

Integrated Service Technology
Inc. and Subsidiaries

Consolidated Financial
Statements for 2025 and 2024
and Independent Auditors'
Report

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Statement on Consolidated Financial Report of Affiliated Enterprises

The entities that are required to be included in the consolidated financial statements of affiliated enterprises for the fiscal year 2025 (from Jan. 1 to Dec. 31, 2025) pursuant to the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Report, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements of IST and its subsidiaries prepared in compliance with the International Financial Reporting Standards No. 10. In addition, the information required to be disclosed in the consolidated financial statements of affiliated enterprises is included in the aforementioned consolidated financial statements of IST and its subsidiaries. Therefore, IST does not prepare a separate set of consolidated financial statements of affiliated enterprises.

Company Name: Integrated Service Technology Inc.

Person in charge: YU, WEI-PIN

March 26, 2026

Independent Auditors' Report

To: Integrated Service Technology Inc.

Introduction

We have audited the financial statements of Integrated Service Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet of December 31, 2025 and 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and the notes to the consolidated financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the report of other auditors (as referred to in the Other Matters section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Dec. 31, 2025 and 2024 and the consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters with respect to the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2025 are stated as follows:

Recognition of Revenue

The consolidated operating revenue of Integrated Service Technology Inc. and its subsidiaries for 2025 was NTD 4,842,577 thousand, mainly generated from service incomes for providing customers with product verification and analysis service. Please refer to Notes 4 and 24 to the consolidated financial statements for the details on accounting policies and information relevant to revenue recognition.

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

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

1. We understood the internal controls for the procedure of operating revenue recognition, tested and assessed the effectiveness of the internal controls.
2. We took adequate transactions from the whole year's operating revenue account as samples to review corresponding sales vouchers, documents signed by the customers for receipt of products, and record of receiving payments in order to confirm the authenticity and accuracy of recognized revenue.

Other Matters

As stated in Note 14 to the consolidated financial statements, the financial statements of some investee companies accounted for using the equity method, which have been included in the consolidated financial statements of Integrated Service Technology Inc. and its subsidiaries, were audited by other auditors instead of us. In our opinion expressed in the

aforementioned consolidated financial statements, the amounts listed in the financial statements of such investee companies accounted for using the equity method were recognized based on the audit reports of other CPAs. As of Dec. 31, 2025 and 2024, the aforementioned investments accounted for using the equity method were NTD 781,284 thousand and NTD 735,046 thousand, respectively, each of which accounted for 9% of the total consolidated assets. For the years ended Dec. 31, 2025 and 2024, the comprehensive incomes of the aforementioned associates accounted for using the equity method were NTD 36,519 thousand and NTD 23,200 thousand, which accounted for 10% and 5% of the total consolidated comprehensive incomes, respectively.

Integrated Service Technology Inc. has prepared its parent-company-only financial statements for the years ended Dec. 31 2025 and 2024. For the financial statements, we have issued an audit report containing our unqualified opinion with other explanations stated in the Other Matters section for reference.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

However, future events or situations may cause Integrated Service Technology Inc. and its subsidiaries to cease to continue as a going concern.

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

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

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

From the matters communicated with the units charged with governance, we determine the key audit matters in the audit of the financial statements of Integrated Service Technology Inc. and its subsidiaries for the year ended Dec. 31, 2025. We describe these matters in our audit report unless any law or regulation precludes public disclosure of any of these matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in the audit report because the adverse consequences of such communication are reasonably expected to outweigh any public interest to be promoted.

Deloitte & Touche
Wen Chih-Yuan, CPA

Chang Ya-Yun, CPA

Financial Supervisory Commission
Approval No.:
Jin-Guan-Zheng-Shen-Zi No. 1130349292

Financial Supervisory Commission
Approval No.:
Jin-Guan-Zheng-Shen-Zi No. 1110348898

March 26, 2026

Integrated Service Technology Inc. and Subsidiaries
Consolidated Balance Sheet
December 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

Assets	December 31, 2025		December 31, 2024		Liabilities and Equity	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash and cash equivalents (Notes 4 and 6)	\$ 739,154	8	\$ 924,526	12	Short-term borrowings (Notes 4, 19 and 34)	\$ 646,679	7	\$ 719,669	9
Current financial assets at amortized cost (Notes 4 and 9)	15,000	-	15,000	-	Current financial liabilities at fair value through profit or loss (Notes 4 and 7)	110	-	114	-
Current contract assets (Notes 4, 5 and 24)	6,344	-	1,854	-	Current contract liabilities (Notes 4 and 24)	208,352	2	134,819	2
Notes and accounts receivable, net (Notes 4, 5, 10 and 24)	2,126,282	24	1,487,096	18	Notes and accounts payable	312,129	4	323,134	4
Current finance lease receivables (Notes 4, 11 and 33)	15,365	-	15,677	-	Accounts payable to related parties (Note 33)	4,966	-	15,208	-
Accounts receivable due from related parties (Note 24 and 33)	19,708	-	20,777	-	Payable on machinery and equipment (Note 33)	204,264	2	346,402	4
Other receivables	31,722	1	313	-	Dividends payable (Note 23)	192,925	2	171,023	2
Other receivables due from related parties (Note 33)	26,415	-	23,843	-	Current tax liabilities (Notes 4 and 26)	65,749	1	28,192	-
Current tax assets (Notes 4 and 26)	96	-	96	-	Current lease liabilities (Notes 4 and 16)	78,998	1	76,931	1
Non-current assets held for sale (Notes 4 and 12)	-	-	493	-	Current portion of long-term borrowings (Notes 4, 20 and 34)	155,788	2	78,331	1
Prepayments and other current assets (Note 18)	107,707	1	137,693	2	Other current liabilities, others (Notes 4 and 21)	713,708	8	661,690	8
Other financial assets (Note 34)	13,129	-	12,048	-	Total current liabilities	2,583,668	29	2,555,513	31
Total current assets	3,100,922	34	2,639,416	32	Non-current liabilities				
Non-current assets					Long-term borrowings (Notes 4, 20 and 34)	1,480,288	17	1,844,290	23
Non-current financial assets at fair value through profit or loss (Notes 4 and 7)	23,440	-	23,769	-	Deferred tax liabilities (Notes 4 and 26)	4,540	-	4,736	-
Non-current financial assets measured at fair value through other comprehensive income (Notes 4 and 8)	165,883	2	142,494	2	Non-current lease liabilities (Notes 4 and 16)	221,271	2	272,065	3
Investments accounted for using equity method (Notes 4 and 14)	785,858	9	739,196	9	Deferred government subsidy income (Notes 4 and 29)	6,904	-	5,000	-
Property, plant and equipment (Notes 4, 15, and 34)	4,498,427	50	4,110,377	51	Guarantee deposits received (Note 33)	3,534	-	2,005	-
Right-of-use assets (Notes 4 and 16)	258,906	3	294,002	4	Total non-current liabilities	1,716,537	19	2,128,096	26
Other intangible assets (Notes 4 and 17)	41,205	1	13,842	-	Total liabilities	4,300,205	48	4,683,609	57
Deferred tax assets (Notes 4 and 26)	1,431	-	1,250	-	Equity attributed to owners of parent (Notes 4, 23, 28 and 30)				
Prepayments for machinery and equipment	40,646	1	113,781	2	Ordinary share	864,474	10	743,667	9
Guarantee deposits paid (Notes 33)	33,495	-	27,124	-	Capital collected in advance	1,319	-	2,721	-
Long-term lease payments receivable					Capital reserve	3,244,678	36	2,132,798	26
Non-current leases receivable (Notes 4, 11 and 33)	14,213	-	29,394	-	Retained earnings				
Net non-current defined benefit asset (Notes 4 and 22)	23,608	-	25,239	-	Legal reserve	280,096	3	240,027	3
Total non-current assets	5,887,112	66	5,520,468	68	Special reserve	109,833	1	102,819	1
					Unappropriated retained earnings	266,944	3	340,087	4
					Other equity, others	(99,199)	(1)	(132,064)	(1)
					Total equity attributable to owners of parent	4,668,145	52	3,430,055	42
					Non-controlling interests (Notes 4 and 23)	19,684	-	46,220	1
					Total equity	4,687,829	52	3,476,275	43
Total assets	\$8,988,034	100	\$8,159,884	100	Total liabilities and equity	\$8,988,034	100	\$8,159,884	100

The accompanying notes constitute part of the consolidated financial statements.

(Please see the auditors' report made by Deloitte & Touche on March 26, 2026.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended Dec. 31, 2025 and 2024

	Unit: In Thousands of New Taiwan Dollars, except for EPS in New Taiwan Dollars			
	2025		2024	
	Amount	%	Amount	%
Operating revenue (Notes 4, 24 and 33)	\$ 4,842,577	100	\$ 4,345,526	100
Operating costs (Notes 25 and 33)	<u>3,536,810</u>	<u>73</u>	<u>3,129,332</u>	<u>72</u>
Gross profit from operations	<u>1,305,767</u>	<u>27</u>	<u>1,216,194</u>	<u>28</u>
Operating expenses (Notes 25 and 33)				
Selling expenses	169,585	4	152,277	4
Administrative expenses	575,940	12	519,970	12
Research and development expenses	208,125	4	175,286	4
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9 (Note10)	<u>2,405</u>	<u>-</u>	<u>(353)</u>	<u>-</u>
Total operating expenses	<u>956,055</u>	<u>20</u>	<u>847,180</u>	<u>20</u>
Net operating income	<u>349,712</u>	<u>7</u>	<u>369,014</u>	<u>8</u>
Non-operating income and expenses				
Interest income (Note 25 and 33)	6,879	-	12,626	-
Other income (Notes 25 and 33)	40,166	1	57,125	1
Other gains and losses (Notes 4 and 25)	44,333	1	123,557	3
Finance costs (Notes 4, 25 and 33)	<u>(60,195)</u>	<u>(1)</u>	<u>(59,830)</u>	<u>(1)</u>
Share of profit of associates for using equity method (Notes 4 and 14)	<u>34,885</u>	<u>1</u>	<u>20,690</u>	<u>1</u>
Total non-operating income and expenses	<u>66,068</u>	<u>2</u>	<u>154,168</u>	<u>4</u>
Profit before tax	415,780	9	523,182	12
Tax expense (income) (Notes 4 and 26)	<u>81,097</u>	<u>2</u>	<u>54,761</u>	<u>1</u>
Profit	<u>334,683</u>	<u>7</u>	<u>468,421</u>	<u>11</u>

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	2025		2024	
	Amount	%	Amount	%
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Remeasurement for defined employee benefit plan (Notes 4 and 22)	(\$ 2,047)	-	\$ 5,415	-
Unrealized gains (losses) from equity instrument investment measured at fair value through other comprehensive income (Notes 4 and 23)	25,854	-	(67,116)	(1)
Components of other comprehensive income that will be reclassified to profit or loss:				
Share of other comprehensive income of associates accounted for using equity method (Note 4 and 23)	(5,226)	-	15,057	-
Share of other comprehensive income of associates accounted for using equity method (Notes 4 and 23)	969	-	4,957	-
Total other comprehensive income (net)	19,550	-	(41,687)	(1)
Total comprehensive income	\$ 354,233	7	\$ 426,734	10
Profit (loss) attributable to:				
Owners of parent	\$ 367,079	8	\$ 481,739	11
Non-controlling interests	(32,396)	(1)	(13,318)	-
	\$ 334,683	7	\$ 468,421	11
Comprehensive income attributable to:				
Owners of parent	\$ 386,629	8	\$ 440,052	10
Non-controlling interests	(32,396)	(1)	(13,318)	-
	\$ 354,233	7	\$ 426,734	10
Earnings per share (Note 27)				
Total basic earnings per share	\$ 4.81		\$ 6.50	
Total diluted earnings per share	\$ 4.77		\$ 6.44	

The accompanying notes constitute part of the consolidated financial statements.
(Please see the auditors' report made by Debitte & Touche on March 26, 2026.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended Dec. 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

