

Integrated Service Technology
Inc. and Subsidiaries

Consolidated Financial
Statements for the Six Months
Ended June 30, 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 of June 30, 2026 and June 30, 2025, the consolidated statement of comprehensive income for the six months ended June 30, 2026 and June 30, 2025 as well as the six months ended June 30, 2026 and June 30, 2025, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2026 and 2025, 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 Jun. 30, 2026 and Jun. 30, 2025 were NTD 299,135 thousand and NTD 291,015 thousand respectively, which accounted for 3% of the total consolidated liabilities. Their liabilities in total were NTD 78,266 thousand and NTD 77,740 thousand respectively, which accounted for 2% of the total consolidated liabilities. Their comprehensive income in total for 2026 Q2, 2025 Q2, 2026 H1 and 2025 H1 was NTD (10,567) thousand, NTD (1,728) thousand, (5,268) thousand and NTD (8,713) thousand respectively, which accounted for (11)%, (4)%, (2)% and (5)% 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 Jun. 30, 2026 and Jun. 30, 2025 was NTD 1,081,881 thousand and NTD 739,158 thousand respectively. The share of the comprehensive income of associates accounted for using the equity method recognized for 2026 Q2, 2025 Q2, 2026 H1 and 2025 H1 was NTD 3,356 thousand, NTD 23,067 thousand, NTD 23,231 thousand and NTD 25,672 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 38 "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 38 to the consolidated financial statements had been reviewed by CPAs, we have not found, based on our reviews, such non-compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers or the

Statement No. 34 “Interim Financial Reporting” of the International Accounting Standards endorsed and issued into effect by the Financial Supervisory Commission that resulted in the consolidated financial statements not presenting fairly the consolidated financial conditions of Integrated Service Technology Inc. and its subsidiaries as of Jun. 30, 2026 and Jun. 30, 2025, the consolidated financial performance for 2026 Q2 and 2025 Q2, and the consolidated financial performance and consolidated cash flows for 2026 H1 and 2025 H1.

Deloitte & Touche

Wen Chih-Yuan, CPA

Chang Ya-Yun, CPA

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

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

Aug. 6, 2026

Integrated Service Technology Inc. and Subsidiaries
Consolidated Balance Sheet
Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 2025

