Integrated Service Technology Inc. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended Mar. 31, 2026 and 2025 and Independent Auditors' Review Report

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Independent Auditors' Review Report

To: Integrated Service Technology Inc.

Introduction

We have reviewed the financial statements of Integrated Service Technology Inc. and its subsidiaries, which comprise the consolidated balance sheet, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the three months ended Mar. 31, 2025 and 2026, and the notes to the consolidated financial statements (including a summary of material accounting policies). The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, and the Statement No. 34 "Interim Financial Reporting" of the International Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission. Our responsibilities are to draw a conclusion, based on the results of the review, on the consolidated financial statements.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 13 to the consolidated financial statements, the financial statements of the same period of some non-material subsidiaries included in the consolidated financial statements were not reviewed by CPAs. Their assets in total as of Mar. 31, 2026 and Mar. 31, 2025 were NTD 292,241 thousand and NTD 331,406 thousand respectively, which accounted for 3% and 4% of the total consolidated assets. Their liabilities in total were NTD 74,401 thousand and NTD 82,944 thousand respectively, which accounted for 2% of the total consolidated liabilities. Their comprehensive income in total for 2026 Q1 and 2025 Q1 was NTD 5,299 thousand and NTD 956 thousand respectively, which accounted for 3% and 1% of the total consolidated comprehensive income. In addition, as stated in Note 14 to the consolidated statements, the amount of investments accounted for using the equity method as of Mar. 31, 2026 and Mar. 31, 2025 was NTD 1,077,382 thousand and NTD 742,91 thousand respectively. The share of the comprehensive income of associates accounted for using the equity method recognized for 2026 Q1 and 2025 Q1 was NTD 19,875 thousand and NTD 2,605 thousand respectively; however, it was recognized based on those investee companies' financial statements of the same period that were not reviewed by CPAs. Besides, such information relevant to aforementioned subsidiaries and investee companies as stated in the reinvestment-related information in Note 37 "Disclosures" to the consolidated financial statements has not been reviewed by CPAs yet.

Qualified Conclusion

Except for some adjustments that would have been made to the consolidated financial statements if both the financial statements of those non-material subsidiaries and associates stated in the Basis for Qualified Conclusion below and the information disclosed in Note 37 to the consolidated financial statements had been reviewed by CPAs, we have not found, based on our reviews, such non-compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers or the Statement No. 34 "Interim Financial Reporting" of the International Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission that resulted in the consolidated financial statements not presenting fairly the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Mar. 31, 2026 and Mar. 31, 2025 and the consolidated financial performance and consolidated cash flows for the three months ended Mar. 31, 2026 and Mar. 31, 2025 respectively.

Deloitte & Touche

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

May 7, 2026

Integrated Service Technology Inc. and Subsidiaries
Consolidated Balance Sheet
Mar. 31, 2026, Dec. 31 and Mar. 31, 2025

Unit: In Thousands of New Taiwan Dollars

Assets	Mar. 31, 2026 Amount	%	Dec. 31, 2025 Amount	%	Mar. 31, 2025 Amount	%
Current assets						
Cash and cash equivalents (Note 6)	$ 616,367	7	$ 739,154	8	$ 698,063	9
Current financial assets at fair value through profit or loss (Note 7)	-	-	-	-	168	-
Current financial assets at amortized cost (Note 9)	15,000	-	15,000	-	15,000	-
Current contract assets (Note 24)	-	-	6,344	-	2,363	-
Notes and accounts receivable - net (Note 10 and 24)	1,961,370	23	2,126,282	24	1,608,233	20
Finance lease receivables－current (Note 11 and 33)	15,582	-	15,365	-	15,025	-
Accounts receivable due from related parties (Note 24 and 33)	16,285	-	19,708	-	14,035	-
Other receivables	22,900	1	31,722	1	16,649	-
Other receivables due from related parties (Note 33)	46,174	1	26,415	-	21,763	-
Current tax assets (Notes 4 and 26)	-	-	96	-	96	-
Prepayments and other current assets (Note 18)	104,234	1	107,707	1	167,951	2
Other financial assets (Note 34)	-	-	13,129	-	12,048	-
Total current assets	2,797,912	33	3,100,922	34	2,571,394	31
Non-current assets						
Non-current financial assets at fair value through profit or loss (Note 7)	23,862	-	23,440	-	24,074	-
Non-current financial assets measured at fair value through other comprehensive income (Note 8)	33,184	-	165,883	2	139,829	2
Investments accounted for using equity method (Note 14)	1,077,382	13	785,858	9	742,911	9
Property, plant and equipment (Notes 15 and 34)	4,119,297	48	4,498,427	50	4,389,435	53
Right-of-use assets (Note 16)	300,886	4	258,906	3	282,794	4
Other intangible assets (Note 17)	38,055	1	41,205	1	24,864	-
Deferred tax assets (Notes 4 and 26)	1,980	-	1,431	-	657	-
Prepayments for machinery and equipment	65,701	1	40,646	1	25,544	-
Guarantee deposits paid (Note 33)	20,940	-	33,495	-	23,034	-
Long-term finance leases receivable (Notes 11 and 33)	10,872	-	14,213	-	26,455	1
Net non-current defined benefit asset (Notes 4 and 22)	23,653	-	23,608	-	25,343	-
Total non-current assets	5,715,812	67	5,887,112	66	5,704,940	69
Total assets	$ 8,513,724	100	$ 8,988,034	100	$ 8,276,334	100

Liabilities and Equity	Mar. 31, 2026 Amount	%	Dec. 31, 2025 Amount	%	Mar. 31, 2025 Amount	%
Current liabilities						
Current borrowings (Note 19 and 34)	$ 64,547	1	$ 646,679	7	$ 703,611	8
Current financial liabilities at fair value through profit or loss (Note 7)	-	-	110	-	-	-
Current contract liabilities (Note 24)	238,257	3	208,352	2	124,246	2
Notes and accounts payable	257,571	3	312,129	4	291,846	4
Accounts payable to related parties (Note 33)	5,488	-	4,966	-	6,348	-
Payable on machinery and equipment	165,245	2	204,264	2	354,716	4
Dividends payable (Note 23)	207,699	2	192,925	2	148,808	2
Current tax liabilities (Notes 4 and 26)	76,027	1	65,749	1	37,894	-
Current lease liabilities (Note 16)	87,889	1	78,998	1	77,563	1
Current portion of long-term borrowings (Notes 20 and 34)	178,886	2	155,788	2	81,230	1
Other current liabilities, others (Notes 21)	667,207	8	713,708	8	612,287	7
Total current liabilities	1,948,816	23	2,583,668	29	2,438,549	29
Non-current liabilities						
Non-current portion of long-term borrowings (Notes 20 and 34)	1,491,659	18	1,480,288	17	2,042,721	25
Deferred tax liabilities (Notes 4 and 26)	4,622	-	4,540	-	4,796	-
Non-current lease liabilities (Note 16)	255,761	3	221,271	2	257,097	3
Deferred government subsidy income (Note 29)	6,794	-	6,904	-	5,000	-
Guarantee deposits received (Note 33)	14,761	-	3,534	-	2,005	-
Total non-current liabilities	1,773,597	21	1,716,537	19	2,311,619	28
Total liabilities	3,722,413	44	4,300,205	48	4,750,168	57
Equity attributed to owners of parent (Notes 23 and 28)						
Ordinary share	864,749	10	864,474	10	744,204	9
Capital collected in advance	12,871	-	1,319	-	896	-
Capital reserve	3,245,736	38	3,244,678	36	2,136,662	26
Retained earnings						
Legal reserve	282,695	4	280,096	3	249,633	3
Special reserve	99,199	1	109,833	1	132,064	2
Unappropriated retained earnings	341,342	4	266,944	3	352,884	4
Other equity, others	(55,281)	(1)	(99,199)	(1)	(126,816)	(2)
Total equity attributable to owners of parent	4,791,311	56	4,668,145	52	3,489,527	42
Non-controlling interests (Note 23)	-	-	19,684	-	36,639	1
Total equity	4,791,311	56	4,687,829	52	3,526,166	43
Total liabilities and equity	$ 8,513,724	100	$ 8,988,034	100	$ 8,276,334	100

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on May 7, 2026)

Integrated Service Technology Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the quarters ended Mar. 31, 2026 and 2025

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

	2026 Q1		2025 Q1	
	Amount	%	Amount	%
Operating revenue (Notes 24 and 33)	$ 1,083,458	100	$ 1,131,486	100
Operating costs (Notes 25 and 33)	896,320	83	778,664	69
Gross profit from operations	187,138	17	352,822	31
Operating expenses (Notes 25 and 33)				
Selling expenses	44,057	4	40,330	3
Administrative expenses	144,090	13	136,079	12
Research and development expenses	73,611	7	54,934	5
Reversal of expected credit losses	(502)	-	(563)	-
Total operating expenses	261,256	24	230,780	20
Net operating income (loss)	(74,118)	(7)	122,042	11
Non-operating income and expenses				
Interest income (Notes 25 and 33)	735	-	959	-
Other income, others (Notes 25 and 33)	11,201	1	8,045	-
Other gains and losses, net (Note 25)	239,559	22	10,398	1
Finance costs (Notes 25 and 33)	(10,708)	(1)	(13,464)	(1)
Share of profit of associates for using equity method, net (Note 14)	13,308	2	(798)	-
Total non-operating income and expenses	254,095	24	5,140	-

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	2026 Q1		2025 Q1	
	Amount	%	Amount	%
Profit from continuing operations before tax	179,977	17	127,182	11
Tax (income) expense (Notes 4 and 26)	9,743	1	10,332	1
Profit	170,234	16	116,850	10
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Unrealized gains (losses) from equity instrument investment measured at fair value through other comprehensive income (Note 23)	$ 23,040	2	($ 1,973)	-
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation of financial statements of overseas operations (Note 23)	7,357	1	3,464	1
Share of other comprehensive income of associates accounted for using equity method (Note 23)	6,567	-	3,403	-
Total other comprehensive income (net, after tax)	36,964	3	4,894	1
Total comprehensive income	$ 207,198	19	$ 121,744	11
Profit attributable to:				
Owners of parent	$ 177,275	17	$ 126,431	11
Non-controlling interests	(7,041)	(1)	(9,581)	(1)
	$ 170,234	16	$ 116,850	10

