the consolidated financial performance and consolidated cash flows for 2025 H1 and 2024 H1.

Deloitte & Touche

Wen Chih-Yuan, CPA	Chang Ya-Yun, CPA
Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi-1130349292	Financial Supervisory Commission Approval No.: Jin-Guan-Zheng-Shen-Zi-1110348898

Aug. 7, 2025

Integrated Service Technology Inc. and Subsidiaries
Consolidated Balance Sheet

Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024

Unit: In Thousands of New Taiwan Dollars

Assets	Jun. 30, 2025 Amount	%	Dec. 31, 2024 Amount	%	Jun. 30, 2024 Amount	%
Current assets						
Cash and cash equivalents (Note 6)	$ 793,044	9	$ 939,526	12	$ 752,761	10
Current contract assets (Note 23)	1,730	-	1,854	-	4,450	-
Notes and accounts receivable, net (Notes 9 and 23)	1,772,731	21	1,487,096	18	1,608,765	20
Finance lease receivables (Notes 10 and 32)	15,138	-	15,677	-	16,053	-
Accounts receivable due from related parties (Notes 23 and 32)	19,493	-	20,777	-	16,231	-
Other receivables	47,519	1	313	-	249	-
Other receivables due from related parties (Note 32)	22,251	-	23,843	-	21,900	-
Current tax assets (Notes 4 and 25)	114	-	96	-	71	-
Non-current assets held for sale (Note 11)	-	-	493	-	-	-
Prepayments and other current assets (Note 17)	146,801	2	137,693	2	124,782	2
Other financial assets (Note 33)	13,087	-	12,048	-	15,723	-
Total current assets	2,831,908	33	2,639,416	32	2,560,985	32
Non-current assets						
Non-current financial assets at fair value through profit or loss (Note 7)	20,548	-	23,769	-	30,405	-
Non-current financial assets measured at fair value through other comprehensive income (Note 8)	120,348	2	142,494	2	206,295	3
Investments accounted for using equity method (Note 13)	739,158	9	739,196	9	729,332	9
Property, plant and equipment (Notes 14 and 33)	4,477,312	52	4,110,377	51	3,950,511	50
Right-of-use assets (Note 15)	278,025	3	294,002	4	289,657	4
Other intangible assets (Note 16)	21,895	-	13,842	-	12,777	-
Deferred tax assets (Notes 4 and 25)	329	-	1,250	-	366	-
Prepayments for machinery and equipment	34,669	1	113,781	2	49,604	1
Guarantee deposits paid (Note 32)	24,784	-	27,124	-	20,628	-
Long-term finance leases receivable (Notes 10 and 32)	22,394	-	29,394	-	38,172	1
Net non-current defined benefit asset (Notes 4 and 21)	25,447	-	25,239	-	19,701	-
Total non-current assets	5,764,909	67	5,520,468	68	5,347,448	68
Total assets	$ 8,596,817	100	$ 8,159,884	100	$ 7,908,433	100

Liabilities and Equity	Jun. 30, 2025 Amount	%	Dec. 31, 2024 Amount	%	Jun. 30, 2024 Amount	%
Current liabilities						
Current borrowings (Notes 18 and 33)	$ 671,153	8	$ 719,669	9	$ 732,942	9
Current financial liabilities at fair value through profit or loss (Note 7)	96	-	114	-	242	-
Current contract liabilities (Note 23)	129,828	1	134,819	2	123,433	2
Notes and accounts payable	281,634	3	323,134	4	250,516	3
Accounts payable to related parties (Note 32)	7,978	-	15,208	-	2,431	-
Payable on machinery and equipment (Note 32)	320,590	4	346,402	4	208,268	3
Dividends payable (Note 22)	163,755	2	171,023	2	125,850	2
Current tax liabilities (Notes 4 and 25)	48,190	-	28,192	-	11,323	-
Current lease liabilities (Note 15)	77,493	1	76,931	1	71,689	1
Current portion of long-term borrowings (Notes 19 and 33)	80,426	1	78,331	1	121,006	1
Other current liabilities, others (Notes 20 and 32)	658,600	8	661,690	8	633,958	8
Total current liabilities	2,439,743	28	2,555,513	31	2,281,658	29
Non-current liabilities						
Non-current portion of long-term borrowings (Notes 19 and 33)	2,445,036	29	1,844,290	23	1,821,606	23
Deferred tax liabilities (Notes 4 and 25)	4,800	-	4,736	-	3,673	-
Non-current lease liabilities (Note 15)	248,882	3	272,065	3	281,588	4
Deferred government subsidy income (Note 28)	5,000	-	5,000	-	-	-
Guarantee deposits received (Note 32)	2,005	-	2,005	-	2,005	-
Total non-current liabilities	2,705,723	32	2,128,096	26	2,108,872	27
Total liabilities	5,145,466	60	4,683,609	57	4,390,530	56
Equity attributed to owners of parent (Notes 22, 27 and 29)						
Ordinary share	744,382	9	743,667	9	740,409	9
Capital collected in advance	10,149	-	2,721	-	11,168	-
Capital reserve	2,137,428	25	2,132,798	26	2,117,920	27
Retained earnings						
Legal reserve	262,241	3	240,027	3	214,250	3
Special reserve	126,816	2	102,819	1	70,291	1
Unappropriated retained earnings	363,435	4	340,087	4	388,030	5
Other equity, others	(180,568)	(2)	(132,064)	(1)	(68,247)	(1)
Treasury Shares	(37,874)	(1)	-	-	-	-
Total equity attributable to owners of parent	3,426,009	40	3,430,055	42	3,473,821	44
Non-controlling interests	25,342	-	46,220	1	44,082	-
Total equity	3,451,351	40	3,476,275	43	3,517,903	44
Total liabilities and equity	$ 8,596,817	100	$ 8,159,884	100	$ 7,908,433	100

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on Aug. 7, 2025.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
for 2025 Q2, 2024 Q2, 2025 H1 and 2024 H1

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

	2025 Q2		2024 Q2		2025 H1		2024 H1	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Notes 23 and 32)	$ 1,204,039	100	$ 1,053,057	100	$ 2,335,525	100	$ 2,122,349	100
Operating costs (Notes 24 and 32)	878,221	73	759,681	72	1,656,885	71	1,546,588	73
Gross profit from operations	325,818	27	293,376	28	678,640	29	575,761	27
Operating expenses (Notes 24 and 32)								
Selling expenses	42,290	3	40,259	4	82,620	3	73,974	3
Administrative expenses	140,825	12	132,063	12	276,904	12	251,706	12
Research and development expenses	54,745	5	41,771	4	109,679	5	77,668	4
Expected credit impairment (reversal) loss(Note 9)	(354)	-	228	-	(917)	-	(821)	-
Total operating expenses	237,506	20	214,321	20	468,286	20	402,527	19
Net operating income	88,312	7	79,055	8	210,354	9	173,234	8
Non-operating income and expenses								
Interest income (Note 24)	2,166	-	2,685	-	3,125	-	4,925	-
Other income, others (Notes 24 and 32)	8,002	1	16,755	1	16,047	1	26,371	1
Other gains and losses, net (Note 24)	23,139	2	104,677	10	33,537	1	115,117	5
Finance costs, net (Notes 24 and 32)	(14,479)	(1)	(13,799)	(1)	(27,943)	(1)	(29,238)	(1)
Share of profit of associates for using equity method, net (Note 13)	13,050	1	7,968	1	12,252	-	10,084	1
Total non-operating income and expenses	31,878	3	118,286	11	37,018	1	127,259	6
Profit from continuing operations before tax	120,190	10	197,341	19	247,372	10	300,493	14
Tax expense (Notes 4 and 25)	20,014	1	26,735	3	30,346	1	10,180	1
Profit	100,176	9	170,606	16	217,026	9	290,313	13
Other comprehensive income								
Components of other comprehensive income that will not be reclassified to profit or loss								
Unrealized gains (losses) from equity instrument investment measured at fair value through other comprehensive income (Note 22)	(12,805)	(1)	(3,315)	-	(14,778)	-	(3,315)	-
Components of other comprehensive income that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of overseas operations (Note 22)	(28,358)	(2)	2,571	-	(24,894)	(1)	14,297	1
Share of other comprehensive income of associates accounted for using equity method	(16,823)	(2)	1,920	-	(13,420)	(1)	5,733	-
Total other comprehensive income (net, after tax)	(57,986)	(5)	1,176	-	(53,092)	(2)	16,715	1
Total comprehensive income	$ 42,190	4	$ 171,782	16	$ 163,934	7	$ 307,028	14

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	2025 Q2		2024 Q2		2025 H1		2024 H1	
	Amount	%	Amount	%	Amount	%	Amount	%
Profit attributable to:								
Owners of parent	$ 111,471	9	$ 172,449	16	$ 237,902	10	$ 305,769	15
Non-controlling interests	(11,295)	(1)	(1,843)	-	(20,876)	(1)	(15,456)	(1)
	$ 100,176	8	$ 170,606	16	$ 217,026	9	$ 290,313	14
Comprehensive income attributable to:								
Owners of parent	$ 53,485	5	$ 173,625	16	$ 184,810	8	$ 322,484	15
Non-controlling interests	(11,295)	(1)	(1,843)	-	(20,876)	(1)	(15,456)	(1)
	$ 42,190	4	$ 171,782	16	$ 163,934	7	$ 307,028	14
Earnings per share (Note 26)								
Total basic earnings per share	$ 1.50		$ 2.33		$ 3.20		$ 4.13	
Total diluted earnings per share	$ 1.49		$ 2.31		$ 3.18		$ 4.09	

The accompanying notes constitute part of the consolidated financial statements.