	Equity attributed to owners of parent							Other equity					
	Ordinary share		Capital collected in advance	Capital reserve	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
	Number of shares (in thousands of shares)	Amount			Legal reserve	Special reserve	Unappropriated retained earnings						
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	-	-	-	-	35,376	-	(35,376)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	32,878	(32,878)	-	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(296,873)	-	-	-	(296,873)	-	(296,873)
Changes in associates accounted for using the equity method	-	-	-	1,990	-	-	-	-	-	-	1,990	-	1,990
Profit (loss) for 2024	-	-	-	-	-	-	481,739	-	-	-	481,739	(13,318)	468,421
Other comprehensive income after tax for 2024	-	-	-	-	-	-	5,415	(67,116)	20,014	-	(41,687)	-	(41,687)
Total comprehensive income for 2024	-	-	-	-	-	-	487,154	(67,116)	20,014	-	440,052	(13,318)	426,734
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	-	-	-	3,147	-	-	-	-	-	-	3,147	-	3,147
Ordinary shares issued under the employee stock option plan	388	3,878	1,144	15,995	-	-	-	-	-	-	21,017	-	21,017
Balance at December 31, 2024	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	-	-	-	-	40,069	-	(40,069)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	7,014	(7,014)	-	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(356,680)	-	-	-	(356,680)	-	(356,680)
Changes in associates accounted for using the equity method	-	-	-	10,808	-	-	-	-	-	-	10,808	-	10,808
Profit (loss) for 2025	-	-	-	-	-	-	367,079	-	-	-	367,079	(32,396)	334,683
Other comprehensive income after tax for 2025	-	-	-	-	-	-	(2,047)	25,854	(4,257)	-	19,550	-	19,550
Total comprehensive income for 2025	-	-	-	-	-	-	365,032	25,854	(4,257)	-	386,629	(32,396)	354,233
Cash capital increase	12,000	120,000	-	1,086,415	-	-	-	-	-	-	1,206,415	-	1,206,415
Share buyback	-	-	-	-	-	-	-	-	-	(37,874)	(37,874)	-	(37,874)
Retirement of treasury share	(383)	(3,830)	-	(10,900)	-	-	(23,144)	-	-	37,874	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	6,545	-	-	-	-	-	-	6,545	(6,545)	-
Share-based payments	-	-	-	595	-	-	-	-	-	-	595	165	760
Ordinary shares issued under the employee stock option plan	463	4,637	(1,402)	18,417	-	-	-	-	-	-	21,652	12,240	33,892
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(11,268)	11,268	-	-	-	-	-
Balance at December 31, 2025	86,447	\$ 864,474	\$ 1,319	\$ 3,244,678	\$ 280,096	\$ 109,833	\$ 266,944	(\$ 29,994)	(\$ 69,205)	\$ -	\$ 4,668,145	\$ 19,684	\$ 4,687,829

The accompanying notes constitute part of the consolidated financial statements.
(Please see the auditors' report made by Debitte & Touche on March 26, 2026.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended Dec. 31, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

	2025	2024
Cash flows from operating activities		
Profit before tax	\$ 415,780	\$ 523,182
Adjustments to reconcile profit (loss)		
Depreciation expense	876,325	768,006
Amortization expense	14,529	8,125
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	2,405	(353)
Net gain on financial assets or liabilities at fair value through profit or loss	(1,171)	(2,283)
Financial cost	60,195	59,830
Interest income	(6,879)	(12,626)
Dividend income	(794)	-
Share-based payments	760	3,147
Share of loss (profit) of associates for using equity method	(34,885)	(20,690)
Net gain on disposals of property, plant and equipment	(31,147)	(4,715)
Gain on disposal of non-current assets held for sale	(7,755)	-
Gains on disposal of investments accounted for using equity method	-	(99,181)
Net foreign exchange gain	(5,355)	(5,039)
Profit from lease modification	-	(2,037)
Net changes in operating assets and liabilities		
Contract assets	(4,490)	4,109
Notes and accounts receivable	(630,993)	(11,279)
Accounts receivable due from related parties	1,069	(1,565)
Other receivables	(31,343)	11,139
Other receivables due from related parties	(2,572)	(655)
Prepayments and other current assets	29,986	7,953
Defined benefit assets, net	(416)	(245)
Contract liabilities	73,533	326
Notes and accounts payable	(11,193)	138,438
Accounts payable to related parties	(10,242)	10,512
Other current liabilities	52,173	88,048
Deferred government subsidy income	<u>1,904</u>	<u>5,000</u>
Cash generated from operations	749,424	1,467,147
Interest paid	(73,111)	(70,734)
Income tax paid	<u>(43,730)</u>	<u>(27,772)</u>
Net cash generated from operating activities	<u>632,583</u>	<u>1,368,641</u>

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	2025	2024
Cash flows from investing activities		
Acquisition of financial assets at fair value through other comprehensive income	(\$ 32,339)	\$ -
Sale of financial assets at fair value through other comprehensive income	35,003	-
Acquisition of financial assets at amortized cost	-	(15,000)
Disposal of financial assets at fair value through profit or loss	1,496	6,084
Disposal of non-current assets classified as held for sale	8,248	-
Acquisition of property, plant and equipment	(1,283,291)	(898,192)
Proceeds from disposal of property, plant and equipment	60,898	7,946
Increase in refundable deposits	(6,371)	(2,680)
Acquisition of other intangible assets	(42,032)	(11,008)
Disposal of intangible assets	76	-
Decrease in lease and installment receivables	15,805	15,625
Decrease (Increase) in other financial assets	(1,081)	3,162
Interest received	6,879	12,626
Dividends received	794	-
Net cash used in investing activities	<u>(1,235,915)</u>	<u>(881,437)</u>
Cash flows from financing activities		
Decrease in short-term loans	(77,509)	(241,820)
Proceeds from long-term debts	1,417,000	942,566
Repayments of long-term debts	(1,703,545)	(870,086)
Increase in guarantee deposits received	1,529	-
Payments of lease liabilities	(83,060)	(77,310)
Cash dividends paid	(334,778)	(276,915)
Cash capital increase	1,206,415	-
Exercise of employee stock options	33,892	21,017
Capital reduction payments to shareholders	(37,874)	-
Net cash provided by (used in) financing activities	<u>422,070</u>	<u>(502,548)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,110)</u>	<u>11,632</u>
Net decrease in cash and cash equivalents for the year	(185,372)	(3,712)
Cash and cash equivalents at beginning of year	<u>924,526</u>	<u>928,238</u>
Cash and cash equivalents at end of year	<u>\$ 739,154</u>	<u>\$ 924,526</u>

The accompanying notes constitute part of the consolidated financial statements.
(Please see the auditors' report made by Deloitte & Touche on March 26, 2026.)

Integrated Service Technology Inc. and Subsidiaries

Notes to Consolidated Financial Statements

For the years ended Dec. 31, 2025 and 2024

(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 March 23, 2026.

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 collectively referred to as the Company).

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

<u>Standards Published / Amended / Revised and Interpretations</u>	<u>Effectiveness Date Announced by International Accounting Standards Board (IASB)</u>
Amendments to IFRS 9 and IFRS 7 Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 17 Insurance Contracts (including amendments made in 2020 and 2021)	January 1, 2023

As of the date of publication of the consolidated financial statements, the Company believes, after evaluation, the amendments to other standards and interpretations do not have a material impact on financial results.

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

<u>Standards Published / Amended / Revised and Interpretations</u>	<u>Effectiveness Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	Not decided yet
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027 (Note 2)
IFRS 19 Subsidiaries without Public Accountability: Disclosures (including the amendment made in 2025)	January 1, 2027
Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency	January 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.

Note 2 : On Sep. 25, 2025, FSC announced that Taiwan enterprises should adopt IFRS 18 from Jan. 1, 2028 or choose to adopt IFRS 18 in advance after IFRS 18 has been recognized by FSC.

IFRS 18 Presentation and Disclosure in Financial Statements and Relevant Complementary Amendments

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

- For evaluating whether the Company engages in specific operating activities for investment in certain types of assets and providing financing to customers, the Company should classify the income and expense items in the income statement into operating, investing, financing, income tax and discontinued operations.
- 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 name for such items.
- Addition of the disclosure of the performance measurement defined by the management: For conducting public communication beyond financial statements and sharing a specific concept of overall financial performance with users of the financial statements, 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.

Besides, the complementary amendments to IAS 7 Statement of Cash Flows have been made as follows:

- When the Company establishes cash flows from operating activities by using the indirect method, the Company should use operating profit or loss as the starting point for reconciliation.
- Interest and dividends received by the Company should be listed in investing activities, while interest and dividends paid shall be listed in financing activities. If the Company evaluates and determines that it has engaged in the specific operating activities, it should consider the categories of the dividend income, interest income and interest expenses to be listed in the income statement. By doing so, the Company is able to determine the classification of received dividends, received interest and paid interest in the statement of cash flows. However, each of the cash flows mentioned above should be only listed in one single category of activities in the statement of cash flows.

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 IFRSs recognized and published by the FSC.

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

Current assets include:

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

Current liabilities include:

1. Liabilities held primarily for sale;
2. Liabilities due and repaid within 12 months after the balance sheet date, and
3. Liabilities for which the Company does not have substantial rights at the date of balance sheet to defer repayment for at least 12 months after the date of balance sheet.

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

(IV) 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.

If the Company loses control over the subsidiary, then the disposal gain (loss) is the difference between (1) the sum of fair value of the consideration received and fair value of the remaining investment in the former subsidiary on the date when the Company loses control over the subsidiary and (2) the sum of book amounts of the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary on the date when the Company loses control over the subsidiary. For all amounts concerning the subsidiary that are recognized in other comprehensive incomes, the Company adopts the accounting treatment consistent with the basis complied with by the Company to dispose relevant assets or liabilities.

As for the remaining investment in the former subsidiary, its fair value on the date when the Company loses control over the subsidiary is taken as the originally recognized amount of investment in the Associates.

Please refer to Note 13 and Schedules 3 and 4 for the detailed information, shareholding and business activities of each subsidiary.

(V) Foreign Currency

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

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

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

losses, the exchange differences generated are listed as other comprehensive incomes or losses.

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

In preparing the consolidated financial report, the Company converts the assets and liabilities of its entities operating overseas (including the subsidiaries and associates using, and the subsidiaries and associates operating in the countries using, any currency that differs from the currency used by the Company) to the amounts in NT dollar at the exchange rate on the balance sheet date. Incomes and expenses are converted at the average exchange rate of the current year. Exchange differences generated are recognized as other comprehensive incomes or losses (and are attributed to the Company's owners and non-controlling interests respectively).

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

(VI) Investments in Associates

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

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

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

Acquisition cost exceeding the Company's share of the identifiable assets and liabilities of associates in fair value on the date of acquisition is recognized

as goodwill. The goodwill is included in the book amount of the investments and shall not be amortized.

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

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

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

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

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

(VII) Property, Plant and Equipment

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

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

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

(VIII) Intangible Assets

1. Individual Acquisition

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

2. Derecognition

Upon derecognition of intangible assets, the difference between the net disposal proceeds and the book amount of such assets is recognized in current profits or losses.

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

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

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

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

(X) Non-current Assets Held for Sale

When the book amount of non-current assets varies mostly because of expected sale instead of continuous use or recycling, the non-current assets are classified as non-current assets held for sale. Non-current assets classified as such must be available for sale in its current status and the sale must be highly possible. Sale is highly possible if an authorized level of management commits to a plan of selling the assets and the transaction is expected to be completed within a year after the date of classification.

Non-current assets held for sale are measured at the lower of book amount and fair value less costs to sell. No depreciation of such assets is allocated.

(XI) Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Company becomes a party to the contract concerning the instruments.

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

1. Financial Assets

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

(1) Type of Measurement

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

A. Financial Assets at Fair Value through Profit or Loss (“FVTPL”)

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

Financial assets at FVTPL are measured at fair value while the dividends, interest and remeasured profits or losses thereof are recognized in other profits/losses. For the method used to determine fair value, please refer to Note 32.

B. Financial Assets at Amortized Cost

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

- a. The financial assets are possessed in a specific business model, and the model is used to acquire contractual cash flows by possessing financial assets; and
- b. Cash flows generated on the specific date as provided in contractual terms are completely used for payment of principals and the interest on the outstanding principals.

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

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

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

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

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

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

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

(2) Impairment of Financial Assets and Contract Assets

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

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

The expected credit loss refers to the weighted average credit loss computed by weighting the risk of a breach of contract. The

expected credit loss for 12 months means the expected credit loss incurred due to violation of a financial instrument within 12 months after the date of reporting. The expected credit loss for the duration means the expected credit loss incurred due to all violations of a financial instrument for the duration of the financial instrument.