Unit: In Thousands of New Taiwan Dollars

Assets	Jun. 30, 2026		Dec. 31, 2025		Jun. 30, 2025		Liabilities and Equity	Jun. 30, 2026		Dec. 31, 2025		Jun. 30, 2025	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets							Current liabilities						
Cash and cash equivalents (Note 6)	\$ 657,858	8	\$ 739,154	8	\$ 778,044	9	Current borrowings (Notes 19 and 34)	\$ 34,631	1	\$ 646,679	7	\$ 671,153	8
Financial assets measured at amortized cost - current (Note 9)	15,000	-	15,000	-	15,000	-	Current financial liabilities at fair value through profit or loss (Note 7)	-	-	110	-	96	-
Current contract assets (Note 24)	-	-	6,344	-	1,730	-	Current contract liabilities (Note 24)	286,509	3	208,352	2	129,828	1
Notes and accounts receivable, net (Notes 10 and 24)	2,213,705	26	2,126,282	24	1,772,731	21	Notes and accounts payable	278,361	3	312,129	4	281,634	3
Finance lease receivables (Notes 11 and 33)	13,315	-	15,365	-	15,138	-	Accounts payable to related parties (Note 33)	6,544	-	4,966	-	7,978	-
Accounts receivable due from related parties (Notes 24 and 33)	13,001	-	19,708	-	19,493	-	Payable on machinery and equipment (Note 33)	116,041	1	204,264	2	320,590	4
Other receivables	17,997	-	31,722	1	47,519	1	Dividends payable (Note 23)	242,752	3	192,925	2	163,755	2
Other receivables due from related parties (Note 33)	57,982	1	26,415	-	22,251	-	Current tax liabilities (Notes 4 and 26)	17,097	-	65,749	1	48,190	-
Current tax assets (Notes 4 and 26)	-	-	96	-	114	-	Current lease liabilities (Note 16)	80,697	1	78,998	1	77,493	1
Prepayments and other current assets (Note 18)	82,979	1	107,707	1	146,801	2	Current portion of long-term borrowings (Notes 20 and 34)	230,845	3	155,788	2	80,426	1
Other financial assets (Note 34)	-	-	13,129	-	13,087	-	Other current liabilities, others (Notes 21)	749,104	9	713,708	8	658,600	8
Total current assets	<u>3,071,837</u>	<u>36</u>	<u>3,100,922</u>	<u>34</u>	<u>2,831,908</u>	<u>33</u>	Total current liabilities	<u>2,042,581</u>	<u>24</u>	<u>2,583,668</u>	<u>29</u>	<u>2,439,743</u>	<u>28</u>
Non-current assets							Non-current liabilities						
Non-current financial assets at fair value through profit or loss (Note 7)	26,482	-	23,440	-	20,548	-	Non-current portion of long-term borrowings (Notes 20 and 34)	1,578,628	18	1,480,288	17	2,445,036	29
Non-current financial assets measured at fair value through other comprehensive income (Note 8)	33,033	-	165,883	2	120,348	2	Deferred tax liabilities (Notes 4 and 26)	4,601	-	4,540	-	4,800	-
Investments accounted for using equity method (Note 14)	1,081,881	13	785,858	9	739,158	9	Non-current lease liabilities (Note 16)	241,036	3	221,271	2	248,882	3
Property, plant and equipment (Notes 15 and 34)	3,990,122	46	4,498,427	50	4,477,312	52	Deferred government subsidy income (Note 29)	10,476	-	6,904	-	5,000	-
Right-of-use assets (Note 16)	281,976	3	258,906	3	278,025	3	Guarantee deposits received (Note 33)	14,761	-	3,534	-	2,005	-
Other intangible assets (Note 17)	35,641	1	41,205	1	21,895	-	Total non-current liabilities	<u>1,849,502</u>	<u>21</u>	<u>1,716,537</u>	<u>19</u>	<u>2,705,723</u>	<u>32</u>
Deferred tax assets (Notes 4 and 26)	1,017	-	1,431	-	329	-	Total liabilities	<u>3,892,083</u>	<u>45</u>	<u>4,300,205</u>	<u>48</u>	<u>5,145,466</u>	<u>60</u>
Prepayments for machinery and equipment	63,147	1	40,646	1	34,669	1	Equity attributed to owners of parent (Notes 23 and 28)						
Guarantee deposits paid (Note 33)	21,150	-	33,495	-	24,784	-	Ordinary share	867,464	10	864,474	10	744,382	9
Long-term finance leases receivable (Notes 11 and 33)	9,079	-	14,213	-	22,394	-	Capital collected in advance	-	-	1,319	-	10,149	-
Net non-current defined benefit asset (Notes 4 and 22)	<u>23,697</u>	<u>-</u>	<u>23,608</u>	<u>-</u>	<u>25,447</u>	<u>-</u>	Capital reserve	3,256,801	38	3,244,678	36	2,137,428	25
Total non-current assets	<u>5,567,225</u>	<u>64</u>	<u>5,887,112</u>	<u>66</u>	<u>5,764,909</u>	<u>67</u>	Retained earnings						
							Legal reserve	299,727	3	280,096	3	262,241	3
							Special reserve	55,281	1	109,833	1	126,816	2
							Unappropriated retained earnings	318,833	4	266,944	3	363,435	4
							Other equity, others	(51,127)	(1)	(99,199)	(1)	(180,568)	(2)
							Treasury Shares	-	-	-	-	(37,874)	(1)
							Total equity attributable to owners of parent	4,746,979	55	4,668,145	52	3,426,009	40
							Non-controlling interests (Notes 23)	-	-	19,684	-	25,342	-
							Total equity	<u>4,746,979</u>	<u>55</u>	<u>4,687,829</u>	<u>52</u>	<u>3,451,351</u>	<u>40</u>
Total assets	<u>\$ 8,639,062</u>	<u>100</u>	<u>\$ 8,988,034</u>	<u>100</u>	<u>\$ 8,596,817</u>	<u>100</u>	Total liabilities and equity	<u>\$ 8,639,062</u>	<u>100</u>	<u>\$ 8,988,034</u>	<u>100</u>	<u>\$ 8,596,817</u>	<u>100</u>

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on Aug. 6, 2026.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
for 2026 Q2, 2025 Q2, 2026 H1 and 2025 H1