(Please see the review report made by Deloitte & Touche on Aug. 7, 2025.)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Changes in Equity

For 2025 H1 and 2024 H1

Unit: In Thousands of New Taiwan Dollars

	Equity attributed to owners of parent												
	Ordinary share				Retained earnings			Other equity					
	Number of shares (in thousands of shares)	Amount	Capital collected in advance	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of financial statements of overseas operations	Treasury shares	Total owners' equity	Non-controlling interests	Total equity
Balance at Jan. 1, 2024	75,541	$ 755,409	$ 1,577	$ 2,172,448	$ 204,651	$ 69,941	$ 298,129	$ -	($ 85,830)	($ 139,797)	$ 3,276,528	$ 55,574	$ 3,332,102
Appropriation and distribution of earnings													
Legal reserve allocated	-	-	-	-	9,599	-	(9,599)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	350	(350)	-	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(125,850)	-	-	-	(125,850)	-	(125,850)
Changes in associated accounted for using the equity method	-	-	-	1,956	-	-	-	-	-	-	1,956	-	1,956
Profit (loss) for 2024 H1	-	-	-	-	-	-	305,769	-	-	-	305,769	(15,456)	290,313
Other comprehensive income after tax for 2024 H1	-	-	-	-	-	-	-	(3,315)	20,030	-	16,715	-	16,715
Total comprehensive income for 2024 H1	-	-	-	-	-	-	305,769	(3,315)	20,030	-	322,484	(15,456)	307,028
Retirement 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)	-	(11,842)
Changes in ownership interests in subsidiaries	-	-	-	(3,964)	-	-	-	-	-	-	(3,964)	3,964	-
Share-based payments	-	-	-	1,689	-	-	-	-	-	-	1,689	-	1,689
Ordinary shares issued under the Employee stock option plan	62	620	9,591	2,609	-	-	-	-	-	-	12,820	-	12,820
Balance at Jun. 30, 2024	74,041	$ 740,409	$ 11,168	$ 2,117,920	$ 214,250	$ 70,291	$ 388,030	($ 3,315)	($ 64,932)	$ -	$ 3,473,821	$ 44,082	$ 3,517,903
Balance at Jan. 1, 2025	74,367	$ 743,667	$ 2,721	$ 2,132,798	$ 240,027	$ 102,819	$ 340,087	($ 67,116)	($ 64,948)	$ -	$ 3,430,055	$ 46,220	$ 3,476,275
Appropriation and distribution of earnings													
Legal reserve allocated	-	-	-	-	22,214	-	(22,214)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	23,997	(23,997)	-	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(163,755)	-	-	-	(163,755)	-	(163,755)
Changes in associated accounted for using the equity method	-	-	-	1,130	-	-	-	-	-	-	1,130	-	1,130
Profit (loss) for 2025 H1	-	-	-	-	-	-	237,902	-	-	-	237,902	(20,876)	217,026
Other comprehensive income after tax for 2025 H1	-	-	-	-	-	-	-	(14,778)	(38,314)	-	(53,092)	-	(53,092)
Total comprehensive income for 2025 H1	-	-	-	-	-	-	237,902	(14,778)	(38,314)	-	184,810	(20,876)	163,934
Buyback of treasury shares	-	-	-	-	-	-	-	-	-	(37,874)	(37,874)	-	(37,874)
Changes in ownership interests in subsidiaries	-	-	-	2	-	-	-	-	-	-	2	(2)	-
Share-based payments	-	-	-	595	-	-	-	-	-	-	595	-	595
Ordinary shares issued under the Employee stock option plan	71	715	7,428	2,903	-	-	-	-	-	-	11,046	-	11,046
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	-	-	(4,588)	4,588	-	-	-	-	-
Balance at Jun. 30, 2025	74,438	$ 744,382	$ 10,149	$ 2,137,428	$ 262,241	$ 126,816	$ 363,435	($ 77,306)	($ 103,262)	($ 37,874)	$ 3,426,009	$ 25,342	$ 3,451,351

The accompanying notes constitute part of the consolidated financial statements.

(Please see the review report made by Deloitte & Touche on Aug. 7, 2025.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows

For 2025 H1 and 2024 H1

Unit: In Thousands of New Taiwan Dollars

	2025 H1	2024 H1
Cash flows from operating activities		
Profit before tax	$ 247,372	$ 300,493
Adjustments to reconcile profit (loss)		
Depreciation expense	411,188	381,477
Amortization expense	6,648	3,695
Reversal of expected credit losses	(917)	(821)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	3,203	(2,707)
Financial cost	27,943	29,238
Interest income	(3,125)	(4,925)
Share-based payments	595	1,689
Share of loss (profit) of associates for using equity method, net	(12,252)	(10,084)
Net (gain) loss on disposals of property, plant and equipment	(31,656)	8
Gains on disposals of non-current assets held for sale	(7,755)	-
Gains on disposal of investments accounted for using equity method	-	(99,181)
Unrealized foreign exchange loss (gain)	3,068	(5,226)
Profit from lease modification	-	(73)
Net changes in operating assets and liabilities		
Contract assets	124	1,513
Notes and accounts receivable	(307,528)	(132,847)
Accounts receivable due from related parties	1,085	3,154
Other receivables	(47,075)	11,205
Other receivables due from related parties	1,592	1,288
Prepayments and other current assets	(9,108)	20,864
Defined benefit assets, net	(208)	(122)
Contract liabilities	(10,573)	(11,060)
Notes and accounts payable	(40,269)	66,207
Accounts payable to related parties	(7,230)	(2,265)
Other current liabilities	2,237	60,540
Cash generated from operations	227,359	612,060
Interest paid	(34,579)	(35,157)
Income tax paid	(8,914)	(168)
Net cash generated from operating activities	183,866	576,735

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	2025 H1	2024 H1
Cash flows from investing activities		
Sale of financial assets measured at fair value through other comprehensive income	$ 7,229	$ -
Acquisition of financial assets at amortized cost	-	(513)
Disposals of non-current assets held for sale	8,248	-
Acquisition of property, plant and equipment	(710,438)	(462,703)
Proceeds from disposal of property, plant and equipment	60,291	3,180
Decrease in refundable deposits	2,340	3,816
Acquisition of other intangible assets	(14,934)	(5,515)
Decrease in long-term lease and installment receivables	68,547	7,856
Acquisition of other financial assets	(1,039)	-
Interest received	3,125	4,925
Net cash used in investing activities	(576,631)	(448,954)
Cash flows from financing activities		
Purchase of treasury shares	(37,874)	-
Decrease in short-term loans	(37,840)	(229,065)
Proceeds from long-term debts	1,215,598	540,884
Repayments of long-term debts	(612,757)	(448,413)
Payments of lease liabilities	(102,475)	(38,995)
Cash dividends paid	(171,023)	(151,065)
Exercise of employee stock options	11,046	12,820
Net cash generated from (used in) financing activities	264,675	(313,834)
Effect of exchange rate changes on cash and cash equivalents	(18,392)	10,576
Net decrease in cash and cash equivalents	(146,482)	(175,477)
Cash and cash equivalents at beginning of period	939,526	928,238
Cash and cash equivalents at end of period	$ 793,044	$ 752,761

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on Aug. 7, 2025.)

Integrated Service Technology Inc. and Subsidiaries

Notes to Consolidated Financial Statements

For 2025 H1 and 2024 H1

(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 consolidated financial statements.

II. Date and Procedure of Adoption of Financial Statements

The consolidated financial statements were approved by the board of directors on Aug. 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).

Amendments to IAS 21 Lack of Exchangeability

Application of the amendments to IAS 21 Lack of Exchangeability does not cause any significant change in accounting policies of IST and its subsidiaries (hereinafter referred to as the Company).

(II) IFRSs Recognized by FSC to be Applied in 2026

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments	Jan. 1, 2026
Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity	Jan. 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	Jan. 1, 2026
IFRS 17 Insurance Contracts	Jan. 1, 2023
Amendments to IFRS 17	Jan. 1, 2023
Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information	Jan. 1, 2023

As of the date of publication of the consolidated financial statements, the Company still continued evaluating the impact of each amendment on the financial status and financial results.

(III) IFRSs Published by International Accounting Standards Board (IASB) Already but Not Recognized or Published by FSC Yet

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note 1)
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 18 Presentation and Disclosure in Financial Statements	Jan. 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	Jan. 1, 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.

<u>IFRS 18 Presentation and Disclosure in Financial Statements</u>

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

- The income statement should divide operating, 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: The Company should identify the assets, liabilities, equity, incomes, 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. The Company lists items as "others" only when the Company is unable to find a more informative accounting subject 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, the Company 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 consolidated financial statements, the Company 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 consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities

Issuers and the IAS 34 Interim Financial Reporting recognized and published by the FSC. Not all information required to be disclosed in annual financial statements in accordance with IFRSs is disclosed in the consolidated financial statements.

(II) Preparation Basis

The consolidated 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.

(III) Consolidation Basis

The consolidated financial statements include the financial statements of IST and the entities that it controls (subsidiaries). The consolidated statement of comprehensive income has included the operating profit (loss) of any acquired or disposed subsidiary from the date of acquisition or till the date of disposal during the current period. The financial statements of subsidiaries have been adjusted in order to cause the accounting policies used by the subsidiaries to be consistent with those used by IST. The transactions, account balances, incomes and expenses among individual entities were deleted completely during the preparation of the consolidated financial statements. The total comprehensive income of subsidiaries was attributed to owners of IST and non-controlling interests, notwithstanding any loss of non-controlling interests.

If the Company does not lose control over a subsidiary after the Company has made some changes in the subsidiary's equity held by the Company, then the changes are treated as equity transactions. Book amounts of the Company and non-controlling interests have been adjusted to reflect the changes in the corresponding equity held by the Company. The difference between the adjusted amount of non-controlling interests and the fair value of the paid or received consideration was recognized as equity directly and attributed to owners of the Company.

Please refer to Note 12 and Schedules 3 and 4 for the detailed information, shareholding and business activities of each subsidiary.

(IV) Other Material Accounting Policies

For further information beyond the following explanations, please refer to the Explanations of Material Accounting Policies stated in the consolidated financial statements of 2024.

1. Defined-benefit Postemployment Benefit

For the pension cost for the interim period, the pension cost rate is determined actuarially at the end of the previous fiscal year, which is calculated on a periodical basis from the beginning of the year till the end of the period and adjusted based on material market fluctuations during the period, amendments to material plans, repayments or other material one-time matters.

2. Income Tax Expense

The income tax expense is the sum of the current income tax and deferred income tax for the period. The income tax for the interim period is evaluated on an annual basis and calculated based on the interim pretax income at a tax rate applicable to the expected total profit for the year.

V. <u>Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty</u>

The Company took into account the possible impact of the U.S. reciprocal tariffs when it developed material accounting estimates, including cash flow projection, growth rate, discount rate, profitability and other material estimates. Management will continue to review estimates and basic assumptions. For further information, please see the Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty stated in the consolidated financial statements of 2024.