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	2026 Q1		2025 Q1	
	Amount	%	Amount	%
Comprehensive income attributable to:				
Owners of parent	$ 214,239	20	$ 131,325	12
Non-controlling interests	(7,041)	(1)	(9,581)	(1)
	$ 207,198	19	$ 121,744	11
Earnings per share (Note 27)				
Total basic earnings per share	$ 2.05		$ 1.70	
Total diluted earnings per share	$ 2.04		$ 1.69	

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on May 7, 2026)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the quarters ended Mar. 31, 2026 and 2025

Unit: In Thousands of New Taiwan Dollars

	Equity attributed to owners of parent											
	Ordinary share				Retained earnings			Other equity				
	Number of shares (in thousands of shares)	Amount	Capital collected in advance	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of financial statements of overseas operations	Total owners' equity	Non-controlling interests	Total equity
Balance at Jan. 1, 2025	74,367	$ 743,667	$ 2,721	$ 2,132,798	$ 240,027	$ 102,819	$ 340,087	($ 67,116)	($ 64,948)	$ 3,430,055	$ 46,220	$ 3,476,275
Appropriation and distribution of earnings												
Legal reserve allocated	-	-	-	-	9,606	-	(9,606)	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	29,245	(29,245)	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(74,429)	-	-	(74,429)	-	(74,429)
Changes in associated accounted for using the equity method	-	-	-	1,110	-	-	-	-	-	1,110	-	1,110
Profit (loss) for 2025 Q1	-	-	-	-	-	-	126,431	-	-	126,431	(9,581)	116,850
Other comprehensive income after tax for 2025 Q1	-	-	-	-	-	-	-	(1,973)	6,867	4,894	-	4,894
Total comprehensive income for 2025 Q1	-	-	-	-	-	-	126,431	(1,973)	6,867	131,325	(9,581)	121,744
Share-based payments	-	-	-	570	-	-	-	-	-	570	-	570
Ordinary shares issued under the Employee stock option plan	53	537	(1,825)	2,184	-	-	-	-	-	896	-	896
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(354)	354	-	-	-	-
Balance at Mar. 31, 2025	74,420	$ 744,204	$ 896	$ 2,136,662	$ 249,633	$ 132,064	$ 352,884	($ 68,735)	($ 58,081)	$ 3,489,527	$ 36,639	$ 3,526,166
Balance at Jan. 1, 2026	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
Appropriation and distribution of earnings												
Legal reserve allocated	-	-	-	-	2,599	-	(2,599)	-	-	-	-	-
Special reserve reversed	-	-	-	-	-	(10,634)	10,634	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(103,958)	-	-	(103,958)	-	(103,958)
Changes in associated accounted for using the equity method	-	-	-	14	-	-	-	-	-	14	-	14
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	(12,643)	(12,643)
Profit (loss) for 2026 Q1	-	-	-	-	-	-	177,275	-	-	177,275	(7,041)	170,234
Other comprehensive income after tax for 2026 Q1	-	-	-	-	-	-	-	23,040	13,924	36,964	-	36,964
Total comprehensive income for 2026 Q1	-	-	-	-	-	-	177,275	23,040	13,924	214,239	(7,041)	207,198
Ordinary shares issued under the Employee stock option plan	28	275	11,552	1,044	-	-	-	-	-	12,871	-	12,871
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	-	-	(6,954)	6,954	-	-	-	-
Balance at Mar. 31, 2026	86,475	$ 864,749	$ 12,871	$ 3,245,736	$ 282,695	$ 99,199	$ 341,342	$ -	($ 55,281)	$ 4,791,311	$ -	$ 4,791,311

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on May 7, 2026)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the quarters ended Mar. 31, 2025 and 2026

Unit: In Thousands of New Taiwan Dollars

	2026 Q1	2025 Q1
Cash flows from operating activities		
Profit before tax	$ 179,977	$ 127,182
Adjustments to reconcile profit (loss)		
Depreciation expense	237,694	200,365
Amortization expense	5,671	3,099
Reversal of expected credit losses	(502)	(563)
Net gain on financial assets or liabilities at fair value through profit or loss	(532)	(587)
Financial cost	10,708	13,464
Interest income	(735)	(959)
Share-based payments	-	570
Share of loss (profit) of associates for using equity method, net	(13,308)	798
Gains on disposals of non-current assets held for sale	-	(7,755)
Unrealized foreign exchange gain	(9,899)	(1,966)
Gains on disposal of a subsidiary	(232,084)	-
Total changes in operating assets and liabilities		
Contract assets	4,880	(509)
Notes and accounts receivable	108,768	(113,821)
Accounts receivable due from related parties	3,408	6,864
Other receivables	12,218	(16,332)
Other receivables due from related parties	(20,691)	2,080
Prepayments and other current assets	(28,697)	(30,258)
Defined benefit assets, net	(45)	(104)
Contract liabilities	29,905	(10,573)
Notes and accounts payable	(30,667)	(31,488)
Accounts payable to related parties	1,551	(8,860)
Other current liabilities	73,768	(49,241)
Deferred government subsidy income	(110)	-

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	2026 Q1	2025 Q1
Cash generated from operations	331,278	81,406
Interest paid	(13,602)	(17,185)
Income tax refunded (paid)	89	(32)
Net cash generated from operating activities	317,765	64,189
Cash flows from investing activities		
Sale of financial assets measured at fair value through other comprehensive income	$ 152,929	$ 692
Acquisition of investments using equity method	(91,500)	-
Cash generated from disposal of a subsidiary	8,223	-
Disposals of non-current assets held for sale	-	8,248
Acquisition of property, plant and equipment	(136,415)	(365,394)
(Increase) decrease in refundable deposits	(13,212)	4,090
Acquisition of other intangible assets	(5,285)	(14,085)
Decrease in long-term lease and installment receivables	2,564	3,903
Increase in other financial assets	(1,300)	-
Interest received	735	959
Net cash used in investing activities	(83,261)	(361,587)
Cash flows from financing activities		
Decrease in short-term loans	(308,050)	(17,824)
Proceeds from long-term debts	300,000	670,000
Repayments of long-term debts	(219,707)	(468,670)
Increase in guarantee deposits received	11,227	-
Payments of lease liabilities	(68,873)	(20,015)
Cash dividends paid	(89,184)	(96,644)
Exercise of employee stock options	12,871	896
Net cash generated from (used in) financing activities	(361,716)	67,743
Effect of exchange rate changes on cash and cash equivalents	4,425	3,192
Net decrease in cash and cash equivalents	(122,787)	(226,463)
Cash and cash equivalents at beginning of period	739,154	924,526
Cash and cash equivalents at end of period	$ 616,367	$ 698,063

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on May 7, 2026)

Integrated Service Technology Inc. and Subsidiaries

Notes to Consolidated Financial Statements

For the quarters ended Mar. 31, 2025 and 2026

(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 May 7, 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).

The application of the IFRS Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission (FSC) is not expected to have a material impact on the accounting policies of IST and its subsidiaries (collectively, the “Company”).

(II) IFRSs those have been issued by IASB but not been endorsed and issued by the FSC yet

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

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 would apply to domestic companies as of January 1, 2028; in addition, if a company needs to adopt IFRS 18 in advance, the company may adopt it in advance after being approved by the FSC.

IFRS 18 Presentation and Disclosure in Financial Statements

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

- The Company should evaluate whether it has specific main business activities including investing in specific types of assets and providing financing to customers, and accordingly classify the income and expense items into operation, investment, financing, income tax and entity with business termination in the income statement.
- The income statement should list the subtotal and the total of the operating income, the profit or loss before financing and tax, and the profit or loss.

- Guidance provided for consolidation of the rules of aggregation and disaggregation: The Company should identify the assets, liabilities, equity, incomes, expenses, losses and cash flows being generated from individual transactions and other events, and classify and aggregate based on their common characteristics to ensure that every item listed in each single column in the primary financial statements share at least one similar characteristic. In the primary financial statements and the notes thereto, items with different characteristics shall be disaggregated. The Company lists items as "others" only when the Company is unable to find a more informative accounting subject for such items.
- Addition of the disclosure of the performance measurement defined by the management: For conducting public communication beyond financial statements and sharing a specific concept of overall financial performance with users of the financial statements, the Company shall disclose, in the notes to the financial statements, the information of the performance measurement defined by the management, including description of the measurement, calculation methods, adjustment of the subtotal or total amount specified in the IFRSs, and income tax and non-controlling interest effects.

Furthermore the consequential amendments are made to IAS 7: Statements of Cash Flows as follows:

- When the Company prepares the statement of cash flows from operating activities using the indirect method, it should take the operating income as the starting point for adjustment.
- The interest and dividends received by the Company should be classified into investment activities, while the interest and dividends paid by the Company should be classified into financing activities. If it is evaluated the Company has specific main operating activities, the types of dividend income, interest income and interest expense presented in the income statement should be taken into account to determine the classifications of received dividends, received interest and paid interest in the statement of cash flows. However, each of the abovementioned cash flows can only be classified into a single activity in the statement of cash flows.

As of the date of publication of the consolidated financial statements, the Company still continued evaluating the impact of the amendments to other standards and interpretations on financial results. Relevant impacts will be disclosed after the evaluation is completed.

IV. Explanations of Material Accounting Policies

(I) Declaration of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 Interim Financial Reporting recognized and published by the FSC. Not all information required to be disclosed in annual financial statements in accordance with IFRSs is disclosed in the consolidated financial statements.