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

	2026 Q2		2025 Q2		2026 H1		2025 H1	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Notes 24 and 33)	\$ 1,183,521	100	\$ 1,204,039	100	\$ 2,266,979	100	\$ 2,335,525	100
Operating costs (Notes 25 and 33)	<u>874,279</u>	<u>74</u>	<u>878,221</u>	<u>73</u>	<u>1,770,599</u>	<u>78</u>	<u>1,656,885</u>	<u>71</u>
Gross profit from operations	<u>309,242</u>	<u>26</u>	<u>325,818</u>	<u>27</u>	<u>496,380</u>	<u>22</u>	<u>678,640</u>	<u>29</u>
Operating expenses (Notes 25 and 33)								
Selling expenses	40,294	3	42,290	3	84,351	4	82,620	3
Administrative expenses	121,319	10	140,825	12	265,409	12	276,904	12
Research and development expenses	70,857	6	54,745	5	144,468	6	109,679	5
Expected credit impairment (reversal) loss (Note 10)	<u>5,576</u>	<u>1</u>	<u>(354)</u>	<u>-</u>	<u>5,074</u>	<u>-</u>	<u>(917)</u>	<u>-</u>
Total operating expenses	<u>238,046</u>	<u>20</u>	<u>237,506</u>	<u>20</u>	<u>499,302</u>	<u>22</u>	<u>468,286</u>	<u>20</u>
Net operating income (loss)	<u>71,196</u>	<u>6</u>	<u>88,312</u>	<u>7</u>	<u>(2,922)</u>	<u>-</u>	<u>210,354</u>	<u>9</u>
Non-operating income and expenses								
Interest income (Note 25 and 33)	1,665	-	2,166	-	2,400	-	3,125	-
Other income, others (Notes 25 and 33)	21,191	2	8,002	1	32,392	1	16,047	1
Other gains and losses, net (Note 25)	(17,137)	(1)	23,139	2	222,422	10	33,537	1
Finance costs, net (Notes 25 and 33)	(8,414)	(1)	(14,479)	(1)	(19,122)	(1)	(27,943)	(1)
Share of profit of associates for using equity method, net (Note 14)	<u>716</u>	<u>-</u>	<u>13,050</u>	<u>1</u>	<u>14,024</u>	<u>1</u>	<u>12,252</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,979)</u>	<u>-</u>	<u>31,878</u>	<u>3</u>	<u>252,116</u>	<u>11</u>	<u>37,018</u>	<u>1</u>
Profit from continuing operations before tax	69,217	6	120,190	10	249,194	11	247,372	10
Income tax (benefit) expense (Notes 4 and 26)								
Tax expense (Notes 4 and 26)	<u>(20,183)</u>	<u>(2)</u>	<u>20,014</u>	<u>1</u>	<u>(10,440)</u>	<u>-</u>	<u>30,346</u>	<u>1</u>
Profit	<u>89,400</u>	<u>8</u>	<u>100,176</u>	<u>9</u>	<u>259,634</u>	<u>11</u>	<u>217,026</u>	<u>9</u>
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)	-	-	(12,805)	(1)	23,040	1	(14,778)	-
Components of other comprehensive income that will be reclassified to profit or loss:								

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	2026 Q2		2025 Q2		2026 H1		2025 H1	
	Amount	%	Amount	%	Amount	%	Amount	%
Exchange differences on translation of financial statements of overseas operations (Note 23)	1,514	-	(28,358)	(2)	8,871	-	(24,894)	(1)
Share of other comprehensive income of associates accounted for using equity method (Note 23)	<u>2,640</u>	<u>-</u>	(<u>16,823</u>)	(<u>2</u>)	<u>9,207</u>	<u>1</u>	(<u>13,420</u>)	(<u>1</u>)
Total other comprehensive income (net, after tax)	<u>4,154</u>	<u>-</u>	(<u>57,986</u>)	(<u>5</u>)	<u>41,118</u>	<u>2</u>	(<u>53,092</u>)	(<u>2</u>)
Total comprehensive income	<u>\$ 93,554</u>	<u>8</u>	<u>\$ 42,190</u>	<u>4</u>	<u>\$ 300,752</u>	<u>13</u>	<u>\$ 163,934</u>	<u>7</u>
Profit attributable to:								
Owners of parent	\$ 89,400	8	\$ 111,471	9	\$ 266,675	12	\$ 237,902	10
Non-controlling interests	<u>-</u>	<u>-</u>	(<u>11,295</u>)	(<u>1</u>)	(<u>7,041</u>)	(<u>1</u>)	(<u>20,876</u>)	(<u>1</u>)
	<u>\$ 89,400</u>	<u>8</u>	<u>\$ 100,176</u>	<u>8</u>	<u>\$ 259,634</u>	<u>11</u>	<u>\$ 217,026</u>	<u>9</u>
Comprehensive income attributable to:								
Owners of parent	\$ 93,554	8	\$ 53,485	5	\$ 307,793	13	\$ 184,810	8
Non-controlling interests	<u>-</u>	<u>-</u>	(<u>11,295</u>)	(<u>1</u>)	(<u>7,041</u>)	<u>-</u>	(<u>20,876</u>)	(<u>1</u>)
	<u>\$ 93,554</u>	<u>8</u>	<u>\$ 42,190</u>	<u>4</u>	<u>\$ 300,752</u>	<u>13</u>	<u>\$ 163,934</u>	<u>7</u>
Earnings per share (Note 27)								
Total basic earnings per share	<u>\$ 1.03</u>		<u>\$ 1.50</u>		<u>\$ 3.08</u>		<u>\$ 3.20</u>	
Total diluted earnings per share	<u>\$ 1.03</u>		<u>\$ 1.49</u>		<u>\$ 3.07</u>		<u>\$ 3.18</u>	