VI. Cash and Cash Equivalents

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Cash on hand and revolving funds	$ 218	$ 231	$ 229
Bank checks and saving deposits of bank	667,534	793,801	597,892
Cash equivalents			
Time deposits	125,292	145,494	154,640
	$ 793,044	$ 939,526	$ 752,761

VII. Financial Instruments at Fair Value through Profit and Loss

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Financial assets－Non-current			
At fair value through profit or loss compulsorily－Not listed (non-OTC)			
Beneficiary certificates of funds	$ 20,548	$ 23,769	$ 30,405
Financial liabilities－Current			
Held for trading			
Derivatives (not designed for hedging) －Forward exchange agreement	$ 96	$ 114	$ 242

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)

Jun. 30, 2025			
Forward foreign exchange purchase	TWD to JPY	July 2025	TWD 2,808/ JPY 13,440
Dec. 31, 2024			
Forward foreign exchange purchase	TWD to JPY	January ~ February 2025	TWD 6,807/ JPY 31,830
Jun. 30, 2024			
Forward foreign exchange purchase	TWD to JPY	July ~ September 2024	TWD 4,336/ JPY 20,160

The Company engages in forward exchange transactions 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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Non-current			
Domestic investment			
Listed (OTC) shares			
Ordinary shares of BTL Inc.	$ 120,348	$ 142,494	$ 206,295

IST resigned as a director of BTL Inc. in June 2024. The Company 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. The Company chose to have such investment measured at fair value through other comprehensive income because the management of the Company 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 13.

The Company sold a portion of ordinary shares of BTL Inc. at fair value in March 2025. The amount obtained from the sale was NTD 692 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 354 thousand) was transferred into retained earnings.

The Company sold a portion of ordinary shares of BTL Inc. at fair value in April 2025. The amount obtained from the sale was NTD 168 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 131 thousand) was transferred into retained earnings.

The Company sold a portion of ordinary shares of BTL Inc. at fair value in June 2025. The amount obtained from the sale was NTD 6,508 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 4,103 thousand) was transferred into retained earnings.

IX. Notes and Accounts Receivable –Net

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Notes and Accounts Receivable			
Measured at amortized cost			
Notes receivable	$ 1,198	$ 785	$ 885
Accounts receivable	1,786,987	1,502,846	1,623,946
Less: Loss allowance	(15,454)	(16,535)	(16,066)
	$ 1,772,731	$ 1,487,096	$ 1,608,765

As for payments of the services sold by the Company, 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 the Company 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, the Company 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 the Company believes that the Company’s credit risk has significantly reduced.

The Company 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 the Company, 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 the Company is unable to reasonably expect a recoverable amount, then the Company 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 the Company by using the provision matrix is as follows:

Jun. 30, 2025

	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%~0.23%	0%~1.29%	0%~6.47%	0%~23.84%	100%	
Total book amount	$ 1,565,809	$ 168,857	$ 43,943	$ 2,110	$ 6,268	$ 1,786,987
Loss allowance (Expected credit loss for the duration)	(3,658)	(2,183)	(2,842)	(503)	(6,268)	(15,454)
Amortized cost	$ 1,562,151	$ 166,674	$ 41,101	$ 1,607	$ -	$ 1,771,533

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%~0.19%	0%~1.16%	0%~8.57%	0%~89.52%	100%	
Total book amount	$ 1,315,357	$ 158,395	$ 4,880	$ 23,440	$ 774	$ 1,502,846
Loss allowance (Expected credit loss for the duration)	(2,481)	(1,823)	(385)	(11,072)	(774)	(16,535)
Amortized cost	$ 1,312,876	$ 156,572	$ 4,495	$ 12,368	$ -	$ 1,486,311

Jun. 30, 2024

	Not overdue	Overdue for 1～90 days	Overdue for 91～180 days	Overdue for 180～365 days	Overdue for over 365 days	Total
Total book amount	$ 1,374,624	$ 189,099	$ 45,958	$ 12,766	$ 1,499	$ 1,623,946
Loss allowance (Expected credit loss for the duration)	(4,327)	(1,716)	(2,741)	(5,783)	(1,499)	(16,066)
Amortized cost	$ 1,370,297	$ 187,383	$ 43,217	$ 6,983	$ -	$ 1,607,880

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

	2025 H1	2024 H1
Beginning balance	$ 16,535	$ 16,876
Less: Impairment loss reversed for the period	(917)	(821)
Amount written off for the period	(150)	-
Foreign exchange differences	(14)	11
Ending balance	$ 15,454	$ 16,066

X. Finance Leases Receivable

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Lease payments not discounted			
1st year	$ 15,705	$ 16,387	$ 16,936
2nd year	13,590	15,626	16,095
3rd year	6,438	8,892	13,850
4th year	2,757	5,515	6,438
5th year	-	-	2,757
	38,490	46,420	56,076
Less: Finance incomes not earned yet	(958)	(1,349)	(1,851)
Lease payments receivable	37,532	45,071	54,225
Net investment in the lease (expressed as finance leases receivable)	$ 37,532	$ 45,071	$ 54,225

XI. Non-current Assets Held for Sale

	Dec. 31, 2024
Mechanical equipment held for sale	$ 493

Integrated Service Technology (Kunshan) Co., Ltd. (IST KS Company) made a machinery equipment sale and purchase agreement with a non-related party in December 2024. The selling price was CNY 1,800 thousand. The machinery equipment was classified as non-current assets held for sale.

The transaction was completed as of March 2025. An amount of NTD 7,755 thousand was recognized as gains on the disposal (listed under Other Gains and Losses).

XII. Subsidiaries

The consolidated entities were as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding Jun 30, 2025	Shareholding Dec. 31, 2024	Shareholding Jun 30, 2024	Explanation
IST	Samoa IST	Investment	100%	100%	100%	—
	Innovative Turnkey Solution (ITS Company)	Electronic product testing and relevant business	-	-	-	Notes 1 and 3
	Pin Wen Corp. (Pin Wen Company)	Investment	100%	100%	100%	—
	Supreme Fortune Corp.	Investment	100%	100%	100%	—
	Prosperity Power Technology Inc. (PPT Company)	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	71%	71%	71%	Notes 2 and 3
	Malaysia IST	Sale of electronic components	-	-	-	Notes 5

(Continued on next page)

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Name of investing company	Name of subsidiary	Nature of business	Shareholding Jun 30, 2025	Dec. 31, 2024	Jun 30, 2024	Explanation
Samoa IST	Seychelles IST	Investment	100%	100%	100%	—
	Integrated Service Technology USA Inc. (Integrated USA)	R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc.	100%	100%	100%	—
Pin Wen Company	ITS Company	Electronic product testing and relevant business	-	-	-	Notes 1 and 3
	PPT Company	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	6%	6%	6%	Notes 2 and 3
Seychelles IST	IST KS Company	Product testing and relevant business	100%	100%	100%	—
	System Integration Professional Technology (SIP KS Company)	Circuit design service	100%	100%	100%	—
Supreme Fortune Corp.	Hot Light Co., Ltd.	Investment	100%	100%	100%	—
IST KS Company	Instrument Supply Technology (Kunshan) Co., Ltd. (IST-trade KS Company)	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	100%	100%	100%	—
	Integrated Service Technology (Shanghai) Co.,Ltd (Xinchuang IST Shanghai)	Product testing and relevant business	100%	100%	100%	Notes 4
Hot Light Co., Ltd.	He Chou Technology Inc. (He Chou Company)	Circuit design service	100%	100%	100%	—

Note 1：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 the Company were exchanged for PPT shares as of Jun. 30, 2025.

Note 2：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%. The Company held 77% of PPT shares aggregately as of Jun. 30, 2025.

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 ITS Company and PPT Company 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 ITS Company. 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.

Note 4： In April 2024, IST KS Company invested in and established Xinchuang IST Shanghai, which mainly provides the service of inspection and testing.

Note 5： In February 2025, Malaysia IST completed the establishment registration in Malaysia. IST contributed a capital of 800 thousand Malaysian Ringgits (MYR) in July 2025.

The aforementioned subsidiaries did not meet the definition of important subsidiaries provided in Article 3 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants for 2025 H1, except Samoa IST and PPT Company, and for 2024 H1 except Samoa IST , ITS Company and PPT Company. Their financial statements have not been reviewed by CPAs.

XIII. Investments Accounted for Using the Equity Method

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Investments in Associates			
Dekra iST (Dekra Company)	$ 717,259	$ 712,875	$ 699,487
Motor Semiconductor Co., Ltd. (MS Company)	18,250	22,171	27,537
Individual immaterial associates			
Huan Ying Sustainable Development Technology (Huan Ying Company)	2,957	3,456	1,560
EFUN Technology Inc. (EFUN Company)	692	694	748
	$ 739,158	$ 739,196	$ 729,332

Material Associates are listed as follows:

	Percentage of ownership and voting rights held by the Company		
Company Name	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Dekra Company	49%	49%	49%
MS Company	21%	21%	21%

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 the Company reduced from 11% to 10%. Though the percentage of such shareholding was less than 20%, yet the Company 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.

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 3 "Information of Investee Companies, their Locations, etc."

Investments accounted for using the equity method and the profits and other comprehensive incomes thereof enjoyed by the Company are recognized based on the financial statements not reviewed by CPAs.