(II) Preparation Basis

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

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

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

(III) Consolidation Basis

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

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

When the Company loses its control over a subsidiary, the gain or loss from the disposal is the difference between the following two sums: (1) sum of the fair value of the consideration received and the fair value of the remaining investment in the former subsidiary as of the date of loss of control, and (2) sum of the book amounts of the assets (including goodwill), liabilities and non-controlling interests of the former subsidiary as of the date of loss of control. The accounting treatment of all amounts recognized by the Company in other comprehensive income in connection with the subsidiary aforementioned is subject to the principles same as those the Company must follow when directly disposing of relevant assets or liabilities.

The fair value of the remaining investment in the former subsidiary as of the date of loss of control was recognized as the original amount of the investment in the associated enterprise.

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

(IV) Other Material Accounting Policies

For further information beyond the following explanations, please refer to the Explanations of Material Accounting Policies stated in the consolidated financial statements of 2025.

1. Defined-benefit Postemployment Benefit

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

2. Income Tax Expense

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

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

When the Company adopts accounting policies, for the information that is difficult to obtain from other sources, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. The actual results may differ from the estimates to a certain degree. The Company took into account the possible impact of the U.S. reciprocal tariffs when it developed material accounting estimates, including cash flow projection, growth rate, discount rate, profitability and other material estimates. Management will continue to review estimates and basic assumptions. For further information, please see the Main Sources of Material Accounting Judgments, Estimates and Assumption Uncertainty stated in the consolidated financial statements of 2025.

VI. Cash and Cash Equivalents

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Cash on hand and revolving funds	$ 600	$ 211	$ 331
Bank checks and saving deposits of bank	520,460	625,053	574,904
Cash equivalents			
Time deposits	95,307	113,890	122,828
	$ 616,367	$ 739,154	$ 698,063

VII. Financial Instruments at Fair Value through Profit and Loss

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Financial Assets－ Current			
At fair value through profit or loss compulsorily			
Derivatives (not designed for hedging) －Forward exchange agreement	$ -	$ -	$ 168
Financial assets－ Non-current			
At fair value through profit or loss compulsorily－ Not listed (non-OTC)			
Beneficiary certificates of funds	$ 23,862	$ 23,440	$ 24,074
Financial liabilities－ Current			
Held for trading			
Derivatives (not designed for hedging) －Forward exchange agreement	$ -	$ 110	$ -

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

	Currency	Maturity Period	Contract Price (in thousands of NT dollars)
Dec. 31, 2025			
Forward foreign exchange purchase	TWD to JPY	Jan. 2026	TWD 11,854/ JPY 58,350
Mar. 31, 2025			
Forward foreign exchange purchase	TWD to JPY	May 2025	TWD 2,630/ JPY 12,525

The Company engages in forward exchange transactions primarily for the purpose of avoiding the risk incurred from foreign exchange fluctuation for foreign currency assets and liabilities.

VIII. Financial Assets Measured at Fair Value through Other Comprehensive Income

Investments in Equity Instruments

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Non-current			
Domestic investment			
Listed (OTC) shares			
Ordinary shares of BTL Inc.	$ -	$ 133,285	$ 139,829
Investment Abroad			
Unlisted (non-OTC) equity investment			
Hunet Plus Co., Ltd.	33,184	32,598	-
	$ 33,184	$ 165,883	$ 139,829

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 he Company 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 sold a portion of ordinary shares of BTL Inc. at fair value in January 2026. The amount obtained from the sale was NTD 103,754 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income NTD 1,751 thousand was transferred into retained earnings.

IST sold a portion of ordinary shares of BTL Inc. at fair value in February 2026. The amount obtained from the sale was NTD 52,571 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at

Fair Value through Other Comprehensive Income (NTD 8,705 thousand) was transferred into retained earnings.

IST purchased abroad unlisted (non-OTC) shares at NTD 32,339 thousand in 2025. As it was an investment for medium and long-term strategic purposes, the investment was specified to be measured at fair value through other comprehensive income.

IX. Financial Assets at Amortized Cost

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Current			
Domestic investment			
Time deposits with original maturities beyond three months	$ 15,000	$ 15,000	$ 15,000

As of March 31, 2026 and December 31 and March 31, 2025, the annual interest rate for the time deposits with original maturities beyond three months was 0.875%.

X. Notes and Accounts Receivable –Net

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Notes and Accounts Receivable			
Measured at amortized cost			
Notes receivable	$ 5,440	$ 4,413	$ 2,084
Accounts receivable	1,973,889	2,140,291	1,622,123
Less: Loss allowance	(17,959)	(18,422)	(15,974)
	$ 1,961,370	$ 2,126,282	$ 1,608,233

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:

Mar. 31, 2026

	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%~0.29%	0%~1.76%	0%~12.5%	0%~40.95%	100%	
Total book amount	$1,734,598	$ 210,751	$ 20,203	$ 9,349	$ 4,428	$1,979,329
Loss allowance (Expected credit loss for the duration)	(4,925)	(3,646)	(2,244)	(2,716)	(4,428)	(17,959)
Amortized cost	$1,729,673	$ 207,105	$ 17,959	$ 6,633	$ -	$1,961,370

Dec. 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	$1,947,135	$ 135,867	$ 45,895	$ 12,525	$ 3,282	$2,144,704
Loss allowance (Expected credit loss for the duration)	(4,995)	(2,008)	(4,309)	(3,828)	(3,282)	(18,422)
Amortized cost	$1,942,140	$ 133,859	$ 41,586	$ 8,697	$ -	$2,126,282

Mar. 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%~0.20%	0%~1.10%	0%~4.29%	0%~78.77%	100%	
Total book amount	$1,360,118	$ 246,934	$ 6,389	$ 2,284	$ 8,482	$1,624,207
Loss allowance (Expected credit loss for the duration)	(2,705)	(2,714)	(274)	(1,799)	(8,482)	(15,974)
Amortized cost	$1,357,413	$ 244,220	$ 6,115	$ 485	$ -	$1,608,233

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

	2026 Q1	2025 Q1
Beginning balance	$ 18,422	$ 16,535
Less: Impairment loss reversed for the period	(502)	(563)
Foreign exchange differences	39	2
Ending balance	$ 17,959	$ 15,974

XI. Finance Leases Receivable

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Lease payments not discounted			
1st year	$ 15,925	$ 15,785	$ 15,666
2nd year	6,900	8,918	15,925
3rd year	4,136	5,515	6,900
4th year	-	-	4,136
	26,961	30,218	42,627
Less: Finance incomes not earned yet	(507)	(640)	(1,147)
Lease payments receivable	26,454	29,578	41,480
Net investment in the lease(expressed as finance lease receivable)	$ 26,454	$ 29,578	$ 41,480

XII. Non-current Assets Held for Sale

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 Mar. 31, 2026	Shareholding Dec. 31, 2025	Shareholding Mar. 31, 2025	Explanation
IST	Samoa Integrated Service Technology（Samoa IST）	Investment	100%	100%	100%	—
IST	Pin Wen Corp. (Pin Wen Company)	Investment	100%	100%	100%	—
	Supreme Fortune Corp.（Supreme Corp.）	Investment	100%	100%	100%	—
	Prosperity Power Technology Inc. (PPT Company)	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	-	69%	71%	Notes 1 and 3
	Malaysia Integrated Service Technology（Malaysia IST）	Sale of Electronic Components	100%	100%	-	Notes 2
Samoa IST	Seychelles IST	Investment	100%	100%	100%	—
	Integrated Service Technology USA Inc.（Integrated USA）	R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc.	100%	100%	100%	—
Pin Wen Company	PPT Company	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	-	6%	6%	Notes 1 and 3
Seychelles IST	IST KS Company	Product testing and relevant business	100%	100%	100%	—
	System Integration Professional Technology (SIP KS Company)	Circuit design service	100%	100%	100%	—
Supreme Corp.	Hot Light Co., Ltd.	Investment	100%	100%	100%	—
IST KS Company	Instrument Supply Technology (Kunshan) Co., Ltd. (IST-trade KS Company)	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	100%	100%	100%	—
	Integrated Service Technology (Shanghai) Co.,Ltd (Xinchuang IST Shanghai)	Product testing and relevant business	100%	100%	100%	—
Hot Light Co., Ltd.	He Chou Technology Inc. (He Chou Company)	Circuit design service	100%	100%	100%	—

Note 1： In December 2025, PPT Company issued 1,224 thousand employee stock warrants in total, causing IST's shareholding ratio in PPT Company to drop from 71% to 69%. As of December 31, 2025, the Company’s shareholding ratio in PPT Company was 75%.

Note 2: Malaysia IST completed its establishment registration in Malaysia in February 2025. And IST completed a capital injection of Malaysian Ringgit (MYR) 800 thousand in July 2025.

Note 3: In March 2026, IST sold 7,000 thousand shares of PPT Company out. Moreover, the Company gave up its subscription when PPT Company conducted a cash capital increase of 13,000 thousand shares in March 2026, as a result, the Company's shareholding ratio in PPT Company reduced to 37% with loss of control. For relevant information on disposal of the subsidiary, please refer to Note 30.

The aforementioned subsidiaries did not meet the definition of important subsidiaries provided in Article 3 of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants for 2026 Q1 and 2025 Q1, except Samoa IST and PPT Company. Their financial statements have not been reviewed by CPAs.

XIV. Investments Accounted for Using the Equity Method

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Investments in Associates			
Dekra iST (Dekra Company)	$ 780,015	$ 757,483	$ 718,677
Motor Semiconductor Co., Ltd. (MS Company)	22,335	23,801	20,269
PPT Company	180,229	-	-
AnTek Certification Inc.（ATC Company）	91,787	-	-
Individual immaterial associates			
Huan Ying Sustainable Development Technology (Huan Ying Company)	2,421	3,954	3,482
EFUN Technology Inc. (EFUN Company)	595	620	483
	$ 1,077,382	$ 785,858	$ 742,911

Material Associates are listed as follows:

Company Name	Percentage of ownership and voting rights held by the Company		
	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Dekra Company	49%	49%	49%
MS Company	14%	14%	21%
PPT Company	37%	75%	77%
ATC Company	8%	-	-

In March 2026, the Company acquired 1,500 thousand ordinary shares of ATC Company in cash of NTD 91,500 thousand with shareholding ratio of 8%. As the person in charge of ATC Company promised to grant the Company a seat as director, this acquisition has posed a significant influence on the Company.