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

(3) Derecognition of Financial Assets

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

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

2. Equity Instruments

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

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

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

3. Financial Liabilities

(1) Subsequent Measurement

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

Financial liabilities at FVTPL are held for trading. Financial liabilities held for trading are measured at fair value. Interest accrued is recognized in financial cost, and other gains or losses generated by remeasurement are recognized in other gains or losses. For the method used to determine fair value, please refer to Note 32.

(2) Derecognition of Financial Liabilities

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

4. Derivatives

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

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

(XII) Revenue Recognition

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

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

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

The Company provides service for a customer and the customer obtains and consumes performance effect simultaneously. The related revenue is recognized upon provision of service. The contract stipulated that the customer should pay after receiving products, so the Company recognized contract assets upon provision of service and listed them as accounts receivable upon actual shipping of products.

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

(XIII) Lease

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

1. The Company is a lessor

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

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

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

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

2. The Company is a lessee

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

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

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

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

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

(XIV) Borrowing Cost

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

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

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

(XV) Government Subsidies

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

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

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

(XVI) Employee Benefits

1. Short-term Employee Benefits

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

2. Post-employment Benefits

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

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

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

(XVII) Share-based Payment Arrangement

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

The Company amends the estimate of the expected employee stock options on each balance sheet date. If an originally estimated amount is amended, then its effects are recognized as profits or losses so that accumulated expenses reflect the amended estimate, and the “capital reserve – employee stock option” is also adjusted accordingly.

(XVIII) Income Tax Expense

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

1. Current income tax

The Company determines its incomes (losses) for the current period in accordance with the regulations enacted in the applicable tax jurisdiction and calculates income tax payable (refundable) based on such incomes (losses).

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

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

2. Deferred Income Tax

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

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

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

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

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

3. Current and Deferred Income Taxes

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

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

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

Main Sources of Estimates and Assumption Uncertainty

Impairment of Financial Asset and Contract Asset Estimates

Accounts receivable and contract assets were estimated based on the assumptions of probability of default and loss given default made by the Company. The Company considered historical experience and current market conditions to make its assumptions and choose input values for the impairment of estimates. For the important assumptions and input values used, please refer to Note 10. If the actual cash flows in the future are less than those expected, a material impairment loss may occur.

VI. Cash and Cash Equivalents

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash on hand and revolving funds	\$ 211	\$ 231
Bank checks and saving deposits of bank	625,053	793,801
Cash equivalents		
Time deposits	<u>113,890</u>	<u>130,494</u>
	<u>\$739,154</u>	<u>\$924,526</u>

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Bank deposits	0%~2.75%	0%~3.97%

VII. Financial Instruments at Fair Value through Profit and Loss

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets — Non-current</u>		
At fair value through profit or loss compulsorily — Not listed (non-OTC)		
Beneficiary certificates of funds	<u>\$ 23,440</u>	<u>\$ 23,769</u>
<u>Financial liabilities — Current</u>		
Held for trading		
Derivatives (not designed for hedging)		
— Forward exchange agreement	<u>\$ 110</u>	<u>\$ 114</u>

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)
<u>December 31, 2025</u>			
Forward foreign exchange purchase	TWD to JPY	January 2026	TWD 11,854 /JPY 58,350
<u>December 31, 2024</u>			
Forward foreign exchange purchase	TWD to JPY	January to February, 2025	TWD 6,807 /JPY 31,830

The Company engages in 2025 and 2024 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

	December 31, 2025	December 31, 2024
<u>Non-current</u>		
Domestic investment		
Listed (OTC) shares		
Ordinary shares of BTL Inc.	\$133,285	\$142,494
Foreign investment		
Unlisted (non-OTC) equity investment		
Hunet Plus Co., Ltd.	<u>32,598</u>	<u>-</u>
	<u>\$165,883</u>	<u>\$142,494</u>

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 14.

IST 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.

IST 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.

IST 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.

IST sold a portion of ordinary shares of BTL Inc. at fair value in July 2025. The amount obtained from the sale was NTD 3,800 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 2,029 thousand) was transferred into retained earnings.

IST sold a portion of ordinary shares of BTL Inc. at fair value in August 2025. The amount obtained from the sale was NTD 2,341 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 499 thousand) was transferred into retained earnings.

IST sold a portion of ordinary shares of BTL Inc. at fair value in September 2025. The amount obtained from the sale was NTD 4,202 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 356 thousand) was transferred into retained earnings.

IST sold a portion of ordinary shares of BTL Inc. at fair value in October 2025. The amount obtained from the sale was NTD 1,332 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 236 thousand) was transferred into retained earnings.

IST sold a portion of ordinary shares of BTL Inc. at fair value in November 2025. The amount obtained from the sale was NTD 2,483 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 656 thousand) was transferred into retained earnings.

IST sold a portion of ordinary shares of BTL Inc. at fair value in December 2025. The amount obtained from the sale was NTD 13,537 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 2,904 thousand) was transferred into retained earnings.

IST purchased overseas unlisted (non-OTC) shares for NT\$32,339 thousand. As the investment is held for medium- to long-term strategic purposes, it has been designated to be measured at fair value through other comprehensive income.

IX. Financial Assets at Amortised Cost

	December 31, 2025	December 31, 2024
<u>Current</u>		
Domestic investment		
Time deposits with original maturities beyond three months	<u>\$ 15,000</u>	<u>\$ 15,000</u>

As of both Dec. 31, 2025 and Dec. 31, 2024, the annual interest rate for the time deposits with original maturities beyond three months was 0.875%.

X. Notes and Accounts Receivable –Net

	December 31, 2025	December 31, 2024
Notes and Accounts Receivable		
Measured at amortized cost		
Notes receivable	\$ 4,413	\$ 785
Accounts receivable	2,140,291	1,502,846
Less: Loss allowance	(<u>18,422</u>)	(<u>16,535</u>)
	<u>\$2,126,282</u>	<u>\$1,487,096</u>

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:

December 31, 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%~0.26%	0%~1.50%	0%~10.36%	0%~44.02%	100%	
Total book amount	\$1,942,722	\$ 135,867	\$ 45,895	\$ 12,525	\$ 3,282	\$2,140,291
Loss allowance (Expected credit loss for the duration)	(4,995)	(2,008)	(4,309)	(3,828)	(3,282)	(18,422)
Amortized cost	<u>\$1,937,727</u>	<u>\$ 133,859</u>	<u>\$ 41,586</u>	<u>\$ 8,697</u>	<u>\$ -</u>	<u>\$2,121,869</u>

December 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)	(<u>2,481</u>)	(<u>1,823</u>)	(<u>385</u>)	(<u>11,072</u>)	(<u>774</u>)	(<u>16,535</u>)
Amortized cost	<u>\$1,312,876</u>	<u>\$ 156,572</u>	<u>\$ 4,495</u>	<u>\$ 12,368</u>	<u>\$ -</u>	<u>\$1,486,311</u>

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

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 16,535	\$ 16,876
Add: Impairment loss allocated for the year	2,405	-
Less: Amounts written off actually for the year	(540)	-
Less: Impairment loss reversed for the year	-	(353)
Foreign exchange differences	<u>22</u>	<u>12</u>
Ending balance	<u>\$ 18,422</u>	<u>\$ 16,535</u>

XI. Finance Leases Receivable

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Lease payments not discounted		
1 st year	\$ 15,785	\$ 16,387
2 nd year	8,918	15,626
3 rd year	5,515	8,892
4 th year	<u>-</u>	<u>5,515</u>
	30,218	46,420
Less: Finance incomes not earned yet	(<u>640</u>)	(<u>1,349</u>)
Lease payments receivable	<u>29,578</u>	<u>45,071</u>
Net investment in the lease (expressed as finance leases receivable)	<u>\$ 29,578</u>	<u>\$ 45,071</u>

XII. Non-current Assets Held for Sale

December 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).

XIII. Subsidiaries

The consolidated entities were as follows:

Name of investing company	Name of subsidiary	Nature of business	Shareholding percentage		Explanation
			December 31, 2025	December 31, 2024	
IST	Samoa Integrated Service Technology (Samoa IST)	Investment	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%	—
	Supreme Fortune Corp. (Supreme Corp.)	Investment	100%	100%	—
	Prosperity Power Technology Inc. (PPT Company)	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition and relevant business	69%	71%	Notes 2, 3, 4
	Integrated Service Technology Sdn.Bhd (Makysia IST)	Electronic Components Sales	100%	-	Note 6
Samoa IST	Seychelles IST	Investment	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%	—
Pin Wen Company	ITS Company	Electronic product testing and relevant business	-	-	Notes 1 and 3
	PPT Company	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition, and testing and services of various integrated circuits and wafers	6%	6%	Notes 2, 3, 4
Seychelles IST	IST KS Company	Product testing and relevant business	100%	100%	—
	System Integration Professional Technology (SIP KS Company)	Circuit design service	100%	100%	—
Supreme Corp. IST KS Company	Hot Light Co., Ltd	Investment	100%	100%	—
	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%	—
	Integrated Service Technology (Shanghai) Co., Ltd (Xinchuang IST Shanghai)	Service of inspection and testing	100%	100%	Note 5
Hot Light Co., Ltd	He Chou Technology Inc. (He Chou Company)	Circuit design service	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.

- 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%.
- 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 : PPT Company issued the employee stock options of 1,224 thousand units in December 2025. Thus IST's shareholding ratio decreased from 71% to 69%. As of December 31, 2025, the shareholding of the Company in PPT Company was 75%.
- Note 5 : In April 2024, IST KS Company established Xinchuang IST Shanghai, which was primarily engaged in inspection and testing services.
- Note 6 : In February 2025, IST Malaysia completed the incorporation registration in Malaysia. In July 2025, IST completed the actual capital investment of MR 800 thousand.

XIV. Investments Accounted for Using the Equity Method

(I) Investments in Associates

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Investments in associates		
Dekra iST (Dekra Company)	\$757,483	\$712,875
Motor Semiconductor Co., Ltd. (MS Company)	23,801	22,171
Individual immaterial associates		
Huan Ying Sustainable Development Technology (Huan Ying Company) (Note)	3,954	3,456
EFUN Technology Inc. (EFUN Company)	<u>620</u>	<u>694</u>
	<u>\$785,858</u>	<u>\$739,196</u>

1. Material associates are listed as follows:

<u>Company Name</u>	<u>Percentage of ownership and voting rights held by the Company</u>	
	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Dekra Company	49%	49%
MS Company	14%	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.

In 2025, Motor Semiconductor Co., Ltd. (MS Company) conducted a follow-on offering and the Company waived the right to subscribe. As the result, the percentage of the MS shares held by the Company fell to 14%. Though the percentage of such shareholding was less than 20%, yet the Company still had one seat on the board of directors of MS Company, and therefore had a significant impact on MS Company based on the evaluation made by using the equity method.

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.