XIV. Property, Plant and Equipment

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Self-used	$ 4,454,928	$ 4,084,260	$ 3,920,661
Rented out under operating lease	22,384	26,117	29,850
	$ 4,477,312	$ 4,110,377	$ 3,950,511

(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, 2025	$ 30,852	$ 2,216,886	$ 3,288,946	$ 3,382	$ 10,871	$ 274,723	$ 321,478	$ 377,581	$ 6,524,719
Additions	-	1,777	59,143	-	2,202	140	7,275	710,596	781,133
Disposals	-	(3,232)	(137,271)	-	(83)	(162)	(23,992)	-	(164,740)
Reclassification	-	86,491	436,661	-	1,491	45,705	52,198	(622,545)	1
Net exchange difference	-	(4,953)	(6,720)	(262)	(328)	-	(199)	(3,647)	(16,109)
Balance at Jun. 30, 2025	$ 30,852	$ 2,296,969	$ 3,640,759	$ 3,120	$ 14,153	$ 320,406	$ 356,760	$ 461,985	$ 7,125,004
Accumulated depreciation									
Balance at Jan. 1, 2025	$ -	$ 669,237	$ 1,393,780	$ 1,751	$ 6,859	$ 177,984	$ 160,158	$ -	$ 2,409,769
Depreciation expenses	-	71,743	265,932	244	816	5,580	29,567	-	373,882
Disposals	-	(3,232)	(108,927)	-	(83)	(162)	(23,701)	-	(136,105)
Net exchange difference	-	(2,730)	(3,745)	(142)	(300)	-	(88)	-	(7,005)
Balance at Jun. 30, 2025	$ -	$ 735,018	$ 1,547,040	$ 1,853	$ 7,292	$ 183,402	$ 165,936	$ -	$ 2,640,541
Accumulated impairment									
Balance at Jan. 1, 2025	$ -	$ -	$ 30,549	$ -	$ 141	$ -	$ -	$ -	$ 30,690
Net exchange difference	-	-	(1,141)	-	(14)	-	-	-	(1,155)
Balance at Jun. 30, 2025	$ -	$ -	$ 29,408	$ -	$ 127	$ -	$ -	$ -	$ 29,535
Net at Jun. 30, 2025	$ 30,852	$ 1,561,951	$ 2,064,311	$ 1,267	$ 6,734	$ 137,004	$ 190,824	$ 461,985	$ 4,454,928
Net at Dec. 31, 2024 and Jan. 1, 2025	$ 30,852	$ 1,547,649	$ 1,864,617	$ 1,631	$ 3,871	$ 96,739	$ 161,320	$ 377,581	$ 4,084,260
Cost									
Balance at Jan. 1, 2024	$ 30,852	$ 2,177,663	$ 3,285,753	$ 4,261	$ 24,403	$ 271,074	$ 343,649	$ 282,609	$ 6,420,264
Additions	-	3,075	25,005	-	1,265	6,036	1,251	445,325	481,957
Disposals	-	(14,355)	(334,983)	-	(9,939)	(5,956)	(34,585)	-	(399,818)
Reclassification	-	47,540	291,650	-	600	-	18,129	(357,919)	-
Net exchange difference	-	2,244	5,707	177	153	-	62	-	8,343
Balance at Jun. 30, 2024	$ 30,852	$ 2,216,167	$ 3,273,132	$ 4,438	$ 16,482	$ 271,154	$ 328,506	$ 370,015	$ 6,510,746
Accumulated depreciation									
Balance at Jan. 1, 2024	$ -	$ 555,673	$ 1,671,329	$ 2,736	$ 21,053	$ 176,374	$ 171,834	$ -	$ 2,598,999
Depreciation expenses	-	69,496	245,006	325	2,441	4,190	26,008	-	347,466
Disposals	-	(14,355)	(327,604)	-	(9,939)	(5,956)	(34,585)	-	(392,439)
Net exchange difference	-	928	4,186	123	126	-	24	-	5,387
Balance at Jun. 30, 2024	$ -	$ 611,742	$ 1,592,917	$ 3,184	$ 13,681	$ 174,608	$ 163,281	$ -	$ 2,559,413
Accumulated impairment									
Balance at Jan. 1, 2024	$ -	$ -	$ 34,190	$ -	$ 134	$ -	$ -	$ -	$ 34,324
Disposals	-	-	(4,191)	-	-	-	-	-	(4,191)
Net exchange difference	-	-	532	-	7	-	-	-	539
Balance at Jun. 30, 2024	$ -	$ -	$ 30,531	$ -	$ 141	$ -	$ -	$ -	$ 30,672
Net at Jun. 30, 2024	$ 30,852	$ 1,604,425	$ 1,649,684	$ 1,254	$ 2,660	$ 96,546	$ 165,225	$ 370,015	$ 3,920,661

No impairment loss was recognized by the Company in either 2025 H1 or 2024 H1.

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 the Company, please refer to Note 33.

(II) Renting Out Under Operating Lease

	Land	Building and structure	Total
Cost			
Balance at Jan. 1 and Jun. 30, 2025	$ 12,583	$ 84,402	$ 96,985
Accumulated depreciation			
Balance at Jan. 1, 2025	$ -	$ 70,868	$ 70,868
Depreciation expenses	-	3,733	3,733
Balance at Jun. 30, 2025	$ -	$ 74,601	$ 74,601
Net at Jun. 30, 2025	$ 12,583	$ 9,801	$ 22,384
Net at Dec. 31, 2024 and Jan. 1, 2025	$ 12,583	$ 13,534	$ 26,117
Cost			
Balance at Jan. 1 and Jun. 30, 2024	$ 12,583	$ 84,402	$ 96,985
Accumulated depreciation			
Balance at Jan. 1, 2024	$ -	$ 63,402	$ 63,402
Depreciation expenses	-	3,733	3,733
Balance at Jun. 30, 2024	$ -	$ 67,135	$ 67,135
Net at Jun. 30, 2024	$ 12,583	$ 17,267	$ 29,850

The Company rented out land, building and structure as well as 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:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
1st year	$ 7,088	$ 7,088	$ 7,088
2nd year	7,088	7,088	7,088
3rd year	2,952	6,496	7,088
4th year	-	-	2,952
	$ 17,128	$ 20,672	$ 24,216

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

XV. Lease Agreement

(I) Right-of-use Assets

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Book amount of right-of-use assets			
Land	$ 142,465	$ 143,852	$ 146,276
Building	119,956	138,826	130,290
Transportation equipment	11,199	6,516	7,880
Mechanical equipment	4,122	4,404	4,686
Office equipment	283	404	525
	$ 278,025	$ 294,002	$ 289,657

	2025 Q2	2024 Q2	2025 H1	2024 H1
Added right-of-use assets			$ 24,907	$ 46,130
Expense of depreciation of right-of-use assets				
Land	$ 1,208	$ 1,212	$ 2,370	$ 2,424
Building	13,993	12,191	28,034	24,310
Transportation equipment	1,411	1,547	2,766	3,143
Mechanical equipment	141	140	282	280
Office equipment	60	61	121	121
	$ 16,813	$ 15,151	$ 33,573	$ 30,278

Proceeds from sublease of right-of-use assets (Listed as other incomes in the books)	($ 4,136)	($ 4,234)	($ 8,246)	($ 8,410)

Except the depreciation expenses added and recognized above, neither material sublease nor material impairment occurred with respect to the right-of-use assets of the Company for either 2025 H1 or 2024 H1.

(II) Lease Liabilities

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Book amount of lease liabilities			
Current	$ 77,493	$ 76,931	$ 71,689
Non-current	$ 248,882	$ 272,065	$ 281,588

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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Land	2.76%	2.76%	2.76%
Building	1.62%~2.76%	1.62%~4.75%	1.62%~4.75%
Transportation equipment	4.97%~5.91%	4.97%~5.91%	4.97%~5.78%
Mechanical equipment	1.56%~2.50%	1.56%~2.50%	1.56%~2.00%
Office equipment	5.78%	5.78%	5.78%

(III) Important Lease Activities and Terms

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

(IV) Sublease

The Company has the following sublease-related transactions except those explained in Notes 10 and 14.

The Company 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:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
1st year	$ 2,592	$ 2,592	$ 2,592
2nd year	1,728	2,592	2,592
3rd year	-	432	1,728
	$ 4,320	$ 5,616	$ 6,912

(V) Other Lease Information

	2025 Q2	2024 Q2	2025 H1	2024 H1
Short-term lease expenses	$ 2,691	$ 2,836	$ 5,478	$ 5,526
Low-value asset lease expenses	$ 6	$ 129	$ 24	$ 177
Total cash provided from (used in) leases			($ 112,281)	($ 49,434)

XVI. Other Intangible Assets

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Computer software	$ 21,288	$ 13,186	$ 12,011
Others	607	656	766
	$ 21,895	$ 13,842	$ 12,777

No material acquisition, disposal or impairment occurred with respect to other intangible assets of the Company for either 2025 H1 or 2024 H1, except the amortization expenses recognized. Amortization expenses were allocated based on the following service lives on a straight-line basis.

Computer software	1~10 years
Others	3 years

XVII. Prepayments and Other Current Assets

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Inventory of supplies	$ 45,962	$ 41,790	$ 40,322
Prepaid materials stipulated in work order	38,416	44,374	28,126
Prepaid expenses	22,604	11,208	15,843
Tax overpaid retained for offsetting the future tax payable	22,117	29,690	22,856
Payment in advance	10,862	8,824	15,654
Others	6,840	1,807	1,981
	$ 146,801	$ 137,693	$ 124,782

XVIII. Current Borrowings

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Guaranteed loans			
－Working capital loan (I)	$ -	$ 40,000	$ -
Loans without collateral			
－Working capital loan (II)	671,153	679,669	732,942
	$ 671,153	$ 719,669	$ 732,942

(I) The working capital loans provided by the bank were secured on other current financial assets of the Company. (See Note 33.) The annual percentage rate on Dec. 31, 2024 was 2.39%.

(II) Interest rates for the working capital loans provided by the bank were 1.95%～5.72%,1.95%～6.34% and1.95%～6.58%on Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024, respectively.

XIX. Non-current Portion of Non-current Borrowings

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Guaranteed loans			
Syndicated bank loans - A-1 (1)	$ -	$ -	$ 120,000
Bank loans (2)	348,414	207,462	11,846
Loans without collateral			
Syndicated bank loans - A-2 (1)	-	-	20,000
Credit loan (3)	2,177,048	1,715,159	1,791,466
	2,525,462	1,922,621	1,943,312
Less: Unamortized balance of the expenses incurred by the organizer of syndicated loans	-	-	(700)
Current portion of non-current borrowings	(80,426)	(78,331)	(121,006)
Non-current portion of non-current borrowings	$ 2,445,036	$ 1,844,290	$ 1,821,606

(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 Jun. 30, 2024 were 2.67%～2.77%. For the aforementioned credit contract, certain buildings, mechanical equipment and bank deposits of IST have been mortgaged to the bank. (Please see Note 33.)

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, the Company mortgaged its buildings to the bank. (Please see Note 33.) The maturity date as of Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024 was March 2032 and the annual interest rates on Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024 were 2.00%～3.58%, 1.83%～3.58% and 2.58% respectively.

(III) The maturity dates of the credit loans as of Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024 are at the end of November 2030. The annual interest rates on Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024 were 1.65%～4.01%, 1.65%～4.01% and 0.50%～3.94% 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%.