The accompanying notes constitute part of the consolidated financial statements.

(Please see the review report made by Deloitte & Touche on Aug. 6, 2026.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For 2026 H1 and 2025 H1

Unit: In Thousands of New Taiwan Dollars

	Equity attributed to owners of parent												
								Other equity		Treasury shares	Total owners' equity	Non-controlling interests	Total equity
								Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Exchange differences on translation of financial statements of overseas operations				
	Ordinary share		Capital collected in advance	Capital reserve	Retained earnings								
	Number of shares (in thousands of shares)	Amount			Legal reserve	Special reserve	Unappropriated retained earnings						
Balance at Jan. 1, 2025	74,367	\$ 743,667	\$ 2,721	\$ 2,132,798	\$ 240,027	\$ 102,819	\$ 340,087	(\$ 67,116)	(\$ 64,948)	\$ -	\$ 3,430,055	\$ 46,220	\$ 3,476,275
Appropriation and distribution of earnings													
Legal reserve allocated	-	-	-	-	22,214	-	(22,214)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	23,997	(23,997)	-	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(163,755)	-	-	-	(163,755)	-	(163,755)
Changes in associated accounted for using the equity method	-	-	-	1,130	-	-	-	-	-	-	1,130	-	1,130
Profit (loss) for 2025 H1	-	-	-	-	-	-	237,902	-	-	-	237,902	(20,876)	217,026
Other comprehensive income after tax for 2025 H1	-	-	-	-	-	-	-	(14,778)	(38,314)	-	(53,092)	-	(53,092)
Total comprehensive income for 2025 H1	-	-	-	-	-	-	237,902	(14,778)	(38,314)	-	184,810	(20,876)	163,934
Buyback of treasury shares	-	-	-	-	-	-	-	-	-	(37,874)	(37,874)	-	(37,874)
Changes in ownership interests in subsidiaries	-	-	-	2	-	-	-	-	-	-	2	(2)	-
Share-based payments	-	-	-	595	-	-	-	-	-	-	595	-	595
Ordinary shares issued under the Employee stock option plan	71	715	7,428	2,903	-	-	-	-	-	-	11,046	-	11,046
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	-	-	(4,588)	4,588	-	-	-	-	-
Balance at Jun. 30, 2025	74,438	\$ 744,382	\$ 10,149	\$ 2,137,428	\$ 262,241	\$ 126,816	\$ 363,435	(\$ 77,306)	(\$ 103,262)	(\$ 37,874)	\$ 3,426,009	\$ 25,342	\$ 3,451,351
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	-	-	-	-	19,631	-	(19,631)	-	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	(54,552)	54,552	-	-	-	-	-	-
Cash dividends to shareholders of the company	-	-	-	-	-	-	(242,753)	-	-	-	(242,753)	-	(242,753)
Changes in associated accounted for using the equity method	-	-	-	1,157	-	-	-	-	-	-	1,157	-	1,157
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(12,643)	(12,643)
Profit (loss) for 2026 H1	-	-	-	-	-	-	266,675	-	-	-	266,675	(7,041)	259,634
Other comprehensive income after tax for 2026 H1	-	-	-	-	-	-	-	23,040	18,078	-	41,118	-	41,118
Total comprehensive income for 2026 H1	-	-	-	-	-	-	266,675	23,040	18,078	-	307,793	(7,041)	300,752
Ordinary shares issued under the Employee stock option plan	300	2,990	(1,319)	10,966	-	-	-	-	-	-	12,637	-	12,637
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	-	-	(6,954)	6,954	-	-	-	-	-
Balance at Jun. 30, 2026	86,747	\$ 867,464	\$ -	\$ 3,256,801	\$ 299,727	\$ 55,281	\$ 318,833	\$ -	(\$ 51,127)	\$ -	\$ 4,746,979	\$ -	\$ 4,746,979

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on Aug. 6, 2026.)