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

	December 31, 2025	December 31, 2024
<u>Dekra Company</u>		
Current assets	\$ 421,293	\$ 374,151
Non-current assets	1,508,269	1,500,627
Current liabilities	(411,860)	(418,985)
Non-current liabilities	(416,093)	(445,219)
Equity	<u>\$1,101,609</u>	<u>\$1,010,574</u>
Percentage of shares held by the Company	49%	49%
Equity enjoyed by the Company	\$ 539,789	\$ 495,181
Goodwill	<u>217,694</u>	<u>217,694</u>
Book amount of investments	<u>\$ 757,483</u>	<u>\$ 712,875</u>
	2025	2024
Operating revenue	<u>\$744,007</u>	<u>\$679,155</u>
Net profit of the year	\$ 89,060	\$ 61,398
Other comprehensive incomes	<u>1,975</u>	<u>7,853</u>
Total comprehensive incomes	<u>\$ 91,035</u>	<u>\$ 69,251</u>
	December 31, 2025	December 31, 2024
<u>MS Company</u>		
Current assets	\$114,273	\$ 79,341
Non-current assets	11,562	15,477
Current liabilities	(17,472)	(17,351)
Non-current liabilities	(13,370)	(20,625)
Equity	<u>\$ 94,993</u>	<u>\$ 56,842</u>
Percentage of shares held by the Company	14%	21%
Equity enjoyed by the Company	\$ 13,622	\$ 11,992
Goodwill	<u>10,179</u>	<u>10,179</u>
Book amount of investments	<u>\$ 23,801</u>	<u>\$ 22,171</u>

	<u>2025</u>	<u>2024</u>
Operating revenue	<u>\$ 13,266</u>	<u>\$ 7,604</u>
Net loss of the year	(\$ 41,437)	(\$ 50,874)
Other comprehensive incomes	_____ -	_____ -
Total comprehensive incomes	<u>(\$ 41,437)</u>	<u>(\$ 50,874)</u>

2. Information on Individual Immaterial Associates

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Huan Ying Company</u>		
Share enjoyed by the Company		
Net profit (loss) of the year	(\$ 591)	\$ 32
Other comprehensive incomes	_____ -	_____ -
Total comprehensive incomes	<u>(\$ 591)</u>	<u>\$ 32</u>
<u>EFUN Company</u>		
Share enjoyed by the Company		
Net profit of the year	(\$ 74)	(\$ 253)
Other comprehensive incomes	_____ -	_____ -
Total comprehensive incomes	<u>(\$ 74)</u>	<u>(\$ 253)</u>

Investments accounted for using the equity method and the profits and other comprehensive incomes thereof enjoyed by the Company, except those incurred by Dekra Company and MS Company, were recognized based on the financial statements not reviewed by CPAs. The Company's management believes the fact that the aforementioned investee company's financial statements have not been audited by an accountant will not have a material impact.

XV. Property, Plant and Equipment

	December 31, 2025	December 31, 2024
Self-used	\$4,478,762	\$4,084,260
Rented out under operating lease	19,665	26,117
	<u>\$4,498,427</u>	<u>\$4,110,377</u>

(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	-	1,749	130,335	-	12,818	2,950	16,045	1,062,837	1,226,734
Disposals	-	(4,577)	(228,526)	-	(826)	(73,575)	(37,024)	-	(344,528)
Reclassification	-	190,904	777,567	-	2,306	41,014	105,571	(1,058,950)	58,412
Net exchange difference	-	(875)	80	(50)	(76)	-	(38)	(1,532)	(2,491)
Balance at December 31, 2025	<u>\$ 30,852</u>	<u>\$ 2,404,087</u>	<u>\$ 3,968,402</u>	<u>\$ 3,332</u>	<u>\$ 25,093</u>	<u>\$ 245,112</u>	<u>\$ 406,032</u>	<u>\$ 379,936</u>	<u>\$ 7,462,846</u>
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	-	151,093	573,421	483	3,136	8,145	64,826	-	801,104
Disposals	-	(4,577)	(198,781)	-	(789)	(73,575)	(36,720)	-	(314,442)
Reclassification	-	58,412	-	-	-	-	-	-	58,412
Net exchange difference	-	(326)	(478)	(17)	(65)	-	(8)	-	(894)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 873,839</u>	<u>\$ 1,767,942</u>	<u>\$ 2,217</u>	<u>\$ 9,141</u>	<u>\$ 112,554</u>	<u>\$ 188,256</u>	<u>\$ -</u>	<u>\$ 2,953,949</u>
Accumulated impairment									
Balance at Jan. 1, 2025	\$ -	\$ -	\$ 30,549	\$ -	\$ 141	\$ -	\$ -	\$ -	\$ 30,690
Disposals	-	-	(335)	-	-	-	-	-	(335)
Net exchange difference	-	-	(217)	-	(3)	-	-	-	(220)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,997</u>	<u>\$ -</u>	<u>\$ 138</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,135</u>
Net at December 31, 2025	<u>\$ 30,852</u>	<u>\$ 1,530,248</u>	<u>\$ 2,170,463</u>	<u>\$ 1,115</u>	<u>\$ 15,014</u>	<u>\$ 132,558</u>	<u>\$ 217,776</u>	<u>\$ 379,936</u>	<u>\$ 4,478,762</u>
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	119,459	618	1,370	5,372	3,326	862,166	995,386
Disposals	-	(26,970)	(720,511)	(1,757)	(17,710)	(6,961)	(64,015)	-	(837,924)
Reclassification	-	60,796	660,371	90	2,650	5,238	38,446	(767,591)	-
Net exchange difference	-	2,322	5,915	170	158	-	72	397	9,034
Transferred to non-current assets held for sale	-	-	(62,041)	-	-	-	-	-	(62,041)
Balance at December 31, 2024	<u>\$ 30,852</u>	<u>\$ 2,216,886</u>	<u>\$ 3,288,946</u>	<u>\$ 3,382</u>	<u>\$ 10,871</u>	<u>\$ 274,723</u>	<u>\$ 321,478</u>	<u>\$ 377,581</u>	<u>\$ 6,524,719</u>
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	-	139,550	492,765	621	3,384	8,571	52,313	-	697,204
Disposals	-	(26,970)	(713,130)	(1,716)	(17,710)	(6,961)	(64,015)	-	(830,502)
Transferred to non-current assets held for sale	-	-	(61,548)	-	-	-	-	-	(61,548)
Net exchange difference	-	984	4,364	110	132	-	26	-	5,616
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 669,237</u>	<u>\$ 1,393,780</u>	<u>\$ 1,751</u>	<u>\$ 6,859</u>	<u>\$ 177,984</u>	<u>\$ 160,158</u>	<u>\$ -</u>	<u>\$ 2,409,769</u>
Accumulated impairment									
Balance at Jan. 1, 2024	\$ -	\$ -	\$ 34,190	\$ -	\$ 134	\$ -	\$ -	\$ -	\$ 34,324
Disposals	-	-	(4,191)	-	-	-	-	-	(4,191)
Net exchange difference	-	-	550	-	7	-	-	-	557
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,549</u>	<u>\$ -</u>	<u>\$ 141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,690</u>
Net at December 31, 2024	<u>\$ 30,852</u>	<u>\$ 1,547,649</u>	<u>\$ 1,864,617</u>	<u>\$ 1,631</u>	<u>\$ 3,871</u>	<u>\$ 96,739</u>	<u>\$ 161,320</u>	<u>\$ 377,581</u>	<u>\$ 4,084,260</u>

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

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 34.

(II) Renting Out Under Operating Lease

	<u>Land</u>	<u>Building and structure</u>	<u>Total</u>
<u>Cost</u>			
Balance at Jan. 1, 2025	\$ 12,583	\$ 84,402	\$ 96,985
Depreciation expenses	-	(58,412)	(58,412)
Balance at December 31, 2025	<u>\$ 12,583</u>	<u>\$ 25,990</u>	<u>\$ 38,573</u>
<u>Accumulated depreciation</u>			
Balance at Jan. 1, 2025	\$ -	\$ 70,868	\$ 70,868
Depreciation expenses	-	6,452	6,452
Disposals	-	(58,412)	(58,412)
Balance at December 31, 2025	<u>\$ -</u>	<u>\$ 18,908</u>	<u>\$ 18,908</u>
Net at December 31, 2025	<u>\$ 12,583</u>	<u>\$ 7,082</u>	<u>\$ 19,665</u>
<u>Cost</u>			
Balance at Jan. 1 and Dec. 31, 2024	<u>\$ 12,583</u>	<u>\$ 84,402</u>	<u>\$ 96,985</u>
<u>Accumulated depreciation</u>			
Balance at Jan. 1, 2024	\$ -	\$ 63,402	\$ 63,402
Depreciation expenses	-	7,466	7,466
Balance at December 31, 2024	<u>\$ -</u>	<u>\$ 70,868</u>	<u>\$ 70,868</u>
Net at December 31, 2024	<u>\$ 12,583</u>	<u>\$ 13,534</u>	<u>\$ 26,117</u>

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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
1st year	\$ 7,088	\$ 7,088

2nd year	6,496	7,088
3rd year	<u>-</u>	<u>6,496</u>
	<u>\$ 13,584</u>	<u>\$ 20,672</u>

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

XVI. Lease Agreement

(I) Right-of-use Assets

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Book amount of right-of-use assets		
Land	\$140,003	\$143,852
Building	100,091	138,826
Transportation equipment	11,411	6,516
Mechanical equipment	7,044	4,404
Office equipment	<u>357</u>	<u>404</u>
	<u>\$258,906</u>	<u>\$294,002</u>
	<u>2025</u>	<u>2024</u>
Added right-of-use assets	<u>\$ 41,525</u>	<u>\$ 83,512</u>
Expense of depreciation of right-of-use assets		
Land	\$ 4,832	\$ 4,848
Building	56,663	51,438
Transportation equipment	6,220	6,246
Mechanical equipment	808	562
Office equipment	<u>246</u>	<u>242</u>
	<u>\$ 68,769</u>	<u>\$ 63,336</u>
Proceeds from sublease of right-of-use assets (Listed as other incomes in the books)	<u>(\$ 16,519)</u>	<u>(\$ 16,649)</u>

Except for the depreciation expenses added and recognized above, there were no material subleases or impairments of the Company's right-of-use assets in 2025 and 2024.

(II) Lease Liabilities

	December 31, 2025	December 31, 2024
Book amount of lease liabilities		
Current	<u>\$ 78,998</u>	<u>\$ 76,931</u>
Non-current	<u>\$221,271</u>	<u>\$272,065</u>

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

	December 31, 2025	December 31, 2024
Land	2.16%~2.76%	2.76%
Building	1.62%~4.75%	1.62%~4.75%
Transportation equipment	4.97%~5.78%	4.97%~5.91%
Mechanical equipment	1.56%~5.91%	1.56%~2.50%
Office equipment	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 11 and 15.

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:

	December 31, 2025	December 31, 2024
1 st year	\$ 2,592	\$ 2,592
2 nd year	432	2,592
3 rd year	<u>-</u>	<u>432</u>
	<u>\$ 3,024</u>	<u>\$ 5,616</u>

(V) Other Lease Information

For the agreements concerning the assets that the Company has rented out under finance leases, please refer to Note 11.

	2025	2024
Short-term lease expenses	<u>\$ 11,795</u>	<u>\$ 12,960</u>
Low-value asset lease expenses	<u>\$ 45</u>	<u>\$ 212</u>
Total cash provided from (used in) leases	<u>(\$103,332)</u>	<u>(\$ 99,750)</u>

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

XVII. Other Intangible Assets

	Computer software	Others	Total
<u>Cost</u>			
Balance at January 1, 2025	\$ 42,094	\$ 1,720	\$ 43,814
Individual acquisition	41,800	232	42,032
Disposition	(14,116)	(65)	(14,181)
Net exchange difference	(<u>164</u>)	(<u>30</u>)	(<u>194</u>)
Balance at December 31, 2025	<u>69,614</u>	<u>1,857</u>	<u>71,471</u>

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	Computer software	Others	Total
<u>Accumulated amortization</u>			
Balance at Jan. 1, 2025	\$ 28,908	\$ 1,064	\$ 29,972
Amortization expense	14,241	288	14,529
Disposition	(14,040)	(65)	(14,105)
Net exchange difference	(115)	(15)	(130)
Balance at December 31, 2025	<u>28,994</u>	<u>1,272</u>	<u>30,266</u>
Net at December 31, 2025	<u>\$ 40,620</u>	<u>\$ 585</u>	<u>\$ 41,205</u>
<u>Cost</u>			
Balance at January 1, 2024	\$ 38,697	\$ 1,635	\$ 40,332
Individual acquisition	11,008	-	11,008
Disposition	(7,920)	-	(7,920)
Net exchange difference	<u>309</u>	<u>85</u>	<u>394</u>
Balance at December 31, 2024	<u>42,094</u>	<u>1,720</u>	<u>43,814</u>
<u>Accumulated amortization</u>			
Balance at Jan. 1, 2024	28,731	801	29,532
Amortization expense	7,906	219	8,125
Disposition	(7,920)	-	(7,920)
Net exchange difference	<u>191</u>	<u>44</u>	<u>235</u>
Balance at December 31, 2024	<u>28,908</u>	<u>1,064</u>	<u>29,972</u>
Net at December 31, 2024	<u>\$ 13,186</u>	<u>\$ 656</u>	<u>\$ 13,842</u>

No material disposal or impairment occurred with respect to the Company's intangible assets as of 2025 and 2024.