XX. Other Current Liabilities

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Other payables			
Wages and bonuses payable	$ 319,517	$ 350,086	$ 322,220
Remunerations payable to employees and directors	59,930	40,120	54,720
Bonus for unused leave	19,885	19,364	20,143
	399,332	409,570	397,083
Other current liabilities			
Others (Note)	259,268	252,120	236,875
	$ 658,600	$ 661,690	$ 633,958

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

XXI. Post-employment Benefit Plan

The defined benefit plan related pension benefits recognized for 2025 Q2 and 2024 Q2, 2025 H1 and 2024 H1 were calculated at the pension cost rate determined actuarially on Dec. 31, 2024 and Dec. 31, 2023 respectively, and the amount of such pension benefits was NTD (104) thousand, NTD (61) thousand, NTD (208) thousand and NTD (122) thousand respectively.

XXII. Equity

(I) Ordinary Share

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Authorized number of shares (In thousands of shares)	200,000	200,000	200,000
Authorized capital stock	$ 2,000,000	$ 2,000,000	$ 2,000,000
Number of issued and paid-in shares (In thousands of shares)	74,438	74,367	74,041
Capital stock issued	$ 744,382	$ 743,667	$ 740,409

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～NTD 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～NTD 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～NTD 51.11. The date of capital increase was Nov. 4, 2024. The change registration was completed on Nov. 12, 2024.

IST resolved at the board meeting of Mar. 7, 2025 to approve conversion of employee stock warrants into 53 thousand shares with par value NTD 10. The subscription price per share was NTD 50.60～NTD 50.87. The date of capital increase was Mar. 7, 2025. The change registration was completed on Apr. 1, 2025.

IST resolved at the board meeting of Apr. 25, 2025 to approve conversion of employee stock warrants into 18 thousand shares with par value NTD 10. The subscription price per share was NTD 50.10～NTD 50.60. The date of capital increase was Apr. 25, 2025. The change registration was completed on May 20, 2025.

IST employees exercised stock options during the period between January and June 2025 to subscribe 204 thousand shares. The subscription price per share was NTD 49.69. A total amount of NTD 10,149 thousand paid for the shares was received. The record date for capital increase was resolved to be Aug. 7, 2025 at the board meeting on Aug. 14, 2025. As of Jun. 30, 2025, the amount was listed as "capital collected in advance" because the procedure of change registration had not been completed.

(II) Capital Reserve

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
May be used to offset deficits, distribute cash or transfer to share capital (Note 1)			
Additional paid-in capital	$ 2,116,121	$ 2,111,875	$ 2,092,369
May be Used to offset deficits only			
Changes in equity of associates accounted for using the equity method	4,107	2,977	2,943
Recognized changes in ownership interests in subsidiaries (Note 2)	3,960	3,958	3,958
Exercise of the right to obtain gains on the sale of shares held by their holders for less than 6 months	19	19	19
Not used for any purpose			
Stock option	13,221	13,969	18,631
	$ 2,137,428	$ 2,132,798	$ 2,117,920

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 the Company 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 the Company does not acquire or dispose the equity in the subsidiary.

The balance of capital reserve reconciled for 2025 H1 and 2024 H1 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, 2024	$ 2,132,703	$ 18,107	$ 7,922	$ 13,697	$ 19
Recognized changes in ownership interests of subsidiaries	-	-	(3,964)	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	1,956	-
Disposal of investments accounted for using equity method	-	-	-	(12,710)	-
Share-based payment	-	1,689	-	-	-
Share premium of ordinary shares issued under employee stock option plan	3,774	(1,165)	-	-	-
Treasury shares retired	(44,108)	-	-	-	-
Balance at Jun. 30, 2024	$ 2,092,369	$ 18,631	$ 3,958	$ 2,943	$ 19
Balance at Jan. 1, 2025	$ 2,111,875	$ 13,969	$ 3,958	$ 2,977	$ 19
Recognized changes in ownership interests of subsidiaries	-	-	2	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	1,130	-
Share-based payment	-	595	-	-	-
Share premium of ordinary shares issued under employee stock option plan	4,246	(1,343)	-	-	-
Balance at Jun. 30, 2025	$ 2,116,121	$ 13,221	$ 3,960	$ 4,107	$ 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 24(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 2025, 2024 and 2023 and the cash dividends per share were resolved at the board meeting as follows:

	2025 Q2	2025 Q1
Date of resolution by the board of director	Aug 7, 2025	May 9, 2025
Legal reserve	$ 10,688	$ 12,608
Special reserve	$ 53,753	($ 5,248)
Cash dividends	$ 89,184	$ 89,326
Cash dividends per share (NTD)	$ 1.2	$ 1.2

	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

IST held the general meeting of shareholders on June 13, 2025 and June 14, 2024 to resolve on distribution of earnings for 2024 and 2023.

The above cash dividends for each quarter of 2024 have been resolved by the board of directors to be allocated.

(IV) Special Reserve

	2025 H1	2024 H1
Beginning balance	$102,819	$ 69,941
Allocated special reserve		
Allocated deduction of other equity items	23,997	350
Ending balance	$126,816	$ 70,291

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 reversal 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

	2025 H1	2024 H1
Beginning balance	($ 64,948)	($ 85,830)
Generated in the current period		
Exchange differences of foreign operations	(24,894)	14,297
Share of the associates accounted for using the equity method	(13,420)	5,733
Other comprehensive income for the period	(38,314)	20,030
Reclassification adjustments		
Disposal of the share of profit of associates for using equity method	-	868
Ending balance	($103,262)	($ 64,932)

2. Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income

	2025 H1	2024 H1
Beginning balance	($ 67,116)	$ -
Generated in the current period		
Unrealized gains or losses		
Equity instruments	(14,778)	(3,315)
Other comprehensive income for the period	(14,778)	(3,315)
Accumulated profit or loss on disposal of equity instruments being transferred into retained earnings	4,588	-
Ending balance	($ 77,306)	($ 3,315)

(VI) Non-controlling Interests

	2025 H1	2024 H1
Beginning balance	$ 46,220	$ 55,574
Net loss of the period	(20,876)	(15,456)
Non-controlling interests increasing due to share swap by cash (Note 29)	-	3,964
Changes in ownership interests in subsidiaries	(2)	-
Ending balance	$ 25,342	$ 44,082

(VII) Treasury Shares

Reason of recall	Purchased back to be retired (In thousands of shares)
Number of shares at Jan. 1, 2025	-
Shares increased in the period	383
Number of shares at Jun. 30, 2025	383
Number of shares at Jan. 1, 2024	1,562
Shares decreased in the period	(1,562)
Number of shares at Jun. 30, 2024	-

To maintain corporate credit and shareholders' equity, the Company resolved at the board meeting of Nov. 3, 2023 to buy 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, the Company 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, the Company purchased back 1,562 thousand treasury shares and the buyback cost was NTD 139,797 thousand in total. The Company 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 and the registration of such change was completed on Apr. 17, 2024.

To balance market mechanism and maintain shareholders' equity, the Company resolved at the board meeting of Apr. 10, 2025 to buy back treasury shares. The predetermined buyback period was from Apr. 11, 2025 to June 10, 2025 and the predetermined number of shares to be purchased back was 5,000 thousand. The range of buyback prices was from NTD 59 to NTD 120 per share. When the share price was less than the lower limit of the buyback price, the Company bought back shares continuously. The upper limit for the total amount of the shares planned to be bought back was NTD 600,000 thousand (estimated based on the upper limit of the expected price range for shares to be bought back). As of the end of the predetermined buyback period, the Company purchased back 383 thousand treasury shares and the buyback cost was NTD 37,874 thousand in total.

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.

XXIII. Revenue

	2025 Q2	2024 Q2	2025 H1	2024 H1
Revenue from contracts with customers				
Revenue from inspection and testing services	$ 1,204,039	$ 1,053,057	$ 2,335,525	$ 2,122,349

(I) Contracts with Customers

The contract made by the Company 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 merchandise is transferred and 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

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024	Jan. 1, 2024
Accounts receivable (Note 9)	$ 1,771,533	$ 1,486,311	$ 1,607,880	$ 1,467,998
Accounts receivable due from related parties (Note 32)	$ 19,493	$ 20,777	$ 16,231	$ 19,140
Contract assets				
Labor service	$ 1,730	$ 1,854	$ 4,450	$ 5,963
Contract liabilities				
Customer loyalty program	$ 75,530	$ 85,507	$ 78,019	$ 87,570
Unearned sales revenue	54,298	49,312	45,414	46,923
	$ 129,828	$ 134,819	$ 123,433	$ 134,493

(III) Itemized Revenue from Contracts with Customers

	2025 H1	2024 H1
Main regional markets		
Asia	$ 1,806,142	$ 1,637,904
America	481,822	398,885
Others	47,561	85,560
	$ 2,335,525	$ 2,122,349

XXIV. Net Profit of Continuing Operations

(I) Interest Income

	2025 Q2	2024 Q2	2025 H1	2024 H1
Bank deposits	$ 1,923	$ 2,354	$ 2,626	$ 4,201
Net investment in the lease	188	269	394	554
Others	55	62	105	170
	$ 2,166	$ 2,685	$ 3,125	$ 4,925

(II) Other Incomes

	2025 Q2	2024 Q2	2025 H1	2024 H1
Income from operating lease	$ 4,043	$ 3,877	$ 8,055	$ 7,815
Income from government subsidy	1,123	-	2,309	1,613
Profit from lease modification	-	-	-	73
Others	2,836	12,878	5,683	16,870
	$ 8,002	$ 16,755	$ 16,047	$ 26,371

(III) Other Gains and Losses

	2025 Q2	2024 Q2	2025 H1	2024 H1
Gains on disposals of non-current assets held for sale (Note 11)	$ -	$ -	$ 7,755	$ -
Gains on disposal of investments accounted for using equity method	-	99,181	-	99,181
Net foreign exchange gain (loss)	(4,689)	4,085	(2,627)	13,253
Gain (loss) of financial assets and financial liabilities				
Financial assets at fair value through profit or loss	(3,694)	1,545	(3,221)	2,713
Financial liabilities at fair value through profit or loss	(131)	(120)	(17)	(6)
Net gain (loss) on disposals of property, plant and equipment	31,656	(8)	31,656	(8)
Others	(3)	(6)	(9)	(16)
	$ 23,139	$ 104,677	$ 33,537	$ 115,117

(IV) Financial Cost

	2025 Q2	2024 Q2	2025 H1	2024 H1
Interest on bank loans	$ 15,718	$ 13,977	$ 30,213	$ 28,676
Interest on lease liabilities	2,128	2,351	4,305	4,736
Computed interest on security deposits	8	9	17	17
Amortization of the expenses incurred by the organizer of syndicated loans	-	150	-	300
Other interest expenses	205	-	471	268
Less: Amounts listed in cost of qualifying assets	(3,580)	(2,688)	(7,063)	(4,759)
	$ 14,479	$ 13,799	$ 27,943	$ 29,238