MS Company conducted a cash capital increase in 2025; however, the Company abandoned its subscription, reducing its shareholding ratio in MS Company to 14%. Although the ratio is below 20%, the reduction has posed a significant influence on the Company as it holds a seat as director in MS Company; therefore related evaluation was conducted 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 4 "Information of Investee Companies, their Locations, etc."

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

XV. Property, Plant and Equipment

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Self-used	$ 3,598,865	$ 4,478,762	$ 4,365,185
Rented out under operating lease	520,432	19,665	24,250
	$ 4,119,297	$ 4,498,427	$ 4,389,435

(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, 2026	$ 30,852	$ 2,404,087	$ 3,968,402	$ 3,332	$ 25,093	$ 245,112	$ 406,032	$ 379,936	$ 7,462,846
Additions	-	1,600	8,083	-	-	-	6,857	63,269	79,809
Disposals	-	(2,040)	(108,705)	-	-	(29,300)	(3,380)	-	(143,425)
Transferred to assets leased under operating leases	-	(804,179)	(48,000)	-	-	-	(58,657)	-	(910,836)
Reclassification	-	(1,318)	(55,123)	-	(3,301)	21,781	42,962	(154,328)	(149,327)
Net exchange difference	-	1,629	3,747	86	88	-	65	-	5,615
Disposal of a subsidiary	-	-	(502,258)	-	(935)	(11,825)	(18,181)	(32,003)	(565,202)
Balance at Mar. 31, 2026	$ 30,852	$ 1,599,779	$ 3,266,146	$ 3,418	$ 20,945	$ 225,768	$ 375,698	$ 256,874	$ 5,779,480
Accumulated depreciation									
Balance at Jan. 1, 2026	$ -	$ 873,839	$ 1,767,942	$ 2,217	$ 9,141	$ 112,554	$ 188,256	$ -	$ 2,953,949
Depreciation expenses	-	31,198	154,159	124	1,468	8,248	19,002	-	214,199
Disposals	-	(2,040)	(108,705)	-	-	(29,300)	(3,380)	-	(143,425)
Transferred to assets leased under operating leases	-	(329,642)	(37,000)	-	-	-	(40,841)	-	(407,483)
Reclassification	-	(7,534)	(149,578)	-	(3,302)	13,221	(2,134)	-	(149,327)
Net exchange difference	-	1,050	1,469	56	82	-	37	-	2,694
Disposal of a subsidiary	-	-	(297,038)	-	(272)	(7,143)	(9,499)	-	(313,952)
Balance at Mar. 31, 2026	$ -	$ 566,871	$ 1,331,249	$ 2,397	$ 7,117	$ 97,580	$ 151,441	$ -	$ 2,156,655
Accumulated impairment									
Balance at Jan. 1, 2026	$ -	$ -	$ 29,997	$ -	$ 138	$ -	$ -	$ -	$ 30,135
Disposal of a subsidiary	-	-	(6,551)	-	-	-	-	-	(6,551)
Net exchange difference	-	-	371	-	5	-	-	-	376
Balance at Mar. 31, 2026	$ -	$ -	$ 23,817	$ -	$ 143	$ -	$ -	$ -	$ 23,960
Net at Mar. 31, 2026	$ 30,852	$ 1,032,908	$ 1,911,080	$ 1,021	$ 13,685	$ 128,188	$ 224,257	$ 256,874	$ 3,598,865
Net at Dec. 31, 2025 and Jan. 1, 2026	$ 30,852	$ 1,530,248	$ 2,170,463	$ 1,115	$ 15,814	$ 132,558	$ 217,776	$ 379,936	$ 4,478,762
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	-	1,837	13,724	-	819	-	810	444,343	461,533
Disposals	-	(3,232)	(57,602)	-	-	(162)	(8,916)	-	(69,912)
Reclassification	-	20,299	125,479	-	1,056	38,461	7,780	(193,075)	-
Net exchange difference	-	686	921	37	45	-	26	507	2,222
Balance at Mar. 31, 2025	$ 30,852	$ 2,236,476	$ 3,371,468	$ 3,419	$ 12,791	$ 313,022	$ 321,178	$ 629,356	$ 6,918,562
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	-	35,468	128,972	124	322	2,451	14,401	-	181,738
Disposals	-	(3,232)	(57,602)	-	-	(162)	(8,916)	-	(69,912)
Net exchange difference	-	359	501	19	42	-	10	-	931
Balance at Mar. 31, 2025	$ -	$ 701,832	$ 1,465,651	$ 1,894	$ 7,223	$ 180,273	$ 165,653	$ -	$ 2,522,526
Accumulated impairment									
Balance at Jan. 1, 2025	$ -	$ -	$ 30,549	$ -	$ 141	$ -	$ -	$ -	$ 30,690
Net exchange difference	-	-	159	-	2	-	-	-	161
Balance at Mar. 31, 2025	$ -	$ -	$ 30,708	$ -	$ 143	$ -	$ -	$ -	$ 30,851
Net at Mar. 31, 2025	$ 30,852	$ 1,534,644	$ 1,875,109	$ 1,525	$ 5,425	$ 132,749	$ 155,525	$ 629,356	$ 4,365,185

No impairment loss was recognized by the Company in either 2026 Q1 or 2025 Q1.

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

	Land	Building and structure	Mechanical equipment	Other equipment	Total
Cost					
Balance at Jan. 1, 2026	$ 12,583	$ 25,990	$ -	$ -	$ 38,573
Disposal	-	(11,435)	-	-	(11,435)
Assets rent out under operating leases	-	804,179	48,000	58,657	910,836
Balance at Mar. 31, 2026	$ 12,583	$ 818,734	$ 48,000	$ 58,657	$ 937,974
Accumulated depreciation					
Balance at Jan. 1, 2026	$ -	$ 18,908	$ -	$ -	$ 18,908
Depreciation expenses	-	2,022	333	231	2,586
Disposal	-	(11,435)	-	-	(11,435)
Assets rent out under operating leases	-	329,642	37,000	40,841	407,483
Balance at Mar. 31, 2026	$ -	$ 339,137	$ 37,333	$ 41,072	$ 417,542
Net at Mar. 31, 2026	$ 12,583	$ 479,597	$ 10,667	$ 17,585	$ 520,432
Net at Dec. 31, 2025 and Jan. 1, 2026	$ 12,583	$ 7,082	$ -	$ -	$ 19,665
Cost					
Balance at Jan. 1 and Mar. 31, 2025	$ 12,583	$ 84,402	$ -	$ -	$ 96,985
Accumulated depreciation					
Balance at Jan. 1, 2025	$ -	$ 70,868	$ -	$ -	$ 70,868
Depreciation expenses	-	1,867	-	-	1,867
Balance at Mar. 31, 2025	$ -	$ 72,735	$ -	$ -	$ 72,735
Net at Mar. 31, 2025	$ 12,583	$ 11,667	$ -	$ -	$ 24,250

The Company rented out land, building, mechanical equipment 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:

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
1st year	$ 56,688	$ 7,088	$ 7,088
2nd year	19,392	6,496	7,088
3rd year	-	-	4,724
	$ 76,080	$ 13,584	$ 18,900

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

Building and structure	
Main buildings in the plant	35~50 years
Building renovation	6~20 years
Mechanical equipment	1~6 years
Other equipment	3~20 years

XVI. Lease Agreement

(I) Right-of-use Assets

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Book amount of right-of-use assets			
Land	$ 138,772	$ 140,003	$ 136,715
Building	151,863	100,091	135,419
Transportation equipment	9,965	11,411	6,054
Mechanical equipment	-	7,044	4,263
Office equipment	286	357	343
	$ 300,886	$ 258,906	$ 282,794

	2026 Q1	2025 Q1
Added right-of-use assets	$ 67,314	$ 11,342
Expense of depreciation of right-of-use assets		
Land	$ 1,231	$ 1,162
Building	17,537	14,041
Transportation equipment	1,673	1,355
Mechanical equipment	397	141
Office equipment	71	61
	$ 20,909	$ 16,760
Proceeds from sublease of right-of-use assets (Listed as other incomes in the books)	($ 3,257)	($ 4,110)

Except the depreciation expenses added and recognized above, neither material sublease nor material impairment occurred with respect to the right-of-use assets of the Company for either 2026 Q1 or 2025 Q1.

(II) Lease Liabilities

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Book amount of lease liabilities			
Current	$ 87,889	$ 78,998	$ 77,563
Non-current	$ 255,761	$ 221,271	$ 257,097

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

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Land	2.16%~2.76%	2.16%~2.76%	2.76%
Building	1.67%~4.75%	1.62%~4.75%	1.64%~4.75%
Transportation equipment	5.78%~5.91%	4.97%~5.78%	4.97%~5.91%
Mechanical equipment	-	1.56%~5.91%	1.56%~2.50%
Office equipment	5.78%	5.78%	5.78%

(III) Important Lease Activities and Terms

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

(IV) Sublease

The Company has the following sublease-related transactions except those explained in Notes 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:

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
1st year	$ 2,376	$ 2,592	$ 2,592
2nd year	-	432	2,376
	$ 2,376	$ 3,024	$ 4,968

(V) Other Lease Information

	2026 Q1	2025 Q1
Short-term lease expenses	$ 2,739	$ 2,787
Low-value asset lease expenses	$ 38	$ 18
Total cash provided from (used in) leases	($ 73,708)	($ 24,997)

XVII. Other Intangible Assets

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Computer software	$ 37,533	$ 40,620	$ 24,101
Others	522	585	763
	$ 38,055	$ 41,205	$ 24,864

No material acquisition, disposal or impairment occurred with respect to other intangible assets of the Company for either 2026 Q1 or 2025 Q1, except the amortization expenses recognized. Amortization expenses were allocated based on the following service lives on a straight-line basis.