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

Computer software	1~10 years
Others	3 years

Amortization Expenses Compiled by Functions:

	2025	2024
Operating costs	\$ 9,498	\$ 3,735
Management expenses	4,910	4,371
R&D expenses	<u>121</u>	<u>19</u>
	<u>\$ 14,529</u>	<u>\$ 8,125</u>

XVIII. Prepayments and Other Current Assets

	December 31, 2025	December 31, 2024
Inventory of supplies	\$ 42,100	\$ 41,790
Prepaid expenses	24,386	11,208
Tax overpaid retained for offsetting the future tax payable	20,800	29,690
Payment in advance	9,986	8,824
Prepaid materials stipulated in work order	8,295	44,374
Others	<u>2,140</u>	<u>1,807</u>
	<u>\$107,707</u>	<u>\$137,693</u>

XIX. Short-term Borrowings

	December 31, 2025	December 31, 2024
<u>Guaranteed loans</u>		
– Working capital loan (I)	\$ 80,000	\$ 40,000
<u>Loans without collateral</u>		
– Working capital loan (II)	<u>566,679</u>	<u>679,669</u>
	<u>\$646,679</u>	<u>\$719,669</u>

(I) The working capital loans provided by the bank were secured on other current financial assets of the Company. (See Note 34.) The annual percentage rate on December 31, 2024 was 2.39%.

(II) Interest rates for the working capital loans provided by the bank were 2.02%~5.98% and 1.95%~6.34% on Dec. 31, 2025 and 2024 respectively.

XX. Long-term Borrowings

	December 31, 2025	December 31, 2024
<u>Guaranteed loans</u>		
Bank loans (1)	\$ 346,434	\$ 207,462
<u>Loans without collateral</u>		
Credit loan (2)	<u>1,289,642</u>	<u>1,715,159</u>
	1,636,076	1,922,621
Less: Current portion of non-current borrowings	(<u>155,788</u>)	(<u>78,331</u>)
Long-term borrowings	<u>\$1,480,288</u>	<u>\$1,844,290</u>

- (I) For the bank loans, the Company mortgaged its buildings to the bank. (Please see Note 34.) The maturity dates of the loans as of Dec. 31, 2025 and 2024 are the end of March 2032. The annual interest rates on Dec. 31, 2025 and 2024 were 2%~3.58% and 1.83%~3.58% respectively.
- (II) The maturity dates of the credit loans as of Dec. 31, 2025 and 2024 are the end of March 2032. The annual interest rates on Dec. 31, 2025 and 2024 were 1.65%~2.88% and 1.65%~4.01% respectively.

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 any of the conditions of credit loan, the interest rate for any new drawdown shall be increased by 0.25%.

XXI. Other Current Liabilities

	December 31, 2025	December 31, 2024
<u>Other payables</u>		
Wages and bonuses payable	\$382,933	\$350,086
Remunerations payable to employees and directors	32,950	40,120
Bonus for unused leave	<u>21,959</u>	<u>19,364</u>
	437,842	409,570
<u>Other current liabilities</u>		
Others (Note)	<u>275,866</u>	<u>252,120</u>
	<u>\$713,708</u>	<u>\$661,690</u>

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

XXII. Post-employment Benefit Plan

(I) Defined Contribution Plan

The retirement pension system provided in the Labor Pension Act, which is applicable to IST, PPT Company and He Chou Technology Inc., refers to the defined contribution plan managed by the government. The 6% of the monthly wages of an employee is allocated to the specific account of the individual with Bureau of Labor Insurance. The subsidiaries of IST registered in the People's Republic of China ("PRC") adopt the endowment insurance system provided by the government of the PRC. They contribute a certain percentage of the total monthly wages of each local employee each month towards the endowment insurance funds. The retirement pension of each employee is managed and arranged by the government. The subsidiaries have no further obligation except the monthly contribution.

(II) Defined Benefit Plan

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

Amounts for the defined benefit plan in the consolidated balance sheet are listed as follows:

	December 31, 2025	December 31, 2024
Fair value of plan assets	\$ 70,358	\$ 64,828
Present value of defined benefit obligation	(46,750)	(39,589)
Net defined benefit assets	<u>\$ 23,608</u>	<u>\$ 25,239</u>

Changes in net defined benefit assets are as follows:

	Fair value of plan assets	Present value of defined benefit obligations	Net defined benefit assets
Balance at Jan. 1, 2024	<u>\$ 58,855</u>	<u>(\$ 39,276)</u>	<u>\$ 19,579</u>
Interest income (expense)	<u>732</u>	<u>(487)</u>	<u>245</u>
Recognized in profit (loss)	<u>732</u>	<u>(487)</u>	<u>245</u>
Remeasurements			
Return on plan assets (except the amounts included in net interest)	5,241	-	5,241
Actuarial losses — Changes in demographic assumptions	-	(6)	(6)
Actuarial losses — Changes in financial assumptions	-	1,455	1,455
Actuarial losses — Experience adjustments	<u>-</u>	<u>(1,275)</u>	<u>(1,275)</u>
Recognized in other comprehensive incomes	<u>5,241</u>	<u>174</u>	<u>5,415</u>
Balance at Dec. 31, 2024	<u>64,828</u>	<u>(39,589)</u>	<u>25,239</u>
Interest income (expense)	<u>1,062</u>	<u>(646)</u>	<u>416</u>
Recognized in profit (loss)	<u>1,062</u>	<u>(646)</u>	<u>416</u>
Remeasurements			
Return on plan assets (except the amounts included in net interest)	4,486	-	4,468
Actuarial losses — Changes in demographic assumptions	-	(65)	(65)
Actuarial losses — Changes in financial assumptions	-	(1,114)	(1,114)
Actuarial losses — Experience adjustments	<u>-</u>	<u>(5,336)</u>	<u>(5,336)</u>
Recognized in other comprehensive incomes	<u>4,486</u>	<u>(6,515)</u>	<u>(2,047)</u>
Balance at Dec. 31, 2025	<u>\$ 70,358</u>	<u>(\$ 46,750)</u>	<u>\$ 23,608</u>

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

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

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

	December 31, 2025	December 31, 2024
Discount rate	1.40%	1.65%
Expected rate of wage increments	2.00%	2.00%

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

	December 31, 2025	December 31, 2024
Discount rate		
Increased by 0.25%	(\$ 1,118)	(\$ 869)
Decreased by 0.25%	\$ 1,164	\$ 900
Increased by 0.1%	(\$ 452)	(\$ 351)
Decreased by 0.1%	\$ 460	\$ 356
Expected rate of wage increments		
Increased by 0.25%	\$ 1,154	\$ 895
Decreased by 0.25%	(\$ 1,114)	(\$ 868)

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

	December 31, 2025	December 31, 2024
Amount expected to be contributed in one year	<u>\$ -</u>	<u>\$ -</u>
Average expiration period of defined benefit obligations	9 years	9 years

XXIII. Equity

(I) Ordinary Share

	December 31, 2025	December 31, 2024
Authorized number of shares (In thousands of shares)	<u>200,000</u>	<u>200,000</u>
Authorized capital stock	<u>\$2,000,000</u>	<u>\$2,000,000</u>
Number of issued and paid-in shares (In thousands of shares)	<u>86,447</u>	<u>74,367</u>
Capital stock issued	<u>\$ 864,474</u>	<u>\$ 743,667</u>

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 50.87~51.11. The date of capital increase was Nov. 4, 2024. Procedures for registration of relevant changes were 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 50.60~50.87. The date of capital increase was Mar. 7, 2025. Procedures for registration of relevant changes were 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 50.10~50.60. The date of capital increase was Apr. 25, 2025. Procedures for registration of relevant changes were completed on May. 20, 2025.

IST resolved at the board meeting of Aug. 7, 2025 to approve conversion of employee stock warrants into 204 thousand shares with par value NTD 10. The subscription price per share was NTD 49.69. The date of capital increase was Aug. 14, 2025. Procedures for registration of relevant changes were completed on Oct. 1, 2025.

IST resolved at the board meeting of Nov. 7, 2025 to approve conversion of employee stock warrants into 188 thousand shares with par value NTD 10. The subscription price per share was NTD 49.28~49.69. The date of capital increase was Nov. 12, 2025. Procedures for registration of relevant changes were completed on Dec. 30, 2025.

IST resolved at the board meeting on Aug. 7, 2025 to issue 12,000 thousand ordinary shares with par value NTD 10 for a capital increase by cash. The shares were issued at a premium of NTD 100 per share. The capital increase was approved on Sep. 8, 2025 by FSC. The record date for the capital increase was Oct. 29, 2025. The registration for the capital increase was completed on Dec. 9, 2025.

IST employees exercised stock options during the period between October and December 2025 to subscribe 28 thousand shares. The subscription price per share was NTD 47.78. A total amount of NTD 1,319 thousand paid for the shares was received. The record date for capital increase was resolved to be Jan. 21, 2026 at the board meeting on Jan. 21, 2026. The registration for the capital increase was completed on Feb. 3, 2026.

(II) Capital Reserve

	December 31, 2025	December 31, 2024
<u>May be used to offset deficits, distribute cash or transfer to share capital (Note 1)</u>		
Additional paid-in capital	\$3,214,518	\$2,111,875
<u>May be Used to offset deficits only</u>		
Changes in equity of related enterprises accounted for using equity method	13,785	2,977
Recognized changes in ownership interests in subsidiaries (Note 2)	10,503	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
<u>Not used for any purpose</u>		
Stock option	<u>5,853</u>	<u>13,969</u>
	<u>\$3,244,678</u>	<u>\$2,132,798</u>

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 expand 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 and 2024 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	-	-	-	1,990	-
Disposal of investments accounted for using equity method	-	-	-	(12,710)	-
Share-based payment	-	3,147	-	-	-
Share premium of ordinary shares issued under employee stock option plan	23,280	(7,285)	-	-	-
Treasury shares retired	(44,108)	-	-	-	-
Balance at December 31, 2024	2,111,875	13,969	3,958	2,977	19
Recognized changes in ownership interests of subsidiaries	-	-	6,545	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	10,808	-
Share-based payment	-	595	-	-	-
Cash capital increase	1,086,415	-	-	-	-
Share premium of ordinary shares issued under employee stock option plan	27,128	(8,711)	-	-	-
Treasury shares retired	(10,900)	-	-	-	-
Balance at December 31, 2025	<u>\$ 3,214,518</u>	<u>\$ 5,853</u>	<u>\$ 10,503</u>	<u>\$ 13,785</u>	<u>\$ 19</u>

(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 25(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 Q4	2025 Q3	2025 Q2	2025 Q1
Date of resolution by the board of director	Mar. 23, 2026	Nov. 7, 2025	Aug. 7, 2025	May 9, 2025
Legal reserve	\$ <u>2,599</u>	\$ <u>7,131</u>	\$ <u>10,724</u>	\$ <u>12,608</u>
Special reserve	(\$ <u>10,634</u>)	(\$ <u>70,736</u>)	\$ <u>53,753</u>	(\$ <u>5,248</u>)
Cash dividends	\$ <u>103,957</u>	\$ <u>103,741</u>	\$ <u>89,184</u>	\$ <u>89,326</u>
Cash dividends per share (NTD)	\$ 1.2	\$ 1.2	\$ 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	\$ <u>9,606</u>	\$ <u>8,532</u>	\$ <u>17,245</u>	\$ <u>5,325</u>
Special reserve	\$ <u>29,245</u>	\$ <u>34,572</u>	(\$ <u>2,044</u>)	(\$ <u>15,539</u>)
Cash dividends	\$ <u>74,429</u>	\$ <u>74,379</u>	\$ <u>96,644</u>	\$ <u>74,040</u>
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	\$ <u>4,274</u>	\$ <u>9,151</u>	\$ <u>15,120</u>	\$ <u>9,795</u>
Special reserve	\$ <u>15,889</u>	(\$ <u>16,621</u>)	\$ <u>7,549</u>	(\$ <u>3,440</u>)
Cash dividends	\$ <u>51,810</u>	\$ <u>75,562</u>	\$ <u>75,503</u>	\$ <u>74,775</u>
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 2025 have been resolved by the board of directors to be allocated. Detailed and relevant matters are resolved at the general meeting of shareholders scheduled to be held on June 12, 2026. °