Information relevant to capitalization of interest is as follows:

	2025 Q2	2024 Q2	2025 H1	2024 H1
Capitalized interest	$ 3,580	$ 2,688	$ 7,063	$ 4,759
Interest rate for capitalization of interest	1.90%~2.10%	2.05%~2.27%	1.88%~2.28%	2.05%~2.29%

(V) Depreciation and Amortization

	2025 Q2	2024 Q2	2025 H1	2024 H1
Depreciation expenses by functions:				
Operating cost	$ 163,747	$ 154,116	$ 327,086	$ 311,562
Operating expenses	47,076	35,166	84,102	69,915
	$ 210,823	$ 189,282	$ 411,188	$ 381,477
Amortization expenses by functions:				
Operating cost	$ 2,414	$ 830	$ 4,118	$ 1,642
Operating expenses	1,135	1,236	2,530	2,053
	$ 3,549	$ 2,066	$ 6,648	$ 3,695

(VI) Employee Benefit Expenses

	2025 Q2	2024 Q2	2025 H1	2024 H1
Short-term employee benefits	$ 465,452	$ 425,094	$ 898,474	$ 827,586
Post-employment benefits				
Defined contribution plan	13,743	12,083	27,038	23,937
Defined benefit plan (Note 21)	(104)	(61)	(208)	(122)
Share-based payment	25	844	595	1,689
Total employee benefit expenses	$ 479,116	$ 437,960	$ 925,899	$ 853,090
Compiled by functions				
Operating cost	$ 339,743	$ 310,602	$ 652,098	$ 614,192
Operating expenses	139,373	127,358	273,801	238,898
Compiled by functions	$ 479,116	$ 437,960	$ 925,899	$ 853,090

(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 Company expected to adopt the amendment to the articles of incorporation through resolution at the shareholders' meeting in 2025 in accordance with such amendment to the Securities and Exchange Act as made in August 2024. The amended articles of incorporation stipulate that at least 50% of employees' remuneration for the year should be allocated to front-line employees as their remuneration if the Company has a profit for the year. The employees' remuneration and directors' remuneration estimated for 2025 Q2 and 2024 Q2, 2025 H1 and 2024 H1 are listed as follows:

Estimated Percentage

	2025 H1	2024 H1
Employees' remuneration	5%	5%
Directors' remuneration	2%	2%

Amount

	2025 Q2	2025 Q2	2025 H1	2024 H1
Employees' remuneration	$ 6,800	$ 9,660	$ 14,150	$ 17,000
Directors' remuneration	$ 2,720	$ 4,270	$ 5,660	$ 6,800

If any amount is changed after the date when the annual consolidated 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.

The employees' remuneration and directors' remuneration for 2024 and 2023 were resolved at the board meeting held on Mar. 7, 2025 and Mar. 6, 2024 respectively.

Amount

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

There is no difference between the actually distributed amounts of the employees' remuneration and directors' remuneration for the years 2024 and 2023 and the corresponding amounts recognized in the consolidated financial statements of 2024 and 2023.

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.

XXV. Income Tax

(I) Income Tax Recognized in Profit or Loss

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

	2025 Q2	2025 Q2	2025 H1	2024 H1
Current income tax				
Incurred for the current period	$ 18,462	$ 24,072	$ 48,779	$ 24,147
Adjustments for previous years	1,221	2,905	(19,418)	(12,719)
	19,683	26,977	29,361	11,428
Deferred income tax				
Incurred for the current period	331	(242)	985	(1,248)
Income tax expense (income) recognized in profit or loss	$ 20,014	$ 26,735	$ 30,346	$ 10,180

(II) Income Tax Assessment

The profit-seeking enterprise annual income tax returns filed by IST as of 2023 have been assessed by the tax authority.

XXVI. Earnings Per Share

Unit : NTD per share

	2025 Q2	2025 Q2	2025 H1	2024 H1
Basic earnings per share	$ 1.50	$ 2.33	$ 3.20	$ 4.13
Diluted earnings per share	$ 1.49	$ 2.31	$ 3.18	$ 4.09

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 Period

	2025 Q2	2025 Q2	2025 H1	2024 H1
Net profit used to calculate basic earnings per share	$ 111,471	$ 172,449	$ 237,902	$ 305,769
Net profit used to calculate diluted earnings per share	$ 111,471	$ 172,449	$ 237,902	$ 305,769

Number of Shares

Unit: In Thousands of Shares

	2025 Q2	2025 Q2	2025 H1	2024 H1
Number of weighted average ordinary shares used to calculate basic earnings per share	74,151	74,031	74,266	74,009
Impact of the ordinary shares with dilution effect:				
Employee stock options	397	475	389	517
Employees' remuneration	129	111	208	170
Number of weighted average ordinary shares used to calculate diluted earnings per share	74,677	74,617	74,863	74,696

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.

XXVII. 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:

	2025 H1		2024 H1	
Employee stock options	Unit (In thousands)	Exercise price (NTD)	Unit (In thousands)	Exercise price (NTD)
Outstanding at the beginning of the period	846	$ 50.60	1,234	$ 52.14
Issued this period	(71)	49.69~50.60	(62)	51.11~52.14
Outstanding at the end of the period	775	49.69	1,172	51.11
Exercisable at the end of the period	499		404	

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 2025 Q2 and 2024 Q2, 2025 H1 and 2024 H1 was NTD 25 thousand, NTD 844 thousand, NTD 595 thousand and NTD 1,689 thousand respectively.

XXVIII. Government Subsidies

The Company 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.

XXIX. Equity Transactions with Non-controlling Interests

IST acquired 3,593 thousand shares of PPT Company by means of stock swap in March 2024, and the percentage of the PPT shares held by IST decreased from 75% to 71%. Pin Wen Company also acquired 705 thousand shares of PPT Company by means of stock swap, and the percentage of the PPT shares held by Pin Wen Company was 6%. The Company held 77% of PPT shares aggregately as of Jun. 30, 2025.

As the aforementioned transactions did not change the control of the Company over PPT Company, the Company treated the transactions as equity transactions.

	PPT Company
Received cash considerations	$ -
Amount of non-controlling interests transferred from the book amount of net assets of subsidiaries calculated based on relative changes in equity	3,964
Differences in equity transactions	$ 3,964
Adjustments for differences in equity transactions	
Capital reserve	$ 3,964

XXX. Capital Risk Management

The Company conducts capital management to ensure that enterprises in the group are able to maximize the shareholder return by optimizing debt and equity balances on the premise that the enterprises operate on an ongoing basis. The overall strategy of the Company remains unchanged.

The capital structure of the Company consists of its net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. capital stock, capital reserve, retained earnings, other equity items and non-controlling interests).

The Company does not have to abide by other external capital rules.

The main management of the Company reviews the Company’s capital structure regularly and considers cost and relevant risks for capital. The Company 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.

XXXI. Financial Instruments

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

1. Hierarchy of Fair Value

Jun. 30, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Beneficiary certificates of funds	$ -	$ -	$ 20,548	$ 20,548
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$ 96	$ -	$ 96

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
—Domestically listed (OTC) stocks	$ 120,348	$ -	$ -	$ 120,348

Dec. 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
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				

	Level 1	Level 2	Level 3	Total
—Domestically listed (OTC) stocks	$ 142,494	$ -	$ -	$ 142,494

Jun. 30, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Beneficiary certificates of funds	$ -	$ -	$ 30,405	$ 30,405
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$ 242	$ -	$ 242
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments				
—Domestically listed (OTC) stocks	$ 206,295	$ -	$ -	$ 206,295

There was no transfer between level 1 and level 2 fair value measurements in 2025 H1 and 2024 H1.

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

Financial assets	Financial assets measured at fair value through profit or loss – Beneficiary certificates of funds 2025 H1	2024 H1
Beginning balance	$ 23,769	$ 27,692
Recognized in profit (loss)	(3,221)	2,713
Ending balance	$ 20,548	$ 30,405
Changes in the current unrealized profit or loss that are relevant to the assets held at the end of the period and recognized in profit or loss	($ 3,221)	$ 2,713

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

(1) 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.

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Liquidity discount	20%	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:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Liquidity discount			
Increased by 1%	($ 257)	($ 297)	($ 380)
Decreased by 1%	$ 257	$ 297	$ 380

(II) Type of Financial Instrument

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Financial assets			
Measured at fair value through profit or loss			
Measured at fair value through profit or loss compulsorily	$ 20,548	$ 23,769	$ 30,405
Financial assets measured at fair value through other comprehensive income			
Equity Instruments	$ 120,348	$ 142,494	$ 206,295
Financial assets at amortized cost			
Cash and cash equivalents	793,044	939,526	752,761
Notes and accounts receivable, net	1,772,731	1,487,096	1,608,765
Accounts receivable due from related parties	19,493	20,777	16,231
Other receivables	47,519	313	249
Other receivables due from related parties	22,251	23,843	21,900
Other financial assets	13,087	12,048	15,723
Guarantee deposits paid	24,784	27,124	20,628
Financial liabilities			
Measured at fair value through profit or loss			
Held for trading	96	114	242
Measured at amortized cost			
Current borrowings	671,153	719,669	732,942
Notes and accounts payable	281,634	323,134	250,516
Accounts payable to related parties	7,978	15,208	2,431
Payable on machinery and equipment	320,590	346,402	208,268
Long-term borrowings (including the current portion thereof)	2,525,462	1,922,621	1,942,612
Guarantee deposits received	2,005	2,005	2,005

(III) Purpose and Policy of Financial Risk Management

Financial management departments of the Company 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.

The Company 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. The Company 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 the Company 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

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

       For the Company's book amounts of monetary assets and monetary liabilities (including the monetary items at non-functional currencies and written off already in the consolidated financial statements) and book amounts of derivatives exposed to exchange rate risk in non-functional currencies on the balance sheet date, please refer to Note 35.

Sensitivity Analysis

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

The table below presents the Company's sensitivity analysis for the situations when the exchange rate of 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 period is adjusted by 5% exchange rate fluctuation. The table below shows the increase or decrease in the pretax net profit when the functional currency against each foreign currency depreciates/appreciates by 5%.