Computer software	1~10 years
Others	3 years

Aggregation of amortization expenses by function:

	Mar. 31, 2026	Mar. 31, 2025
Operating cost	$ 4,060	$ 1,704
Administrative expenses	1,521	1,376
R&D expenses	90	19
	$ 5,671	$ 3,099

XVIII. Prepayments and Other Current Assets

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Prepaid materials stipulated in work order	$ 47,681	$ 8,295	$ 75,860
Inventory of supplies	21,023	42,100	42,799
Prepaid expenses	19,424	24,386	14,635
Payment in advance	11,427	9,986	8,604
Tax overpaid retained for offsetting the future tax payable	2,113	2,0800	23,158
Others	2,566	2,140	2,895
	$ 104,234	$ 107,707	$ 167,951

XIX. Current Borrowings

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Guaranteed loans			
－Working capital loan (I)	$ -	$ 80,000	$ -
Loans without collateral			
－Working capital loan (II)	64,547	566,679	703,611
	$ 64,547	$ 646,679	$ 703,611

(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 Dec. 31, 2025 was 2.48%～3.06%.

(II) Interest rates for the working capital loans provided by the bank were 2.60%～4.90%, 2.02%～5.98% and 1.95%～5.51%on Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025, respectively.

XX. Non-current Portion of Non-current Borrowings

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Guaranteed loans			
Bank loans (1)	$ 136,000	$ 346,434	$ 516,452
Loans without collateral			
Credit loan (2)	1,534,545	1,289,642	1,607,499
	1,670,545	1,636,076	2,123,951
Less: Current portion of non-current borrowings	(178,886)	(155,788)	(81,230)
Non-current portion of non-current borrowings	$ 1,491,659	$ 1,480,288	$ 2,042,721

(I) For the bank loans, the Company mortgaged its buildings to the bank. (Please see Note 34.) The maturity date as of Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025 was March 2032 and the annual interest rates on Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025 were 1.83%, 2.00%～3.58% and 1.83%～3.58% respectively.

(II) The maturity dates of the credit loans as of Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025 are at the end of November 2032. The annual interest rates on Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025 were 1.65%～4.01%, 1.65%～2.88% and 1.65%～4.01% respectively.

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

XXI. Other Current Liabilities

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Other payables			
Wages and bonuses payable	$ 348,195	$ 382,933	$ 292,615
Remunerations payable to employees and directors	23,131	32,950	50,410
Bonus for unused leave	46,991	21,959	19,339
	418,317	437,842	362,364
Other current liabilities			
Others (Note)	248,890	275,866	249,923
	$ 667,207	$ 713,708	$ 612,287

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

XXII. Post-employment Benefit Plan

The defined benefit plan related pension benefits recognized for 2026 Q1 and 2025 Q1 were calculated at the pension cost rate determined actuarially on Dec. 31, 2025 and Dec. 31, 2024 respectively, and the amount of such pension benefits was NTD (45 thousand) and NTD (104 thousand) respectively.

XXIII. Equity

(I) Ordinary Share

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Authorized number of shares (In thousands of shares)	200,000	200,000	200,000
Authorized capital stock	$ 2,000,000	$ 2,000,000	$ 2,000,000
Number of issued and paid-in shares (In thousands of shares)	86,475	86,447	74,420
Capital stock issued	$ 864,749	$ 864,474	$ 744,204

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

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

IST 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. The change registration was completed on Oct. 1, 2025.

IST determined to issue 12,000 thousand ordinary shares with par value of NTD 10 per share and a premium of NTD 100 per share to increase capital based on a resolution of the Board of Directors on August 7, 2025. The cash capital increase took effect after being approved and declared by the FSC on September 8, 2025. The base date for the capital increase was October 29, 2025, and the change registration was completed on December 9, 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~NTD 49.69. The date of capital increase was Nov. 12, 2025. The change registration was completed on Dec. 30, 2025.

IST resolved at the board meeting of Jan. 21, 2026 to approve conversion of employee stock warrants into 28 thousand shares with par value NTD 10. The subscription price per share was NTD 47.78 ~ NTD 49.28. The date of capital increase was Jan. 21, 2026. The change registration was completed on Feb. 3, 2026.

IST employees exercised stock options during the period between January and March 2026 to subscribe 272 thousand shares. The subscription price per share was NTD 47.35～NTD 47.78. A total amount of NTD 12,871 thousand paid for the shares was received. The record date for capital increase was resolved to be May 7, 2026 at the board meeting on May 7, 2026. As of Mar. 31, 2026, the amount was listed as “capital collected in advance” because the procedure of change registration had not been completed.

(II) Capital Reserve

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
May be used to offset deficits, distribute cash or transfer to share capital (Note 1)			
Additional paid-in capital	$ 3,216,079	$ 3,214,518	$ 2,115,068
May be Used to offset deficits only			
Changes in equity of associates accounted for using the equity method	13,799	13,785	4,087
Recognized changes in ownership interests in subsidiaries (Note 2)	10,503	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	19
Not used for any purpose			
Stock option	5,336	5,853	13,530
	$ 3,245,736	$ 3,244,678	$ 2,136,662

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

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

The balance of capital reserve reconciled for 2026 Q1 and 2025 Q1 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, 2026	$ 3,214,518	$ 5,853	$ 10,503	$ 13,785	$ 19
Changes in equity of associates accounted for using the equity method	-	-	-	14	-
Share premium of ordinary shares issued under employee stock option plan	1,561	(517)	-	-	-
Balance at Mar. 31, 2026	$ 3,216,079	$ 5,336	$ 10,503	$ 13,799	$ 19
Balance at Jan. 1, 2025	$ 2,111,875	$ 13,969	$ 3,958	$ 2,977	$ 19
Changes in equity of associates accounted for using the equity method	-	-	-	1,110	-
Share-based payment	-	570	-	-	-
Share premium of ordinary shares issued under employee stock option plan	3,193	(1,009)	-	-	-
Balance at Mar. 31, 2025	$ 2,115,068	$ 13,530	$ 3,958	$ 4,087	$ 19

(III) Retained Earnings and Dividend Policies

According to IST’s articles of incorporation, for any distribution of earnings, IST shall make good of the previous year’s loss (including the adjusted amount of undistributed earnings) first, and allocate 10% of the rest of the earnings as legal reserve. However, if legal reserve reaches the amount of IST’s total paid-in capital, no legal reserve shall be allocated. Then special reserve shall be allocated or reversed in accordance with regulations or as required by the competent authority. After retaining such earnings as considered necessary by the board of directors for business operation, the board of directors shall prepare an earning distribution proposal for the rest of the earnings, together with the undistributed earnings at the beginning of the year (including the adjusted amount of undistributed earnings), and resolve to allocate dividends and bonuses to shareholders based on the proposal. For such policies concerning remunerations to employees and directors as provided in IST's articles of incorporation, please refer to Note 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 2026, 2025 and 2024 and the cash dividends per share were resolved at the board meeting as follows:

	2026 Q1
Date of resolution by the board of director	May 7, 2026
Legal reserve	$ 17,032
Special reserve	($ 43,917)
Cash dividends	$138,794
Cash dividends per share (NTD)	$ 1.6

	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	$ 2,599	$ 7,131	$ 10,724	$ 12,608
Special reserve	($ 10,634)	($ 70,736)	$ 53,753	($ 5,248)
Cash dividends	$ 103,958	$ 103,741	$ 89,184	$ 89,326
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	$ 9,606	$ 8,532	$ 17,245	$ 5,325
Special reserve	$ 29,245	$ 34,572	($ 2,044)	($ 15,539)
Cash dividends	$ 74,429	$ 74,379	$ 96,644	$ 74,040
Cash dividends per share (NTD)	$ 1	$ 1	$ 1.3	$ 1

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

The above cash dividends for each quarter of 2025 have been resolved by the board of directors to be allocated, and the rest is expected to be resolved at the general meeting of shareholders held on June 12, 2026.

(IV) Special Reserve

	2026 Q1	2025 Q1
Beginning balance	$109,833	$102,819
(Reversed) Allocated special reserve		
Allocated deduction (reversed) of other equity items	(10,634)	29,245
Ending balance	$ 99,199	$132,064

(V) Other Equity

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

	2026 Q1	2025 Q1
Beginning balance	($ 69,205)	($ 64,948)
Generated in the current period		
Exchange differences of foreign operations	7,357	3,464
Share of the associates accounted for using the equity method	6,567	3,403
Other comprehensive income for the period	13,924	6,867
Ending balance	($ 55,281)	($ 58,081)

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

	2026 Q1	2025 Q1
Beginning balance	($ 29,994)	($ 67,116)
Generated in the current period		
Unrealized gains or losses		
Equity instruments	23,040	(1,973)
Other comprehensive income for the period	23,040	(1,973)
Accumulated profit or loss on disposal of equity instruments being transferred into retained earnings	6,954	354
Ending balance	$ -	($ 68,735)

(VI) Non-controlling Interests

	2026 Q1	2025 Q1
Beginning balance	$ 19,684	$ 46,220
Disposal of a subsidiary	(12,643)	-
Net loss of the period	(7,041)	(9,581)
Ending balance	$ -	$ 36,639

XXIV. Revenue

	2026 Q1	2025 Q1
Revenue from contracts with customers		
Revenue from inspection and testing services	$ 1,083,458	$ 1,131,486

(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

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025	Jan. 1, 2025
Accounts receivable (Note 10)	$ 1,955,930	$ 2,121,869	$ 1,606,149	$ 1,486,311
Accounts receivable due from related parties (Note 33)	$ 16,285	$ 19,708	$ 14,035	$ 20,777
Contract assets				
Labor service	$ -	$ 6,344	$ 2,363	$ 1,854
Contract liabilities				
Customer loyalty program	$ 140,262	$ 140,395	$ 66,088	$ 85,507
Unearned sales revenue	97,995	67,957	58,158	49,312
	$ 238,257	$ 208,352	$ 124,246	$ 134,819