(IV) Special Reserve

	2025	2024
Beginning balance	\$102,819	\$ 69,941
Allocated special reserve		
Allocated deduction of other equity items	<u>7,014</u>	<u>32,878</u>
Ending balance	<u>\$109,833</u>	<u>\$102,819</u>

(V) Other Equity

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

	<u>2025</u>	<u>2024</u>
Beginning balance	(<u>\$ 64,948</u>)	(<u>\$ 85,830</u>)
Generated in the current year		
Exchange differences of foreign operations	(5,226)	15,057
Share of the associates accounted for using the equity method	<u>969</u>	<u>4,957</u>
Other comprehensive income for the period	(<u>4,257</u>)	<u>20,014</u>
Reclassification adjustments		
Disposal of the share of profit of associates for using equity method	<u>-</u>	<u>868</u>
Ending balance	(<u>\$ 69,205</u>)	(<u>\$ 64,948</u>)

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

	<u>2025</u>	<u>2024</u>
Beginning balance	(<u>\$ 67,116</u>)	<u>\$ -</u>
Generated in the current year		
Unrealized gains or losses		
Equity instruments	<u>25,854</u>	(<u>67,116</u>)
Other comprehensive income for the year	<u>25,854</u>	(<u>67,116</u>)
Accumulated profit or loss on disposal of equity instruments being transferred into retained earnings	<u>11,268</u>	<u>-</u>
Ending balance	(<u>\$ 29,994</u>)	(<u>\$ 67,116</u>)

(VI) Non-controlling Interests

	<u>2025</u>	<u>2024</u>
Beginning balance	\$ 46,220	\$ 55,574
Net loss of the year	(32,396)	(13,318)

Exercise of employee stock options by subsidiary employees	12,240	-
Changes in ownership interests in subsidiaries (Note 30)	(6,545)	3,964
Share-based payment transaction	<u>165</u>	<u>-</u>
Ending balance	<u>\$ 19,684</u>	<u>\$ 46,220</u>

(VII) Treasury Shares

<u>Reason of recall</u>	<u>Purchased back to be retired (In thousands of shares)</u>
Number of shares at Jan. 1, 2025	-
Shares increased in the year	383
Shares decreased in the year	(<u>383</u>)
Number of shares at December 31, 2025	<u>-</u>
Number of shares at Jan. 1, 2024	1,562
Shares decreased in the year	(<u>1,562</u>)
Number of shares at December 31, 2024	<u>-</u>

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, IST 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, IST 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, IST purchased back 383 thousand treasury shares and the buyback cost was NTD 37,874 thousand in total. As the buyback period had expired, these shares were deemed as such unissued shares of a company as defined in the Securities and Exchange Act; therefore, IST should proceed with the change registration. On Aug. 7, 2025, the board of directors resolved to conduct a capital reduction, and the record date for capital reduction was Aug. 15, 2025 and the registration of such change was completed on Oct. 1, 2025.

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.

XXIV. Revenue

	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers		
Revenue from inspection and testing services	<u>\$4,842,577</u>	<u>\$4,345,526</u>

(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

	December 31, 2025	December 31, 2024	January 1, 2024
Accounts receivable (Note 10)	<u>\$ 2,121,869</u>	<u>\$ 1,486,311</u>	<u>\$ 1,467,998</u>
Accounts receivable due from related parties (Note 33)	<u>\$ 19,708</u>	<u>\$ 20,777</u>	<u>\$ 19,140</u>
Contract assets			
Labor service	<u>\$ 6,344</u>	<u>\$ 1,854</u>	<u>\$ 5,963</u>
Contract liabilities			
Customer loyalty program	\$ 140,395	\$ 85,507	\$ 87,570
Unearned sales revenue	<u>67,957</u>	<u>49,312</u>	<u>46,923</u>
	<u>\$ 208,352</u>	<u>\$ 134,819</u>	<u>\$ 134,493</u>

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

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

	2025	2024
<u>From contract liabilities at the beginning of the year</u>		
Unearned sales revenue	\$ 10,863	\$ 9,689
Customer loyalty program	<u>38,012</u>	<u>48,580</u>
	<u>\$ 48,875</u>	<u>\$ 58,269</u>

(III) Itemized Revenue from Contracts with Customers

	2025	2024
<u>Main regional markets</u>		
Asia	\$3,744,350	\$3,301,199
America	1,007,638	862,755
Others	<u>90,589</u>	<u>181,572</u>
	<u>\$4,842,577</u>	<u>\$4,345,526</u>

(IV) Contracts with Customers Not Performed Completely

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

December 31, 2025	December 31, 2024
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Customer loyalty program		
— Performance in 2025	\$ -	\$ 85,507
— Performance in 2026	<u>140,395</u>	<u>-</u>
	<u>\$140,395</u>	<u>\$ 85,507</u>
Unearned sales revenue		
— Performance in 2025	\$ -	\$ 49,312
— Performance in 2026	<u>67,957</u>	<u>-</u>
	<u>\$ 67,957</u>	<u>\$ 49,312</u>

XXV. Net Profit of Continuing Operations

(I) Interest Income

	<u>2025</u>	<u>2024</u>
Bank deposits	\$ 5,913	\$ 11,228
Net investment in the lease	713	1,024
Other interest incomes	<u>253</u>	<u>374</u>
	<u>\$ 6,879</u>	<u>\$ 12,626</u>

(II) Other Incomes

	<u>2025</u>	<u>2024</u>
Income from operating lease	\$ 16,081	\$ 15,990
Government subsidy income	3,781	1,241
Dividend income	794	-
Profit from lease modification	-	2,037
Others	<u>19,510</u>	<u>37,857</u>
	<u>\$ 40,166</u>	<u>\$ 57,125</u>

(III) Other Gains and Losses

	<u>2025</u>	<u>2024</u>
Gains on disposal of investments accounted for using equity method		
Financial assets at fair value through profit or loss	\$ 1,167	\$ 2,161
Financial liabilities at fair value through profit or loss	4	122
Net foreign exchange gain	4,662	17,413
Net gain on disposals of property, plant and equipment	31,147	4,715
Gain on disposal of non-current assets held for sale (Note 12)	7,755	-
Gains on disposal of investments accounted for using equity method	-	99,181
Others	(<u>402</u>)	(<u>35</u>)
	<u>\$ 44,333</u>	<u>\$ 123,557</u>

(IV) Financial Cost

	<u>2025</u>	<u>2024</u>
Interest on bank loans	\$ 63,536	\$ 58,955
Interest on lease liabilities	8,432	9,268
Amortization of the expenses incurred by the organizer of syndicated loans	-	1,000
Computed interest on security deposits	86	33
Other interest expenses	800	555
Less: Amounts listed in cost of qualifying assets	(<u>12,659</u>)	(<u>9,981</u>)
	<u>\$ 60,195</u>	<u>\$ 59,830</u>

Information relevant to capitalization of interest is as follows:

	<u>2025</u>	<u>2024</u>
Capitalized interest	\$ 12,659	\$ 9,981
Interest rate for capitalization of interest	1.81%~2.28%	2.05%~2.32%

(V) Depreciation and Amortization

	<u>2025</u>	<u>2024</u>
Depreciation expenses by functions		
Operating cost	\$722,213	\$624,797
Operating expenses	<u>154,112</u>	<u>143,209</u>
	<u>\$876,325</u>	<u>\$768,006</u>
Amortization expenses by function		
Operating cost	\$ 9,498	\$ 3,735
Operating expenses	<u>5,031</u>	<u>4,390</u>
	<u>\$ 14,529</u>	<u>\$ 8,125</u>

For information of the amortization expenses for intangible assets allocated to respective items, please see Note 17.

(VI) Employee Benefit Expenses

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$1,873,143	\$1,652,928
Post-employment benefits		
Defined contribution plan	56,137	49,765
Defined benefit plan (Note 22)	(416)	(245)
Share-based payment		
Equity settlement	<u>760</u>	<u>3,147</u>
Total employee benefit expenses	<u>\$1,929,624</u>	<u>\$1,705,595</u>
Compiled by functions		
Operating cost	\$1,372,831	\$1,215,447
Operating expenses	<u>555,772</u>	<u>490,148</u>
	<u>\$1,928,603</u>	<u>\$1,705,595</u>

(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. IST 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 IST has a profit for the year. The employees' remuneration and directors' remuneration estimated for the years 2025 and 2024 were resolved at the board meetings of Mar. 23, 2026 and Mar. 7, 2025 as follows:

Estimated Percentage

	<u>2025</u>	<u>2024</u>
Employees' remuneration	5%	5%
Directors' remuneration	2%	2%

Amount

	<u>2025</u>	<u>2024</u>
	<u>Cash</u>	<u>Cash</u>
Employees' remuneration	\$ 23,550	\$ 28,660
Directors' remuneration	9,400	11,460

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.

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.

XXVI. Income Tax

(I) Income Tax Recognized in Profit or Loss

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

	<u>2025</u>	<u>2024</u>
Current income tax		
Incurred for the current year	\$100,892	\$ 68,549
Adjustments for previous years	(<u>19,418</u>)	(<u>12,719</u>)
	81,474	55,830
Deferred income tax		
Incurred for the current year	(<u>377</u>)	(<u>1,069</u>)
Income tax expense recognized in profit or loss	<u>\$ 81,097</u>	<u>\$ 54,761</u>

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

	<u>2025</u>	<u>2024</u>
Net profit before tax of continuing operations	<u>\$415,780</u>	<u>\$523,182</u>
Income tax computed based on the net profit before tax at the legal tax rate	\$ 83,156	\$ 79,877
Temporary differences	17,359	(12,397)
Current adjustment of the current income tax expense of the previous year	(19,418)	(12,719)
Income tax expense recognized in profit or loss	<u>\$ 81,097</u>	<u>\$ 54,761</u>

(II) Current Tax Assets and Liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current tax assets		
Income tax refund receivable	<u>\$ 96</u>	<u>\$ 96</u>
Current tax liabilities		
Income tax payable	<u>\$ 65,749</u>	<u>\$ 28,192</u>

(III) Deferred Income Tax Assets and Liabilities

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

2025

<u>Deferred income tax assets</u>	<u>Beginning balance</u>	<u>Recognized in profit (loss)</u>	<u>Ending balance</u>
Temporary difference	<u>\$ 1,250</u>	<u>\$ 181</u>	<u>\$ 1,431</u>

<u>Deferred income tax liabilities</u>	<u>Beginning balance</u>	<u>Recognized in profit (loss)</u>	<u>Ending balance</u>
Temporary difference	<u>(\$ 4,736)</u>	<u>\$ 196</u>	<u>(\$ 4,540)</u>

2024

<u>Deferred income tax assets</u>	<u>Beginning balance</u>	<u>Recognized in profit (loss)</u>	<u>Ending balance</u>
Temporary difference	<u>\$ 348</u>	<u>\$ 902</u>	<u>\$ 1,250</u>

<u>Deferred income tax liabilities</u>	<u>Beginning balance</u>	<u>Recognized in profit (loss)</u>	<u>Ending balance</u>
Temporary difference	<u>(\$ 4,903)</u>	<u>\$ 167</u>	<u>(\$ 4,736)</u>

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

	December 31, 2025	December 31, 2024
Loss carryforwards		
Due in 2025	\$ -	\$ 14,539
Due in 2026	18,829	18,829
Due in 2027	17,325	17,325
Due in 2028	15,121	15,121
Due in 2029	16,108	16,108
Due in 2030	31,726	31,726
Due in 2031	176,873	176,873
Due in 2032	61,247	61,247
Due in 2033	\$278,907	\$278,907
Due in 2034	93,271	93,271
Due in 2035	<u>148,112</u>	<u>-</u>
	<u>\$857,519</u>	<u>\$723,946</u>
Deductible Temporary difference	<u>\$160,029</u>	<u>\$102,254</u>

(V) Income Tax Assessment

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

XXVII. Earnings Per Share

	Unit : NTD per share	
	2025	2024
Basic earnings per share	<u>\$ 4.81</u>	<u>\$ 6.50</u>
Diluted earnings per share	<u>\$ 4.77</u>	<u>\$ 6.44</u>

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

Net Profit of the Year

	2025	2024
Net profit used to calculate diluted earnings per share	<u>\$367,079</u>	<u>\$481,739</u>

<u>Number of Shares</u>	Unit: In Thousands of Shares	
	<u>2025</u>	<u>2024</u>
Number of weighted average ordinary shares used to calculate basic earnings per share	76,368	74,146
Impact of the ordinary shares with dilution effect:		
Employee stock options	275	398
Employees' remuneration	<u>244</u>	<u>241</u>
Number of weighted average ordinary shares used to calculate diluted earnings per share	<u>76,887</u>	<u>74,785</u>

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.