	Impact of USD		Impact of CNY		Impact of JPY	
	2025 H1	2024 H1	2025 H1	2024 H1	2025 H1	2024 H1
Gain (loss)	$ 155	$ 8,040	$ 431	$ 480	($ 319)	($ 267)

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

(2) Interest Rate Risk

Since entities in the Company borrow funds at both the fixed interest rate and the floating interest rate simultaneously, the Company is exposed to interest rate risk. The Company 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 the Company exposed to interest rate risk on the balance sheet date are as follows:

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
With fair value interest rate risk			
－Financial assets	$ 125,292	$ 145,494	$ 154,640
－Financial liabilities	489,820	435,435	498,140
With cash flow interest rate risk			
－Financial assets	674,739	794,803	606,875
－Financial liabilities	3,033,170	2,555,851	2,530,691

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 2025 H1 and 2024 H1 would be decreased/increased by NTD 11,792 thousand and NTD 9,619 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 the group. As of the balance sheet date, the greatest credit risk to which the Company 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 consolidated balance sheet.

To reduce credit risk, the management of the Company 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, the Company 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 the Company believes that the Company's credit risk has significantly reduced.

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

3. Liquidity Risk

The Company keeps successful business operation and mitigates the impact of cash flow fluctuation by managing and maintaining sufficient cash and cash equivalents. The management of the Company 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 the Company. For the line of credit unused by the Company as of Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024, 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 the Company is requested to make the repayment.

Jun. 30, 2025

	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	$ 412,057	$ 134,548	$ 246,242	$ -	$ -
Lease liabilities	7,155	16,348	61,618	131,864	184,076
Floating rate instruments	33,612	247,525	323,201	2,351,753	77,079
Fixed rate instruments	992	50,379	95,870	13,748	2,456
	$ 453,816	$ 448,800	$ 726,931	$2,497,365	$ 263,611

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	$ 85,121	$ 131,864	$ 38,368	$ 38,368	$ 38,368	$ 68,972
Floating rate instruments	$ 604,338	$2,351,753	$ 77,079	$ -	$ -	$ -
Fixed rate instruments	$ 147,241	$ 13,748	$ 2,456	$ -	$ -	$ -

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	$ 468,436	$ 240,130	$ 137,860	$ -	$ -
Lease liabilities	6,818	15,552	62,529	157,277	188,249
Floating rate instruments	113,612	252,319	360,530	1,663,532	165,858
Fixed rate instruments	19,335	33,433	18,771	14,900	-
	$ 608,201	$ 541,434	$ 579,690	$1,835,709	$ 354,107

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	$ 84,899	$ 157,277	$ 38,043	$ 38,043	$ 38,043	$ 74,120
Floating rate instruments	$ 726,461	$1,663,532	$ 165,858	$ -	$ -	$ -
Fixed rate instruments	$ 71,539	$ 14,900	$ -	$ -	$ -	$ -

Jun. 30, 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	$ 260,709	$ 205,586	$ 146,786	$ -	$ -
Lease liabilities	7,095	15,310	57,472	164,287	192,054
Floating rate instruments	112,173	222,470	374,442	1,588,239	233,367
Fixed rate instruments	-	28,555	116,308	-	-
	$ 379,977	$ 471,921	$ 695,008	$1,752,526	$ 425,421

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	$ 79,877	$ 164,287	$ 38,043	$ 38,043	$ 38,043	$ 77,925
Floating rate instruments	$ 709,085	$1,588,239	$ 233,367	$ -	$ -	$ -
Fixed rate instruments	$ 144,863	$ -	$ -	$ -	$ -	$ -

(2) Line of Credit

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Unsecured bank loan commitment, reviewed regularly			
－Used within the credit line	$ 2,848,201	$ 2,394,828	$ 2,544,408
－Unused within the credit line	1,501,151	2,213,600	2,258,124
	$ 4,349,352	$ 4,608,428	$ 4,802,532
Secured bank loan commitment			
－Used within the credit line	$ 348,414	$ 247,462	$ 131,846
－Unused within the credit line	-	4,308	-
	$ 348,414	$ 251,770	$ 131,846

XXXII. Transactions with Related Parties

Transactions, account balances, incomes and expenses among IST and its subsidiaries have been eliminated completely upon consolidation, so they are not disclosed in the Notes. Transactions between the Company and other related parties are as follows:

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

Name of Related Party	Relationship with the Company
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)
MS Company	An associate

(II) Service Income

Item Listed in the Books	Type of Related Party	2025 Q2	2024 Q2	2025 H1	2024 H1
Service income	Associates	$ 19,494	$ 15,088	$ 34,605	$ 32,036

Prices of the services for which the Company obtains incomes from related parties are determined on an arm's length basis and there is no comparable price of identical service sufficiently for the Company to make a comparison with the determined prices. The payment terms provided by the Company 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	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Accounts receivable due from related parties	Associates			
	Dekra Company	$ 17,149	$ 18,058	$ 13,790
	Dekra IST KS Company	2,111	2,698	2,378
	MS Company	233	21	-
	BTL Inc.	-	-	63
		$ 19,493	$ 20,777	$ 16,231
Other receivables due from related parties	Associates			
	Dekra Company	$ 22,251	$ 23,843	$ 21,900

No guarantee was received for the accounts receivable from related parties. No loss allowance was allocated for the accounts receivable from related parties for 2025 H1 and 2024 H1 respectively.

"Other receivables due from related parties" refer to the technical service incomes and rent incomes receivable from related parties.

(IV) Accounts Payable to Related Parties

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Accounts payable to related parties	Associates			
	Dekra Company	$ 7,967	$ 15,182	$ 2,348
	Dekra IST KS Company	11	-	83
	MS Company	-	26	-
		$ 7,978	$ 15,208	$ 2,431
Payable on machinery and equipment	Associates	$ -	$ 186	$ 1,299
Other current liabilities	Associates	$ -	$ -	$ 1,347

(V) Sublease Agreement

Renting Out and Subleasing under Operating Lease

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 monthly. The total lease payments to be collected as of Jun. 30, 2025, Dec. 31, 2024 and Jun. 30, 2024 were NTD 21,448 thousand, NTD 26,288 thousand and NTD 31,128 thousand respectively. Lease incomes recognized for 2025 Q2 and 2024 Q2, 2025 H1 and 2024 H1 were NTD 2,872 thousand, NTD 2,891 thousand, NTD 5,754thousand, and NTD 5,773 thousand respectively.

Subleasing under Finance Lease

The Company 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 2025 H1 and 2024 H1. The net investment in the lease at the lease commencement date was NTD 62,081 thousand respectively, and the lease period was 3～5 years respectively. The balance of finance leases receivable as of Jun. 30, 2025 and Dec. 31 and Jun. 30, 2024 was NTD 37,532 thousand, NTD 45,071 thousand and NTD 54,225 thousand respectively.

(VI) Guarantee Deposits Paid

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Guarantee deposits paid	Associates Dekra Company	$ 179	$ -	$ -

(VII) Guarantee Deposits Received

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Guarantee deposits received	Associates Dekra Company	$ 2,005	$ 2,005	$ 2,005

(VIII) Manufacturing Expenses and Operating Expenses

Item Listed in the Books	Type of Related Party	2025 Q2	2024 Q2	2025 H1	2024 H1
Manufacturing expenses	Associates	$ 9,720	$ 3,536	$ 15,765	$ 7,426
Operating expenses	Associates	$ 240	$ 54	$ 242	$ 85

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

(IX) Non-operating Incomes and Expenses

Item Listed in the Books	Type / Name of Related Party	2025 Q2	2024 Q2	2025 H1	2024 H1
Interest income	Associates				
	Dekra Company	$ -	$ -	$ 2	$ -

Lease incomes	Associates				
	Dekra Company	$ 2,872	$ 2,891	$ 5,754	$ 5,773
Other incomes	Associates				
	Dekra Company	$ 2,092	$ 1,957	$ 4,228	$ 3,913
	MS Company	-	-	30	-
		$ 2,092	$ 1,957	$ 4,258	$ 3,913
Interest expenses	Associates	$ 8	$ 8	$ 17	$ 16

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

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

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

Interest on a security deposit and type of payment incurred from the lease between the Company and its related parties is determined based on lease contracts.

(X) Remunerations to Main Managements

	2025 Q2	2024 Q2	2025 H1	2024 H1
Short-term benefits	$ 8,090	$ 9,543	$ 28,886	$ 27,980
Post-employment benefits	100	100	200	200
Share-based payment	2	64	45	127
	$ 8,192	$ 9,707	$ 29,131	$ 28,307

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

XXXIII. Pledged Assets

The following assets of the Company were provided as guarantees for issuance of L/Cs, bank loans and line of credit.

	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2024
Property, plant and equipment	$ 705,980	$ 721,544	$ 730,451
Demand deposit (Listed as other financial assets in the books)	13,087	12,048	15,723
	$ 719,067	$ 733,592	$ 746,174

XXXIV. Material Contingent Liabilities and Unrecognized Contractual Commitments

Contingencies

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. After hearing the case, Taiwan Hsinchu District Court ruled on June 30, 2025 that IST should be fined NTD 5,000 thousand and held jointly liable with the employee for compensating Phoenix Silicon NTD 36,495 thousand. To protect corporate interests, IST has appointed a lawyer to file an appeal. IST believes that the aforementioned litigation has no significant impact on IST’s financial status. Relevant operating activities have moved on as usual.