(III) Itemized Revenue from Contracts with Customers

	2026 Q1	2025 Q1
Main regional markets		
Asia	$ 816,643	$ 914,645
America	178,593	196,114
Others	88,222	20,727
	$ 1,083,458	$ 1,131,486

XXV. Net Profit of Continuing Operations

(I) Interest Income

	2026 Q1	2025 Q1
Bank deposits	$ 464	$ 703
Net investment in the lease	134	206
Others interest income	137	50
	$ 735	$ 959

(II) Other Incomes

	2026 Q1	2025 Q1
Income from operating lease	$ 7,748	$ 4,012
Income from government subsidy	110	1,186
Others	3,343	2,847
	$ 11,201	$ 8,045

(III) Other Gains and Losses

	2026 Q1	2025 Q1
Gain of financial assets and financial liabilities		
Financial assets at fair value through profit or loss	$ 422	$ 473
Financial liabilities at fair value through profit or loss	110	114
Net foreign exchange gain	6,948	2,062
Gains on disposal of a subsidiary (Note 30)	232,084	-
Gains on disposals of non-current assets held for sale (Note 12)	-	7,755
Others	(5)	(6)
	$239,559	$ 10,398

(IV) Financial Cost

	2026 Q1	2025 Q1
Interest on bank loans	$ 10,957	$ 14,495
Interest on lease liabilities	2,058	2,177
Computed interest on security deposits	16	9
Other interest expenses	98	266
Less: Amounts listed in cost of qualifying assets	(2,421)	(3,483)
	$ 10,708	$ 13,464

Information relevant to capitalization of interest is as follows:

	2026 Q1	2025 Q1
Capitalized interest	$ 2,421	$ 3,483
Interest rate for capitalization of interest	1.57%~2.34%	1.88%~2.28%

(V) Depreciation and Amortization

	2026 Q1	2025 Q1
Depreciation expenses by functions:		
Operating cost	$190,124	$163,339
Operating expenses	47,570	37,026
	$237,694	$200,365

	2026 Q1	2025 Q1
Amortization expenses by function:		
Operating cost	$ 4,060	$ 1,704
Operating expenses	1,611	1,395
	$ 5,671	$ 3,099

For information on the allocation of amortization expenses of intangible assets to individual items, please refer to Note 17.

(VI) Employee Benefit Expenses

	2026 Q1	2025 Q1
Short-term employee benefits	$547,021	$433,022
Post-employment benefits		
Defined contribution plan	15,114	13,295
Defined benefit plan (Note 22)	(45)	(104)
Share-based payment	-	570
Total employee benefit expenses	$562,090	$446,783
Compiled by functions		
Operating cost	$406,545	$312,355
Operating expenses	155,545	134,428
	$562,090	$446,783

(VII) Employees' Remuneration and Directors' Remuneration

IST allocated employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate of no less than 3% and at a rate no more than 3% respectively. The Company expected to adopt the amendment to the articles of incorporation through resolution at the shareholders'meeting in 2025 in accordance with such amendment to the Securities and Exchange Act as made in August 2024. The amended articles of incorporation stipulate that at least 50% of employees' remuneration for the year should be allocated to front-line employees as their remuneration if the Company has a profit for the year. The employees' remuneration and directors' remuneration estimated for 2026 Q1 and 2025 Q1 are listed as follows:

Estimated Percentage

	2026 Q1	2025 Q1
Employees' remuneration	5%	5%
Directors' remuneration	2%	2%

Amount

	2026 Q1	2025 Q1
	Cash	Cash
Employees’ remuneration	$ 10,028	$ 7,350
Directors’ remuneration	4,014	2,940

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

The employees’ remuneration and directors’ remuneration for 2025 and 20234 were resolved at the board meeting held on Mar. 23, 2026 and Mar. 7, 2025 respectively.

Amount

	2025	2024
	Cash	Cash
Employees’ remuneration	$ 23,550	$ 28,660
Directors’ remuneration	9,400	11,460

There is no difference between the actually distributed amounts of the employees’ remuneration and directors’ remuneration for the years 2025 and 2024 and the corresponding amounts recognized in the consolidated financial statements of 2025 and 2024.

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:

	2026 Q1	2025 Q1
Current income tax		
Incurred for the current period	$ 10,210	$ 30,317
Adjustments for previous years	-	(20,639)
	10,210	9,678
Deferred income tax		
Incurred for the current period	(467)	654
Income tax expense recognized in profit or loss	$ 9,743	$ 10,332

(II) Income Tax Assessment

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

XXVII. Earnings Per Share

Unit : NTD per share

	2026 Q1	2025 Q1
Basic earnings per share	$ 2.05	$ 1.70
Diluted earnings per share	$ 2.04	$ 1.69

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

Net Profit of the Period

	2026 Q1	2025 Q1
Net profit used to calculate basic earnings per share	$177,275	$126,431
Net profit used to calculate diluted earnings per share	$177,275	$126,431

Number of Shares — Unit: In Thousands of Shares

	2026 Q1	2025 Q1
Number of weighted average ordinary shares used to calculate basic earnings per share	86,469	74,382
Impact of the ordinary shares with dilution effect:		
Employee stock options	133	325
Employees' remuneration	209	226
Number of weighted average ordinary shares used to calculate diluted earnings per share	86,811	74,933

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:

	2026 Q1		2025 Q1	
Employee stock options	Unit (In thousands)	Exercise price (NTD)	Unit (In thousands)	Exercise price (NTD)
Outstanding at the beginning of the period	382	$ 47.78	846	$ 50.60
Issued this period	(272)	47.78~49.28	(53)	50.60~50.87
Outstanding at the end of the period	110	47.35	793	49.69
Exercisable at the end of the period	110		713	

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

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

The compensation costs recognized by IST for 2026 Q1 and 2025 Q1 were NTD 0 and NTD 570 thousand respectively.

XXIX Government Subsidies

The Company obtained the government subsidies, totaling to NTD 1,985 thousand, under the Plan of Energy Management System Establishment in August 2025 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.

XXX Disposal of a Subsidiary

In March 2026, the Company sold 7,000 thousand shares of PPT Company out. Moreover, PPT Company conducted a cash capital increase by issuing 13,000 thousand shares in March 2026; while the Company gave up its subscription. As a result, the Company's shareholding ratio in PPT Company dropped to 37%, losing its control over PPT Company.

(I) Consideration Received

	PPT Company
Cash and cash equivalents	$ 97,706
Sum of consideration received	$ 97,706

(II) Classification of Assets and Liabilities with Loss of Control

	PPT Company
Current Assets	
Cash and cash equivalents	$ 89,483
Receivables	69,273
Other receivables	1,493
Advance payments and other current assets	48,062
Non-current Assets	
Property, plant and equipment	245,864
Right-of-use assets	64,280
Other assets	28,589
Current Liabilities	
Short-term borrowings	(276,170)
Accounts payable	(25,359)
Other payables	(11,253)
Other current liabilities	(144,786)
Non-current liabilities	
Long-term borrowings	(16,483)
Other non-current liabilities	(14,595)
Disposal of net assets	$ 58,398

(III) Gains on Disposal of a Subsidiary

	PPT Company
Consideration received	$ 97,706
Fair value of the remaining investment	180,133
Disposal of net assets	(58,398)
Non-controlling interests	12,643
Gains on the disposal	$232,084

(IV) Net Cash Inflow of the Subsidiary Disposed of

	PPT Company
Consideration received in cash and cash equivalents	$ 97,706
Less: cash and cash equivalents disposed of	(89,483)
	$ 8,223

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

Mar. 31, 2026

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Beneficiary certificates of funds	$ -	$ -	$ 23,862	$ 23,862
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments— —Abroad unlisted (non-OTC) stocks	$ -	$ -	$ 33,184	$ 33,184

Dec. 31, 2025

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

Mar. 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ 168	$ -	$ 168
Beneficiary certificates of funds	-	-	24,074	24,074
	$ -	$ 168	$ 24,074	$ 24,242
Financial assets measured at fair value through other comprehensive income				
Investments in equity instruments—				
—Domestically listed (OTC) stocks	$ 139,829	$ -	$ -	$ 139,829

There was no transfer between level 1 and level 2 fair value measurements in 2026 Q1 and 2025 Q1.

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 measured at fair value through profit or loss – Beneficiary certificates of funds	
Financial assets	2026 Q1	2025 Q1
Beginning balance	$ 23,440	$ 23,769
(Other gains and losses) recognized in profit (loss)	422	305
Ending balance	$ 23,862	$ 24,074
Changes in the current unrealized profit or loss that are relevant to the assets held at the end of the period and recognized in profit or loss	$ 422	$ 305

	Financial assets measured at fair value through other comprehensive income – Abroad unlisted (non-OTC) stocks	
Financial assets	2026 Q1	2025 Q1
Beginning balance	$ 32,598	$ -
Net exchange difference	586	-
Ending balance	$ 33,184	$ -

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

(1) For domestically unlisted (non-OTC) beneficiary certificates of funds and abroad unlisted (non-OTC) stocks, 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.

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Liquidity discount	20%	20%	20%

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

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Liquidity discount			
Increased by 1%	($ 298)	($ 293)	($ 301)
Decreased by 1%	$ 298	$ 293	$ 301

(II) Type of Financial Instrument

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
<u>Financial assets</u>			
Measured at fair value through profit or loss			
Measured at fair value through profit or loss compulsorily	$ 23,862	$ 23,440	$ 24,242
Financial assets measured at fair value through other comprehensive income			
Equity Instruments	33,184	165,883	139,829
Measured at amortized cost			
Cash and cash equivalents	616,367	739,154	698,063
Financial assets at amortized cost	15,000	15,000	15,000
Notes and accounts receivable, net	1,961,370	2,126,282	1,608,233
Accounts receivable due from related parties	16,285	19,708	14,035
Other receivables	22,900	31,722	16,649
Other receivables due from related parties	46,174	26,415	21,763
Other financial assets	-	13,129	12,048
Guarantee deposits paid	20,940	33,495	23,034
<u>Financial liabilities</u>			
Measured at fair value through profit or loss			
Held for trading	-	110	-
Measured at amortized cost			
Current borrowings	64,547	646,679	703,611
Notes and accounts payable	257,571	312,129	291,846
Accounts payable to related parties	5,488	4,966	6,348
Payable on machinery and equipment	165,245	204,264	354,716
Long-term borrowings (including the current portion thereof)s	1,670,545	1,636,076	2,123,951
Guarantee deposits received	14,761	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 36.