XXVIII. 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:

	<u>2025</u>		<u>2024</u>	
	<u>Unit (In thousands)</u>	<u>Exercise price (NTD)</u>	<u>Unit (In thousands)</u>	<u>Exercise price (NTD)</u>
Employee stock options				
Outstanding at the beginning of the year	846	\$ 50.60	1,234	\$ 52.14
Issued this year	(<u>463</u>)	49.28~50.60	(<u>388</u>)	50.87~52.14
Outstanding at the end of the year	<u>382</u>	47.78	<u>846</u>	50.60
Exercisable at the end of the year	<u>284</u>		<u>231</u>	

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:

	<u>Apr. 29, 2021</u>
Stock price on grant date	NT\$ 56.20
Exercise price	NT\$ 56.20
Expected ratio of fluctuation	44.16%
Expected duration	3.88 years
Risk-free interest rate	0.26%
Fair value of stock options	NT\$ 19.03

The remuneration cost recognized by IST for the years 2025 and 2024 was NTD 595 thousand and NTD 3,147 thousand respectively.

PPT Company resolved at the board meeting of Aug. 7, 2025 to issue 1,500 thousand units of employee stock warrant for 2025. Each unit entitled its holder to subscribe one ordinary share. The new shares issued were 1,500 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 1 years from the date of grant of employee stock warrant. The duration of employee stock warrant is 0.36 years.

Information relevant to employee stock options is as follows:

<u>Employee stock options</u>	<u>2025</u>	
	<u>Unit (In thousands)</u>	<u>Exercise price (NTD)</u>
Outstanding at the beginning of the year	-	\$ -
Granted this year	1,500	10
Cancelled this year	(276)	10
Issued this year	<u>(1,224)</u>	10
Outstanding at the end of the year	=	-
Exercisable at the end of the year	=	-
Weighted average fair value of stock options granted this year (NTD)	<u>0.11</u>	

For the employee stock options granted on the grant date Aug. 7, 2025, PPT Company used the Black-Scholes model. The parameters used in the evaluation model are as follows:

Aug. 7, 2025

Stock price on grant date	NTD 7.63
Exercise price	NTD 10
Expected ratio of fluctuation	37.35%
Expected duration	0.36 years
Risk-free interest rate	-
Risk-free interest rate	1.1451%

The remuneration cost recognized by PPT Company for the years 2025 was NTD 165 thousand respectively.

XXIX. 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.

IST obtained the government subsidies, totaling to NTD 1,985 thousand, provided by Energy Administration, Ministry of Economic Affairs in August 2025 for its energy efficiency performance. The amount was listed as deferred government subsidy income already and would be transferred to profit/loss within service life of the corresponding assets.

XXX. 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 in total.

As PPT Company issued employee stock options in December 2025, IST's shareholding decreased from 71% to 69%. The shareholding of the Company in PPT Company was 75%.

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

2025

	<u>PPT Company</u>
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	<u>6,545</u>
Differences in equity transactions	<u>\$ 6,545</u>
<u>Adjustments for differences in equity transactions</u>	
Capital reserve	<u>\$ 6,545</u>

2024

	<u>PPT Company</u>
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	(<u>3,964</u>)
Differences in equity transactions	(<u>\$ 3,964</u>)
<u>Adjustments for differences in equity transactions</u>	
Capital reserve	(<u>\$ 3,964</u>)

XXXI. 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.

XXXII. Financial Instruments

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

1. Hierarchy of Fair Value

December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
– Beneficiary certificates of funds	\$ -	\$ -	\$ 23,440	\$ 23,440
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 110	\$ -	\$ 110
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
– Domestically listed (OTC) stocks	\$ 133,285	\$ -	\$ -	\$ 133,285
– Foreign unlisted (non-OTC) stocks	-	-	32,598	32,598
	<u>\$ 133,285</u>	<u>\$ -</u>	<u>\$ 32,598</u>	<u>\$ 165,883</u>

December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
– Beneficiary certificates of funds	\$ -	\$ -	\$ 23,769	\$ 23,769
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 114	\$ -	\$ 114
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
– Domestically listed (OTC) stocks	\$ 142,494	\$ -	\$ -	\$ 142,494

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

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	2024
Beginning balance	\$ 23,769	\$ 27,692
Recognized in profit (Other gains and losses)	1,167	2,161
Disposal	(1,496)	(6,084)
Ending balance	<u>\$ 23,440</u>	<u>\$ 23,769</u>
Changes in the current unrealized profit or loss that are relevant to the assets held at the end of the year and recognized in profit or loss	<u>\$ 1,167</u>	<u>\$ 2,161</u>

Financial assets	Financial assets measured at fair value through other comprehensive income— Foreign unlisted (non-OTC) stocks	
	2025	2024
Beginning balance	\$ -	\$ -
Purchase	32,339	-
Net exchange difference	<u>259</u>	<u>-</u>
Ending balance	<u>\$ 32,598</u>	<u>\$ -</u>

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.

	December 31, 2025	December 31, 2024
Liquidity discount	<u>20%</u>	<u>20%</u>

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:

	December 31, 2025	December 31, 2024
Liquidity discount		
Increased by 1%	(<u>\$ 293</u>)	(<u>\$ 297</u>)
Decreased by 1%	<u>\$ 293</u>	<u>\$ 297</u>

(II) Type of Financial Instrument

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
<u>Financial assets</u>		
Measured at fair value through profit or loss		
Measured at fair value through profit or loss compulsorily	\$ 23,440	\$ 23,769
Financial assets measured at fair value through other comprehensive income		
Equity instruments	165,883	142,494
Measured at amortized cost		
Cash and cash equivalents	739,154	924,526
Financial assets at amortized cost	15,000	15,000
Notes and accounts receivable, net	2,126,282	1,487,096
Accounts receivable due from related parties	19,708	20,777
Other receivables	31,722	313
Other receivables due from related parties	26,415	23,843
Other financial assets	13,129	12,048
Guarantee deposits paid	33,495	27,124
<u>Financial liabilities</u>		
Measured at fair value through profit or loss		
Held for trading	110	114
Measured at amortized cost		
Short-term borrowings	646,679	719,669
Notes and accounts payable	312,129	323,134
Accounts payable to related parties	4,966	15,208
Payable on machinery and equipment	204,264	346,402
Long-term borrowings (including the current portion thereof)	1,636,076	1,922,621
Guarantee deposits received	3,534	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 37.

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 JPY		Impact of CNY	
	2025	2024	2025	2024	2025	2024
Gain (loss)	\$ 15,834	\$ 6,649	(\$ 1,186)	(\$ 808)	\$ 356	\$ 139

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:

	December 31, 2025	December 31, 2024
With fair value interest rate risk		
— Financial assets	\$ 128,890	\$ 145,494
— Financial liabilities	458,395	435,435
With cash flow interest rate risk		
— Financial assets	630,109	794,803
— Financial liabilities	2,124,629	2,555,851

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 and 2024 would be decreased/increased by NTD 14,945 thousand and NTD 17,610 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 Dec. 31, 2025 and Dec. 31, 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. The maturity analysis for other non-derivative financial liabilities is prepared based on the agreed dates of repayment.

December 31, 2025

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 252,582	\$ 304,621	\$ 184,236	\$ -	\$ -
Lease liabilities	6,329	14,668	65,056	104,832	180,239
Floating rate instruments	195,068	256,628	201,466	1,468,467	3,000
Fixed rate instruments	<u>31,358</u>	<u>54,116</u>	<u>64,558</u>	<u>8,094</u>	<u>-</u>
	<u>\$ 485,337</u>	<u>\$ 630,033</u>	<u>\$ 515,316</u>	<u>\$1,581,393</u>	<u>\$ 183,239</u>

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 20 years
Lease liabilities	<u>\$ 86,053</u>	<u>\$ 104,832</u>	<u>\$ 38,368</u>	<u>\$ 38,368</u>	<u>\$ 38,368</u>	<u>\$ 65,135</u>
Floating rate instruments	<u>\$ 653,162</u>	<u>\$1,468,467</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed rate instruments	<u>\$ 150,032</u>	<u>\$ 8,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2024

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 year	1 ~ 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 468,436	\$ 240,130	\$ 137,860	\$ -	\$ -

interest					
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	<u>19,335</u>	<u>33,433</u>	<u>18,771</u>	<u>14,900</u>	<u>-</u>
	<u>\$ 608,201</u>	<u>\$ 541,434</u>	<u>\$ 579,690</u>	<u>\$1,835,709</u>	<u>\$ 354,107</u>

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

(2) Line of Credit

	December 31, 2025	December 31, 2024
Unsecured bank loan commitment, reviewed regularly		
– Used within the credit line	\$1,856,321	\$2,394,828
– Unused within the credit line	<u>2,534,345</u>	<u>2,213,600</u>
	<u>\$4,390,666</u>	<u>\$4,608,428</u>
Secured bank loan commitment		
– Used within the credit line	\$ 426,434	\$ 247,462
– Unused within the credit line	<u>29,700</u>	<u>4,308</u>
	<u>\$ 456,134</u>	<u>\$ 251,770</u>

XXXIII. 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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Dekra Company	An Associates
Dekra IST Reliability Services Limited (Dekra IST KS Company)	An Associates
BTL Inc.	An Associates (which became a non-related party after June 2024)
MS Company	An Associates

(II) Service Income

<u>Item Listed in the Books</u>	<u>Type of Related Party</u>	<u>2025</u>	<u>2024</u>
Service income	Associates	<u>\$ 77,473</u>	<u>\$ 70,028</u>

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

<u>Item Listed in the Books</u>	<u>Type / Name of Related Party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts receivable due from related parties	Associates		
	Dekra Company	\$ 14,586	\$ 18,058
	Dekra IST KS Company	5,092	2,698
	MS Company	<u>30</u>	<u>21</u>
		<u>\$ 19,708</u>	<u>\$ 20,777</u>
Other receivables due from related parties	Associates		
	Dekra Company	<u>\$ 26,415</u>	<u>\$ 23,843</u>

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 and 2024 respectively.

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

(IV) Accounts Payable to Related Parties

Item Listed in the Books	Type / Name of Related Party	December 31, 2025	December 31, 2024
Accounts payable to related parties	Associates		
	Dekra Company	\$ 4,966	\$ 15,182
	MS Company	-	26
		<u>\$ 4,966</u>	<u>\$ 15,208</u>
Payables on equipment	Associates	<u>\$ -</u>	<u>\$ 186</u>

(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 Associates 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 Dec. 31, 2025 and Dec. 31, 2024 were NTD 16,608 thousand and NTD 26,288 thousand. Lease incomes recognized for the years 2025 and 2024 were NTD 11,433 thousand and NTD 11,516 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 Associates Dekra Company under finance leases in 2025 and 2024. The net investment in the lease at the lease commencement date all was NTD 62,081 thousand respectively, and the lease period was 3~5 years respectively. The balance of finance leases receivable as of Dec. 31, 2025 and Dec. 31, 2024 was NTD 29,578 thousand and NTD 45,071 thousand respectively.

(VI) Guarantee Deposits Paid

<u>Item Listed in the Books</u>	<u>Type / Name of Related Party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Guarantee deposits paid	An Associates Dekra Company	<u>\$ 179</u>	<u>\$ -</u>

(VII) Guarantee Deposits Received

<u>Item Listed in the Books</u>	<u>Type / Name of Related Party</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Guarantee deposits received	An Associates Dekra Company	<u>\$ 3,534</u>	<u>\$ 2,005</u>

(VIII) Manufacturing expenses and Operating Expenses

<u>Item Listed in the Books</u>	<u>Type of Related Party</u>	<u>2025</u>	<u>2024</u>
Manufacturing expenses	Associates	<u>\$ 29,043</u>	<u>\$ 32,202</u>
Operating expenses	Associates	<u>\$ 619</u>	<u>\$ 480</u>

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

(IX) Non-operating Incomes and Expenses

<u>Item Listed in the Books</u>	<u>Type of Related Party</u>	<u>2025</u>	<u>2024</u>
Lease incomes	Associates Dekra Company	<u>\$ 11,433</u>	<u>\$ 11,516</u>
Other incomes	Associates Dekra Company MS Company	<u>\$ 8,440</u> <u>30</u> <u>\$ 8,470</u>	<u>\$ 8,186</u> <u>29</u> <u>\$ 8,215</u>
Interest Income	Associates	<u>\$ 2</u>	<u>\$ -</u>
Interest expenses	Associates	<u>\$ 85</u>	<u>\$ 32</u>

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 incurred from the lease between the Company and its related parties is determined based on lease contracts.