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

The following information presents foreign currencies, rather than the functional currency, used by each entity in the Company. 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:

Unit: In thousands in foreign currency

	Jun. 30, 2025			Dec. 31, 2024			Jun. 30, 2024		
	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount
Foreign currency assets									
Monetary item									
USD	$ 12,728	29.3000 (USD：NTD)	$ 372,930	$ 11,909	32.7850 (USD：NTD)	$ 390,437	$ 13,469	32.4500 (USD：NTD)	$ 437,069
JPY	75,655	0.2034 (JPY：NTD)	15,388	68,537	0.2099 (JPY：NTD)	14,386	63,173	0.2017 (JPY：NTD)	12,742
CNY	2,105	4.0930 (CNY：NTD)	8,616	608	4.5608 (CNY：NTD)	2,773	2,108	4.5532 (CNY：NTD)	9,598
			$ 396,934			$ 407,596			$ 459,409
Foreign currency liabilities									
Monetary item									
USD	12,622	29.3000 (USD：NTD)	$ 369,825	7,853	32.7850 (USD：NTD)	$ 257,461	8,514	32.4500 (USD：NTD)	$ 276,279
JPY	107,002	0.2034 (JPY：NTD)	21,764	145,549	0.2099 (JPY：NTD)	30,551	89,637	0.2017 (JPY：NTD)	18,080
			$ 391,589			$ 288,012			$ 294,359
Non-monetary item									
JPY	474	0.2034 (JPY：NTD)	$ 96	542	0.2099 (JPY：NTD)	$ 114	1,202	0.2017 (JPY：NTD)	$ 242

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

	2025 Q2		2024 Q2	
Functional currency	Functional currency to presentation currency	Net foreign exchange gain (loss)	Functional currency to presentation currency	Net foreign exchange gain (loss)
USD	29.3000 （USD：NTD）	($ 5,172)	32.4500 （USD：NTD）	$ 819
JPY	0.2034 （JPY：NTD）	350	0.2017 （JPY：NTD）	246
CNY	4.0930 （CNY：NTD）	(221)	4.5532 （CNY：NTD）	4
		($ 5,043)		$ 1,069

	2025 H1		2024 H1	
Functional currency	Functional currency to presentation currency	Net foreign exchange gain (loss)	Functional currency to presentation currency	Net foreign exchange gain (loss)
USD	29.3000 （USD：NTD）	($ 3,262)	32.4500 （USD：NTD）	$ 4,531
JPY	0.2034 （JPY：NTD）	322	0.2017 （JPY：NTD）	464
CNY	4.0930 （CNY：NTD）	(146)	4.5532 （CNY：NTD）	230
		($ 3,086)		$ 5,225

XXXVI. Disclosures in the Notes

(I) Information Relevant to Material Transactions:

1. Funds lent to others (None)
2. Enforcement and guarantee for others (None)
3. Material negotiable securities held at the end of the period (not including investments in subsidiaries, associates and joint ventures) (Schedule 1)
4. Purchases from or sales to related parties up to NTD 100 million or 20% of the paid-in capital (None)
5. Receivables due from related parties up to NTD 100 million or 20% of the paid-in capital (None)
6. Others: Business relationship between the parent company and its subsidiaries and between the subsidiaries, and important transactions among them and transaction amounts (Schedule 2)

(II) Information Relevant to Reinvestments (Schedule 3)

(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 4)
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.

XXXVII. Information of Segments

The information given by the Company to its main decision makers for allocation of resources and evaluation of departmental performance focuses on types of the products delivered or services provided each time. The measurement base of the information concerning financial statements is the same as that of the consolidated financial statements. IST is a single operating segment. The measurement base of the losses, profits, assets and liabilities of the operating segment is the same as the preparation basis of the consolidated financial statements. As the result, for the reportable segment revenue and operating result for 2025 Q2, 2024 Q2, 2025 H1 and 2024 H1, please refer to the Consolidated Statement of Comprehensive Income for 2025 Q2, 2024 Q2, 2025 H1 and 2024 H1. For the reportable segment assets and liabilities as of June 30, 2025, Dec. 31, 2024 and June 30, 2024, please refer to the Consolidated Balance Sheet of June 30, 2025, Dec. 31, 2024 and June 30, 2024.

Integrated Service Technology Inc. and Subsidiaries

Marketable Securities Held at the End of the Period

Jun. 30, 2025

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 period				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	-	$ 20,548	4.35%	$ 20,548	Note
	Stocks							
	BTL Inc.	—	Non-current financial assets measured at fair value through other comprehensive income	2,645,000	120,348	8.73%	120,348	Note

Note: It was calculated at fair value on Jun. 30, 2025.

Integrated Service Technology Inc. and Subsidiaries
Business Relations and Important Transactions between Parent Company and Each Subsidiary, and Transaction Amounts

2025 H1

Schedule 2

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

No.	Name of trading party	Counterparty to the transaction	Relation with trading party (Note 1)	Transaction details			
				Account	Amount	Transaction conditions (Note 2)	Ratio to total consolidated revenue or total assets
0	IST	Integrated USA	1	Net operating revenue	$ 14,885	—	1%
				Accounts receivable due from related parties	3,686	—	-
				Payable on machinery and equipment	6,963	—	-
		IST KS Company	1	Net operating revenue	15,682	—	1%
				Receivables due from related parties	2,087	—	-
				Other receivables due from related parties	3,282	—	-
		Samoa IST	1	Other payables to related parties	349	—	-
		SIP KS Company	1	Inventory of supplies	646	—	-
		PPT Company	1	Net operating revenue	1,832	—	-
				Manufacturing expenses	707	—	-
				Rent income	23,275	—	1%
				Other incomes	2,363	—	-
				Interest expense	97	—	-
				Accounts receivable due from related parties	693	—	-
				Other receivables due from related parties	20,483	—	-
				Accounts payable to related parties	1,691	—	-
				Estimated other payables - related parties	189	—	-
				Other payables to related parties	5	—	-
				Guarantee deposits received	11,227	—	-
				Purchase of fixed assets	390	—	-
		He Chou Company	1	Manufacturing expenses	6,071	—	-
				Accounts payable to related parties	918	—	-
2	IST KS Company	SIP KS Company	2	Net operating revenue	46	—	-

Note1: 1. Transactions between the parent company and a subsidiary
2. Transactions between a subsidiary and a subsidiary

Note2: 1. Prices of the services for which the company obtained incomes from related parties were determined on an arm's length basis and there was no comparable price of identical service sufficiently for the company to make a comparison with the determined prices. The payment terms provided by IST were net 30 to 90 days from the date of invoice every month or quarter or under a project; however, payments might be collected subject to the subsidiary's need of funds.
2. For a lease agreement between the company and a related party, the rent and the collection method were determined pursuant to the lease agreement.
3. For the property, plant and equipment sold by the company to a related party, transaction conditions were dealt with based on the price agreed by both parties.
4. Other receivables due from related parties refer to rent incomes and advances.
5. Except for the aforementioned situations, other transactions between the company and a related party were conducted on an arm's length basis.

Integrated Service Technology Inc. and Subsidiaries
Information of Investee Companies (Excluding Investee Companies in Mainland China), their Locations, etc.

2025 H1

Schedule 3

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 period			Profit (loss) of the investee company for the period	Investment gain (loss) recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio（%）	Book amount			
IST	Samoa IST	Samoa	Investment	USD 9,500	USD 9,500	4,416,770	100	$ 212,474	($ 7,618)	($ 7,618)	A subsidiary (Note 1)
	Dekra Company	Hsinchu City	Product testing and relevant business	$ 192,624	$ 192,624	19,262,390	49	717,259	36,336	17,805	An associate (Note 2)
	Pin Wen Company	Hsinchu City	Investment	237,000	237,000	9,841,258	100	48,416	(11,385)	(11,385)	A subsidiary (Note 2)
	Supreme Fortune Corp.	Belize	Investment	USD 125	USD 125	125,000	100	2,788	(748)	(748)	A subsidiary (Note 2)
	PPT Company	Hsinchu City	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	776,543	776,543	21,427,971	71	94,096	(95,495)	(69,160)	A subsidiary (Note 1)
	Malaysia IST	Malaysia	Sale of electronic components	-	-	-	-	-	-	-	A subsidiary (Note 3)
Samoa IST	Seychelles IST	Seychelles	Investment	USD 7,159	USD 7,159	7,158,575	100	USD 6,129	(USD 238)	(USD 238)	A sub-subsidiary (Note 2)
	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 418	(USD 11)	(USD 11)	A sub-subsidiary (Note 2)
Supreme Fortune Corp.	Hot Light Co., Ltd.	Seychelles	Investment	USD 125	USD 125	125,000	100	USD 95	(USD 23)	(USD 23)	A sub-subsidiary (Note 2)
Pin Wen Company	PPT Company	Hsinchu City	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	235,538	235,538	1,859,203	6	7,035	(95,495)	(5,788)	A subsidiary (Note 1)
	EFUN Company	Hsinchu City	Information software service	3,700	3,700	370,000	26	692	(7)	(2)	An associate (Note 2)
	Huan Ying Company	Hsinchu City	Information software management service and relevant business	5,100	5,100	510,000	22	2,957	(6,235)	(1,589)	An associate (Note 2)
	MS Company	Hsinchu County	IC design	39,974	39,974	2,954,600	21	18,250	(18,781)	(3,962)	An associate (Note 2)
Hot Light Co., Ltd.	He Chou Company	Hsinchu City	Circuit design service	USD 125	USD 125	400,000	100	USD 31	(USD 21)	(USD 21)	A sub-subsidiary (Note 2)

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 that were not reviewed by CPAs.

Note 3: In February 2025, Malaysia IST completed the establishment registration in Malaysia. IST contributed a capital of 800 thousand Malaysian Ringgits (MYR) in July 2025.

Integrated Service Technology Inc. and Subsidiaries

Information of Investments in Mainland China

2025 H1

Schedule 4

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 period	Investment amount remitted or recovered in the period: Remitted	Investment amount remitted or recovered in the period: Recovered	Accumulated investment amount remitted from Taiwan as of the end of the period	Investee company's profit (loss) of the period	Ratio of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the period	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the period	Remarks
IST KS Company	Product testing and relevant business	$ 108,410 (USD 3,700)	Note 1	$ 265,839 (USD 9,073) (Note 4)	$ -	$ -	$ 265,839 (USD 9,073) (Note 4)	($ 3,186) (USD (100))	100%	($ 3,186) (USD (100))	$ 162,322 (USD 5,540)	$ -	Note 2
SIP KS Company	Circuit design service	47,466 (USD 1,620)	Note 1	-	-	-	- (Note 5)	(733) (USD (23))	100%	(733) (USD (23))	14,591 (USD 498)	-	Note 2
IST-trade KS Company	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	10,233 (CNY 2,500)	Note 1	- (Note 5)	-	-	- (Note 5)	(67) (CNY (15))	100%	(67) (CNY (15))	10,851 (CNY 2,651)	-	Note 2
Xinchuang IST Shanghai	Service of inspection and testing	8,186 (CNY 2,000)	Note 1	- (Note 5)	-	-	- (Note 5)	(2,005) (CNY (452))	100%	(2,005) (CNY (452))	3,913 (CNY 956)	-	Note 2

Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the period	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs
$ 265,839 (USD9,073)	$ 341,521 (USD11,656)	$ 2,055,605

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 that were not reviewed 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.