Sensitivity Analysis

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

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

	Impact of USD		Impact of CNY		Impact of JPY	
	2026 Q1	2025 Q1	2026 Q1	2025 Q1	2026 Q1	2025 Q1
Gain (loss)	$ 13,044	$ 1,620	$ 591	$ 155	($ 251)	($ 371)

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:

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
With fair value interest rate risk			
－Financial assets	$ 110,307	$ 128,890	$ 137,828
－Financial liabilities	416,520	458,395	501,038
With cash flow interest rate risk			
－Financial assets	513,779	630,109	581,152
－Financial liabilities	1,662,222	2,124,629	2,661,184

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 2026 Q1 and 2025 Q1 would be decreased/increased by NTD 2,871 thousand and NTD 5,200 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 Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025, 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.

Mar. 31, 2026

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 years	1 ~ 5 years	Over 5 years
Non-derivative financial liabilities					
Liabilities without interest	$ 221,277	$ 224,374	$ 214,735	$ -	$ -
Lease liabilities	7,832	18,306	75,908	138,901	178,261
Floating rate instruments	1,389	9,778	162,170	1,464,885	24,000
Fixed rate instruments	10,879	49,262	9,954	2,775	-
	$ 241,377	$ 301,720	$ 462,767	$1,606,561	$ 202,261

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	$ 102,046	$ 138,901	$ 38,368	$ 38,368	$ 38,368	$ 63,157
Floating rate instruments	$ 173,337	$1,464,885	$ 24,000	$ -	$ -	$ -
Fixed rate instruments	$ 70,095	$ 2,775	$ -	$ -	$ -	$ -

Dec. 31, 2025

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 years	1 ~ 5 years	Over 5 years
Non-derivative financial liabilities					
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	31,358	54,116	64,558	8,094	-
	$ 485,337	$ 630,033	$ 515,316	$1,581,393	$ 183,239

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	$ 86,053	$ 104,832	$ 38,368	$ 38,368	$ 38,368	$ 65,135
Floating rate instruments	$ 653,162	$1,468,467	$ 3,000	$ -	$ -	$ -
Fixed rate instruments	$ 150,032	$ 8,094	$ -	$ -	$ -	$ -

Mar. 31, 2025

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 years	1 ~ 5 years	Over 5 years
Non-derivative financial liabilities					
Liabilities without interest	$ 392,030	$ 246,591	$ 182,516	$ -	$ -
Lease liabilities	6,852	15,275	58,370	137,897	179,132
Floating rate instruments	33,612	107,682	489,051	1,926,331	104,508
Fixed rate instruments	984	1,976	151,536	11,882	-
	$ 433,478	$ 371,524	$ 881,473	$2,076,110	$ 283,640

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	$ 80,497	$ 137,897	$ 36,570	$ 36,570	$ 36,570	$ 69,422
Floating rate instruments	$ 630,345	$1,926,331	$ 104,508	$ -	$ -	$ -
Fixed rate instruments	$ 154,496	$ 11,882	$ -	$ -	$ -	$ -

(2) Line of Credit

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Unsecured bank loan commitment, reviewed regularly			
－Used within the credit line	$ 1,415,092	$ 1,856,321	$ 2,311,110
－Unused within the credit line	2,590,482	2,534,345	1,898,787
	$ 4,005,574	$ 4,390,666	$ 4,209,897
Secured bank loan commitment			
－Used within the credit line	$ 320,000	$ 426,434	$ 516,452
－Unused within the credit line	-	29,700	-
	$ 320,000	$ 456,134	$ 516,452

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

Name of Related Party	Relationship with the Company
Dekra Company	An associate
Dekra IST Reliability Services Limited (Dekra IST KS Company)	An associate
MS Company	An associate
PPT Company	An associate

(II) Service Income

Item Listed in the Books	Type of Related Party	2026 Q1	2025 Q1
Service income	Associates	$ 14,530	$ 15,111

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

(III) Accounts Receivable from Related Parties

Item Listed in the Books	Type / Name of Related Party	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Accounts receivable due from related parties	Associates			
	Dekra Company	$ 15,080	$ 14,586	$ 12,851
	PPT Company	1,053	-	-
	Dekra IST KS Company	149	5,092	982
	MS Company	3	30	202
		$ 16,285	$ 19,708	$ 14,035
Other receivables due from related parties	Associates			
	PPT Company	$ 25,306	$ -	$ -
	Dekra Company	20,868	26,415	21,763
		$ 46,174	$ 26,415	$ 21,763

No guarantee was received for the accounts receivable from related parties. No loss allowance was allocated for the accounts receivable from related parties for 2026 Q1 and 2025 Q1 respectively.

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

(IV) Accounts Payable to Related Parties

Item Listed in the Books	Type / Name of Related Party	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Accounts payable to related parties	Associates			
	Dekra Company	$ 4,208	$ 4,966	$ 6,345
	PPT Company	1,280	-	-
	Dekra IST KS Company	-	-	3
		$ 5,488	$ 4,966	$ 6,348

(V) Sublease Agreement

Renting Out and Subleasing under Operating Lease

IST rented out land, building and structure as well as other equipment under operating leases and subleased the right of use of the building and structure to the associate Dekra Company, and the lease periods were 3.17 to 10 years. Rents were determined based on the rents for similar assets, and fixed lease payments were collected pursuant to lease agreements monthly. The total lease payments to be collected as of Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025 were NTD 78,456 thousand, NTD 16,608 thousand and NTD 23,868 thousand respectively. Lease incomes recognized for 2026 Q1 and 2025 Q1 were NTD 2,809 thousand and NTD $ 2,882 thousand respectively.

The Company rent buildings and machine equipment under operating leases to PPT Company, and the lease periods were 3.5 to 5.75 years. The total lease payments to be collected in the future were NTD 64,268 thousand as of March 31, 2026. The rentals were determined based on the rental levels of similar assets and fixed lease payments should be collected monthly in accordance with the lease agreements. The lease incomes recognized during the period from March 17, 2026 to March 31, 2026 were NTD 3,907 thousand.

Subleasing under Finance Lease

The Company subleased the building and structure, which were originally listed as right-of-use assets in the books, to the associate Dekra Company under finance leases in 2026 Q1 and 2025 Q1. The net investment in the lease at the lease commencement date was NTD 62,081 thousand respectively, and the lease period was 3～5 years respectively. The balance of finance leases receivable as of Mar. 31, 2026 and Dec. 31 and Mar. 31, 2025 was NTD 26,454 thousand, NTD 29,578 thousand and NTD 41,480 thousand respectively.

(VI) Guarantee Deposits Paid

Item Listed in the Books	Type / Name of Related Party	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Guarantee deposits paid	Associates			
	Dekra Company	$ 179	$ 179	$ 145

(VII) Guarantee Deposits Received

Item Listed in the Books	Type / Name of Related Party	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Guarantee deposits received	Associates			
	PPT Company	$ 11,227	$ -	$ -
	Dekra Company	3,534	3,534	2,005
		$ 14,761	$ 3,534	$ 2,005

(VIII) Manufacturing Expenses and Operating Expenses

Item Listed in the Books	Type of Related Party	2026 Q1	2025 Q1
Manufacturing expenses	Associates	$ 6,939	$ 6,045
Operating expenses	Associates	$ 729	$ 2

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

(IX) Non-operating Incomes and Expenses

Item Listed in the Books	Type / Name of Related Party	2026 Q1	2025 Q1
Lease incomes	Associates		
	Dekra Company	$ 2,809	$ 2,882
Other incomes	Associates		
	Dekra Company	$ 2,243	$ 2,136
	MS Company	-	30
		$ 2,243	$ 2,166
Interest income	Associates	$ 1	$ 2
Interest expenses	Associates	$ 15	$ 9

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

	2026 Q1	2025 Q1
Short-term benefits	$ 18,885	$ 20,796
Post-employment benefits	81	100
Share-based payment	-	43
	$ 18,966	$ 20,939

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 and line of credit.

	Mar. 31, 2026	Dec. 31, 2025	Mar. 31, 2025
Property, plant and equipment	$ 636,728	$ 751,914	$ 713,762
Demand deposit (Listed as other financial assets in the books)	-	13,129	12,048
	$ 636,728	$ 765,043	$ 725,810

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. Taiwan Hsinchu District Court adjudged that IST should be fined NTD 5,000 thousand and be liable for an indemnity of NTD 36,495 thousand jointly with the employee mentioned above on June 30, 2025. IST has employed a lawyer to file an appeal to safeguard the Company's rights and interests. IST believed that the aforementioned lawsuit did not have significant effect on its financial conditions. Relevant operating activates were conducted normally.