(X) Remunerations to Main Managements

	<u>2025</u>	<u>2024</u>
Short-term benefits	\$ 56,316	\$ 57,214
Post-employment benefits	367	400
Share-based payment	<u>45</u>	<u>236</u>
	<u>\$ 56,728</u>	<u>\$ 57,850</u>

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

XXXIV. Pledged Assets

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Property, plant and equipment	\$751,914	\$721,544
Demand deposit (Listed as other financial assets in the books)	<u>13,129</u>	<u>12,048</u>
	<u>\$765,043</u>	<u>\$733,592</u>

XXXV. 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.

XXXVI. Significant Subsequent Event

IST sold 7,000 thousand shares of PPT Company in March 2026. In March 2026, PPT Company carried out a cash capital increase of 13,000 thousand shares, and the Company chose not to subscribe any of the shares. Thus the Company's shareholding in PPT Company fell to 32.62%, which resulted in the Company losing the right of control. The Company expects to recognize a gain on disposal of the subsidiary, NTD 150,000–250,000 thousand.

XXXVII. 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:

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount
Unit: In thousands in foreign currency						
<u>Foreign currency assets</u>						
<u>Monetary item</u>						
USD	\$ 16,580	31.430 (USD: NTD)	\$ 521,109	\$ 11,909	32.7850 (USD: NTD)	\$ 390,437
JPY	73,113	0.2008 (JPY: NTD)	14,681	68,537	0.2099 (JPY: NTD)	14,386
CNY	1,592	4.4716 (CNY: NTD)	<u>7,119</u>	608	4.5608 (CNY: NTD)	<u>2,773</u>
			<u>\$ 542,909</u>			<u>\$ 407,596</u>
<u>Foreign currency liabilities</u>						
<u>Monetary item</u>						
USD	6,504	31.430 (USD: NTD)	\$ 204,421	7,853	32.7850 (USD: NTD)	\$ 257,461
JPY	189,487	0.2008 (JPY: NTD)	<u>38,049</u>	145,549	0.2099 (JPY: NTD)	<u>30,551</u>
			<u>\$ 242,470</u>			<u>\$ 288,012</u>
<u>Non-monetary item</u>						
JPY	566	0.2008 (JPY: NTD)	<u>\$ 110</u>	542	0.2099 (JPY: NTD)	<u>\$ 114</u>

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

Functional currency	2025		2024	
	Exchange rate	Net foreign exchange loss	Exchange rate	Net foreign exchange loss
USD	31.430 (USD: NTD)	\$ 5,145	32.7850 (USD: NTD)	\$ 4,567
JPY	0.2008 (JPY: NTD)	515	0.2099 (JPY: NTD)	355
CNY	4.4716 (CNY: NTD)	<u>120</u>	4.5608 (CNY: NTD)	<u>41</u>
		<u>\$ 5,780</u>		<u>\$ 4,963</u>

XXXVIII. Disclosures in the Notes

(I) Information Relevant to Material Transactions

1. Funds lent to others (None)
2. Enforcement and guarantee for others (None)
3. Negotiable securities held at the end of the period (not including investments in subsidiaries and associates and joint ventures) (Schedule 1)
4. 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.

XXXIX. Information of Segments

(I) Revenue of Segments and Business Results

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 the years ended on Dec. 31, 2025 and Dec. 31, 2024, please refer to the Consolidated Statement of Comprehensive Income for the years ended on Dec. 31, 2025 and Dec. 31, 2024. For the reportable segment assets and liabilities of Dec. 31, 2025 and 2024, please refer to the Consolidated Balance Sheet of Dec. 31, 2025 and 2024.

(II) Incomes from Main Products and Services:

The incomes from main products and services of the Company's continuing operations are analyzed as follows:

	<u>2025</u>	<u>2024</u>
Inspection and testing service incomes	<u>\$4,842,577</u>	<u>\$4,345,526</u>

(III) Information about Geographical Areas:

The incomes of the Company's continuing operations from external customers are listed, by the countries where the customers are located and by the areas where non-current assets are located, as follows:

	<u>Incomes from external customers</u>		<u>Non-current assets</u>	
			December 31,	December 31,
	2025	2024	2025	2024
Asia	\$ 3,744,350	\$ 3,301,199	\$ 4,853,397	\$ 4,588,520
Americas	1,007,638	862,755	-	-
Other	<u>90,589</u>	<u>181,572</u>	-	-
	<u>\$ 4,842,577</u>	<u>\$ 4,345,526</u>	<u>\$ 4,853,397</u>	<u>\$ 4,588,520</u>

Non-current assets do not include financial instruments, investments accounted for using the equity method, deferred income tax assets, refundable deposits or net defined benefit assets.

(IV) Information of Main Customers

The customers from each of which the revenue reached more than 10% of the total revenue of the Company are as follows:

<u>2025</u>			<u>2024</u>		
Name of customer	Sales amount	Percentage in net operating revenue %	Name of customer	Sales amount	Percentage in net operating revenue %
Customer A	\$ 933,529	19	Customer A	\$ 745,774	17

Integrated Service Technology Inc. and Subsidiaries
Material Negotiable Securities Held at the End of the Period

December 31, 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 year				Remarks
				Number of shares	Book amount	Ratio of shareholding	Fair value	
IST	<u>Funds</u> TIEF FUND, L.P.	—	Non-current financial assets at fair value through profit or loss	-	\$ 23,440	4.35%	\$ 23,440	Note
	<u>Stocks</u> BTL Inc.	—	Non-current financial assets measured at fair value through Other Comprehensive Income	2,185,000	133,285	7.11%	133,285	Note
Samoa IST	<u>Stocks</u> Hunet Plus Co., Ltd.	—	Non-current financial assets measured at fair value through Other Comprehensive Income	108,272	32,598	2.45%	32,598	Note

Note: It was calculated at fair value on December 31, 2025.

Integrated Service Technology Inc. and Subsidiaries

Business Relationship Between the Parent Company and its Subsidiaries and Between the Subsidiaries, and Important Transactions Among Them

2025

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	\$ 29,652	—	1%
				Accounts receivable due from related parties	11,026	—	-
				Payable on machinery and equipment	7,469	—	-
		IST KS Company	1	Net operating revenue	34,233	—	1%
				Receivables due from related parties	6,856	—	-
				Other receivables due from related parties	2,955	—	-
		Samoa IST	1	Other payables to related parties	345	—	-
				PPT Company	1	Net operating revenue	3,574
		Manufacturing expenses	1,574			—	-
		Rent income	47,150	—	1%		
		Other incomes	4,727	—	-		
		Interest expense	194	—	-		
		Payments for equipment	390	—	-		
		Accounts receivable due from related parties	999	—	-		
		Earned revenue receivable	9,269	—	-		
		Other receivables due from related parties	10,421	—	-		
Accounts payable to related parties	1,183	—	-				
Guarantee deposits received	11,227	—	-				
2	IST KS Company	He Chou Technology INC.	1	Manufacturing expenses	13,046	—	-
		SIP KS Company	2	Net operating revenue	45	—	-
		PPT Company	1	Manufacturing expenses	238	—	-

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

Note 2: 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, their Locations, etc.
2025

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 year			Profit (loss) of the investee company for the year	Investment gain (loss) recognized for the year	Remarks
				End of the year	End of last year	Number of shares	Ratio (%)	Book amount			
IST	Samoa IST	Samoa	Investment	USD 10,500	USD 9,500	5,416,770	100	\$ 248,465	(\$ 21,555)	(\$ 21,555)	A subsidiary (Note 1)
	DEKRA iST	Hsinchu City	Product testing and relevant business	\$ 192,624	\$ 192,624	19,262,390	49	757,483	89,060	43,639	An Associates (Note 2)
	Pin Wen Company	Hsinchu City	Investment	237,000	237,000	9,841,258	100	52,387	(17,614)	(17,614)	A subsidiary (Note 1)
	Supreme Corp.	Belize	Investment	USD 125	USD 125	125,000	100	3,195	(475)	(475)	A subsidiary (Note 1)
	PPT Company	Hsinchu City	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition, and testing and services of various integrated circuits and wafers	\$ 776,543	\$ 776,543	21,427,971	69	62,650	(146,324)	(106,622)	A subsidiary (Note 1)
	Malaysia IST	Malaysia	Electronic Components Sales	MYR 800	-	800,355	100	4,968	(954)	(954)	A subsidiary (Notes 1 and 4)
Samoa IST	Seychelles IST	Seychelles	Investment	USD 7,159	USD 7,159	7,158,575	100	USD 5,780	(USD 693)	(USD 693)	A sub-sub-sidiary (Note 1)
	Integrated USA	USA	R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc.	USD 3,130	USD 3,130	3,130,000	100	USD 413	(USD 16)	(USD 16)	A sub-sub-sidiary (Note 1)
Supreme Corp.	Hot Light Co., Ltd.	Seychelles	Investment	USD 125	USD 125	125,000	100	USD 102	(USD 15)	(USD 15)	A sub-sub-sidiary (Note 1)
Pin Wen Company	PPT Company	Hsinchu City	Manufacturing and sale of various integrated circuits (wafers), thinning, metal deposition, and testing and services of various integrated circuits and wafers	\$ 235,538	\$ 235,538	1,859,203	6	\$ 4,589	(\$ 146,324)	(\$ 8,757)	A subsidiary (Note 1)
	EFUN Company	Hsinchu City	Information software service	3,700	3,700	370,000	26	620	(278)	(74)	An Associates (Note 3)
	Huan Ying Company	Hsinchu City	Information software management service and relevant business	5,100	5,100	510,000	22	3,954	(1,602)	(591)	An Associates (Note 3)
	MS Company	Hsinchu City	IC design	39,974	39,974	2,954,600	14	23,801	(41,437)	(8,089)	An Associates (Note 2)
Hot Light Co., Ltd.	He Chou Company	Hsinchu City	Circuit design service	USD 125	USD 125	400,000	100	USD 39	(USD 12)	(USD 12)	A sub-sub-sidiary (Note 1)

Note 1: It was calculated based on the financial statements of the same accounting period reviewed by CPAs.

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

Note 3: It was calculated based on the financial statements of the same accounting period that were not reviewed by CPAs.

Note 4: 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

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 year	Investment amount remitted or recovered in the year		Accumulated investment amount remitted from Taiwan as of the end of the year	Investee company's profit (loss) of the year	Ratio of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the year	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the year	Remarks
					Remitted	Recovered							
IST KS Company	Product testing and relevant business	\$ 116,291 (USD 3,700)	Note 1	\$ 285,164 (USD 9,073) (Note 4)	\$ -	\$ -	(\$ 285,164) (USD 9,073) (Note 4)	(\$ 14,468) (USD (464))	100%	(\$ 14,468) (USD (464))	\$ 165,730 (USD 5,273)	\$ -	Note 2
SIP KS Company	Circuit design service	50,917 (USD 1,620)	Note 1	- (Note 5)	-	-	- (Note 5)	(1,403) (USD (45))	100%	(1,403) (USD (45))	15,212 (USD 484)	-	Note 2
IST-trade KS Company	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	11,179 (CNY 2,500)	Note 1	- (Note 5)	-	-	- (Note 5)	48 (CNY 11)	100%	48 (CNY 11)	11,970 (CNY 2,677)	-	Note 2
Xinchuang IST Shanghai	Service of inspection and testing	8,943 (CNY 2,000)	Note 1	- (Note 5)	-	-	- (Note 5)	(4,229) (CNY (969))	100%	(4,229) (CNY (969))	1,968 (CNY 440)	-	Note 2

Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the year	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs
\$ 285,164 (USD 9,073)	\$ 366,348 (USD 11,656)	\$2,800,887

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 audited by CPAs.

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

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

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