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

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

Unit: In thousands in foreign currency

	Mar. 31, 2026			Dec. 31, 2025			Mar. 31, 2025		
	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount
Foreign currency assets									
Monetary item									
USD	$ 12,854	31.995 (USD：NTD)	$ 411,264	$ 16,580	31.430 (USD：NTD)	$ 521,109	$ 10,711	33.2050 (USD：NTD)	$ 355,659
JPY	15,183	0.2005 (JPY：NTD)	3,044	73,113	0.2008 (JPY：NTD)	14,681	81,840	0.2227 (JPY：NTD)	18,226
CNY	2,557	4.624 (CNY：NTD)	11,823	1,592	4.4716 (CNY：NTD)	7,119	669	4.6258 (CNY：NTD)	3,095
			$ 426,131			$ 542,909			$ 376,980
Non-monetary item									
JPY	-	-	$ -	-	-	$ -	755	0.2227 (JPY：NTD)	$ 168
Foreign currency liabilities									
Monetary item									
USD	4,700	31.995 (USD：NTD)	$ 150,377	6,504	31.430 (USD：NTD)	$ 204,421	9,735	33.2050 (USD：NTD)	$ 323,251
JPY	40,266	0.2005 (JPY：NTD)	8,073	189,487	0.2008 (JPY：NTD)	38,049	115,181	0.2227 (JPY：NTD)	25,651
			$ 158,450			$ 242,470			$ 348,902
Non-monetary item									
JPY	-	-	$ -	566	0.2008 (JPY：NTD)	$ 110	-	-	$ -

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

	2026 Q1		2025 Q1	
Functional currency	Functional currency to presentation currency	Net foreign exchange gain (loss)	Functional currency to presentation currency	Net foreign exchange gain (loss)
USD	31.995 （USD：NTD）	$ 9,596	33.2050 （USD：NTD）	$ 1,910
CNY	4.624 （CNY：NTD）	138	4.6258 （CNY：NTD）	75
JPY	0.2005 （JPY：NTD）	234	0.2227 （JPY：NTD）	(28)
		$ 9,968		$ 1,957

XXXVII. Disclosures in the Notes

(I) Information Relevant to Material Transactions:

1. Funds lent to others (None)
2. Enforcement and guarantee for others (None)

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

(II) Information Relevant to Reinvestments (Schedule 3)

(III) Information of Investments in Mainland China:

1. Name of each investee company in Mainland China and its main business activities, paid-in capital, investment method, funds remitted in and out, shareholding, investment gain or loss, book value of investments at the end of the period, investment gain remitted back already, and limit of investments in Mainland China (Schedule 4)
2. Material transactions with investee companies in Mainland China directly or through a third region, and prices, payment terms and unrealized gains or losses with respect to the transactions, and other information helpful to understand the impact of investments in Mainland China on the financial statements: No material transaction.

XXXVIII. Information of Segments

The information given by the Company to its main decision makers for allocation of resources and evaluation of departmental performance focuses on types of the products delivered or services provided each time. The measurement base of the information concerning financial statements is the same as that of the consolidated financial statements. IST is a single operating segment. The measurement base of the losses, profits, assets and liabilities of the operating segment is the same as the preparation basis of the consolidated financial statements. As the result, for the reportable segment revenue and operating result for 2026 Q1 and 2025 Q1, please refer to the Consolidated Statement of Comprehensive Income for 2026 Q1 and 2025 Q1. For the reportable segment assets and liabilities as of Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025, please refer to the Consolidated Balance Sheet of Mar. 31, 2026, Dec. 31, 2025 and Mar. 31, 2025.

Integrated Service Technology Inc. and Subsidiaries

Marketable Securities Held at the End of the Period

Mar. 31, 2026

Schedule 1

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

Holding company	Type and name of marketable securities	Relation with the issuer of marketable securities	Items in the books	End of the period				Remarks
				Number of shares	Book amount	Ratio of shareholding	Fair value	
IST	Funds							
	TIEF FUND,L.P.	—	Non-current financial assets at fair value through profit or loss	-	$ 23,862	4.35%	$ 23,862	Note
Samoa IST	Stocks							
	Hunet Plus Co., Ltd.	—	Non-current financial assets measured at fair value through other comprehensive income	108,272	33,184	2.45%	33,184	Note

Note: It was calculated at fair value on Mar. 31, 2026.

Integrated Service Technology Inc. and Subsidiaries
Business Relations and Important Transactions between Parent Company and Each Subsidiary, and Transaction Amounts
For the quarter ended Mar. 31, 2026

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	$ 6,179	—	1%
				Accounts receivable due from related parties	4,913	—	-
				Payable on machinery and equipment	7,603	—	-
		IST KS Company	1	Net operating revenue	7,289	—	1%
				Receivables due from related parties	2,229	—	-
				Other receivables due from related parties	1,893	—	-
		Samoa IST	1	Other payables to related parties	344	—	-
		PPT Company	1	Net operating revenue	481	—	-
				Manufacturing expenses	306	—	-
				Administrative Expenses	650	—	-
				Rent income	7,815	—	1%
				Other incomes	1,157	—	-
				Interest expense	48	—	-

Note1: 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 (Excluding Investee Companies in Mainland China), their Locations, etc.
For the quarter ended Mar. 31, 2026

Schedule 3

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

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the period			Profit (loss) of the investee company for the period	Investment gain (loss) recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio（%）	Book amount			
IST	Samoa IST	Samoa	Investment	USD 10,500	USD 10,500	5,416,770	100	$ 243,829	($ 11,841)	($ 11,841)	A subsidiary (Note 1)
	Dekra Company	Hsinchu City	Product testing and relevant business	$ 192,624	$ 192,624	19,262,390	49	780,015	32,583	15,965	An associate (Note 2)
	Pin Wen Company	Hsinchu City	Investment	237,000	237,000	9,841,258	100	65,324	12,923	12,923	A subsidiary (Note 2)
	Supreme Corp.	Belize	Investment	USD 125	USD 125	125,000	100	3,147	(83)	(83)	A subsidiary (Note 2)
	PPT Company	Hsinchu City	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	$ 522,865	$ 776,543	14,427,971	33	159,656	(28,091)	(19,753)	An associate (Note 2)
	Malaysia IST	Malaysia	Sale of Electronic Components	MYR 800	MYR 800	800,355	100	4,826	(258)	(258)	A subsidiary (Note 2)
	ATC Company	Taipei City	Product Test and Certification Services	$ 91,500	-	1,500,000	8	91,787	(1,849)	287	An associate (Note 2, 3)
Samoa IST	Seychelles IST	Seychelles	Investment	USD 7,159	USD 7,159	7,158,575	100	USD 5,506	(USD 364)	(USD 364)	A sub-subsidiary (Note 2)
	Integrated USA	USA	R&D and manufacturing of integrated circuits, analysis and burn-in, testing, semiconductor spare parts and relevant equipment, electronic spare parts, etc.	USD 3,130	USD 3,130	3,130,000	100	USD 399	(USD 14)	(USD 14)	A sub-subsidiary (Note 2)
Supreme Corp.	Hot Light Co., Ltd.	Seychelles	Investment	USD 125	USD 125	125,000	100	USD 98	(USD 3)	(USD 3)	A sub-subsidiary (Note 2)
Pin Wen Company	PPT Company	Hsinchu City	Manufacturing and sale of various types of integrated circuits (chips), thinning and metal deposition, and testing services for various types of integrated circuits and wafers	$ 235,538	$ 235,538	1,859,203	4	$ 20,573	($ 28,091)	($ 1,634)	An associate (Note 2)
	EFUN Company	Hsinchu City	Information software service	3,700	3,700	370,000	26	595	(98)	(26)	An associate (Note 2)
	Huan Ying Company	Hsinchu City	Information software management service and relevant business	5,100	5,100	510,000	22	2,421	(7,123)	(1,533)	An associate (Note 2)
	MS Company	Hsinchu County	IC design	39,974	39,974	2,954,600	14	22,335	(10,321)	(1,480)	An associate (Note 2)
Hot Light Co., Ltd.	He Chou Company	Hsinchu City	Circuit design service	USD 125	USD 125	400,000	100	USD 37	(USD 2)	(USD 2)	A sub-subsidiary (Note 2)

Note 1: It was calculated based on the financial statements of the same accounting period reviewed by CPAs.
Note 2: It was calculated based on the financial statements of the same accounting period that were not reviewed by CPAs.

Note 3: The Company increased its investment in ATC Company by NTD 91,500 thousand in February 2026.

Integrated Service Technology Inc. and Subsidiaries

Information of Investments in Mainland China

For the quarter ended Mar. 31, 2026

Schedule 4

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

Name of investee company in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan as of the beginning of the period	Investment amount remitted or recovered in the period		Accumulated investment amount remitted from Taiwan as of the end of the period	Investee company's profit (loss) of the period	Ratio of shares held by the Company through direct or indirect investment	Investment gain (loss) recognized for the period	Ending book value of investment	Investment gain remitted back to Taiwan as of the end of the period	Remarks
					Remitted	Recovered							
IST KS Company	Product testing and relevant business	$ 118,382 (USD 3,700)	Note 1	$ 290,291 (USD 9,073) (Note 4)	$ -	$ -	$ 290,291 (USD 9,073) (Note 4)	($ 7,939) (USD (251))	100%	($ 7,939) (USD (251))	$ 163,334 (USD 5,105)	$ -	Note 2
SIP KS Company	Circuit design service	51,832 (USD 1,620)	Note 1	- (Note 5)	-	-	- (Note 5)	(348) (USD (11))	100%	(348) (USD (11))	15,390 (USD 481)	-	Note 2
IST-trade KS Company	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	11,560 (CNY 2,500)	Note 1	- (Note 5)	-	-	- (Note 5)	(55) (CNY (12))	100%	(55) (CNY (12))	12,323 (CNY 2,665)	-	Note 2
Xinchuang IST Shanghai	Service of inspection and testing	13,872 (CNY 3,000)	Note 1	- (Note 5)	-	-	- (Note 5)	(733) (CNY (161))	100%	(733) (CNY (161))	5,914 (CNY 1,279)	-	Note 2

Accumulated investment amount remitted from Taiwan to Mainland China as of the end of the period	Investment amount approved by Investment Commission, Ministry of Economic Affairs	Limit of investment provided by Investment Commission, Ministry of Economic Affairs
$ 290,291 (USD9,073)	$ 372,934 (USD11,656)	$2,874,787

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

Note 2: It was calculated based on the financial statements of the same accounting period that were not reviewed by CPAs.

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

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

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