Integrated Service Technology Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For 2026 H1 and 2025 H1

Unit: In Thousands of New Taiwan Dollars

	2026 H1	2025 H1
Cash flows from operating activities		
Profit before tax	\$ 249,194	\$ 247,372
Adjustments to reconcile profit (loss)		
Depreciation expense	465,234	411,188
Amortization expense	11,296	6,648
Expected credit impairment loss		
(Reversal)	5,074	(917)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(3,152)	3,203
Financial cost	19,122	27,943
Interest income	(2,400)	(3,125)
Share-based payments	-	595
Share of loss (profit) of associates for using equity method, net	(14,024)	(12,252)
Net gain on disposals of property, plant and equipment	-	(31,656)
Gains on disposals of non-current assets held for sale	-	(7,755)
Unrealized foreign exchange loss (gain)	(4,786)	3,068
Gains on disposal of a subsidiary	(232,084)	-
Net changes in operating assets and liabilities		
Contract assets	4,880	124
Notes and accounts receivable	(156,583)	(307,528)
Accounts receivable due from related parties	6,553	1,085
Other receivables	13,725	(47,075)
Other receivables due from related parties	(32,499)	1,592
Prepayments and other current assets	(7,442)	(9,108)
Defined benefit assets, net	(89)	(208)
Contract liabilities	78,157	(10,573)
Notes and accounts payable	(9,771)	(40,269)
Accounts payable to related parties	2,607	(7,230)
Other current liabilities	156,273	2,237
Deferred income from governmental subsidy	3,572	-
Cash generated from operations	552,857	227,359
Interest paid	(24,819)	(34,579)
Income tax paid	(37,697)	(8,914)
Net cash generated from operating activities	490,341	183,866

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	2026 H1	2025 H1
Cash flows from investing activities		
Sale of financial assets measured at fair value through other comprehensive income	\$ 156,325	\$ 7,229
Acquisition of investments using equity method	(91,500)	-
Net 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	(258,637)	(710,438)
Proceeds from disposal of property, plant and equipment	-	60,291
(Increase) decrease in refundable deposits	(13,422)	2,340
Acquisition of other intangible assets	(7,558)	(14,934)
Decrease in long-term lease and installment receivables	6,624	68,547
Acquisition of other financial assets	(1,300)	(1,039)
Interest received	<u>2,400</u>	<u>3,125</u>
Net cash used in investing activities	(<u>198,845</u>)	(<u>576,631</u>)
Cash flows from financing activities		
Purchase of treasury shares	-	(37,874)
Decrease in short-term loans	(336,283)	(37,840)
Proceeds from long-term debts	600,000	1,215,598
Repayments of long-term debts	(381,215)	(612,757)
Increase in guarantee deposits received	11,227	-
Payments of lease liabilities	(91,945)	(102,475)
Cash dividends paid	(192,926)	(171,023)
Exercise of employee stock options	<u>12,637</u>	<u>11,046</u>
Net cash generated from (used in) financing activities	(<u>378,505</u>)	<u>264,675</u>
Effect of exchange rate changes on cash and cash equivalents	<u>5,713</u>	(<u>18,392</u>)
Net decrease in cash and cash equivalents	(81,296)	(146,482)
Cash and cash equivalents at beginning of period	<u>739,154</u>	<u>924,526</u>
Cash and cash equivalents at end of period	<u>\$ 657,858</u>	<u>\$ 778,044</u>

The accompanying notes constitute part of the consolidated financial statements.
(Please see the review report made by Deloitte & Touche on Aug. 6, 2026.)

Integrated Service Technology Inc. and Subsidiaries

Notes to Consolidated Financial Statements

For 2026 H1 and 2025 H1

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

I. Corporate History

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

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

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

II. Date and Procedure of Adoption of Financial Statements

The consolidated financial statements were approved by the board of directors on Aug. 6, 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 recognized and issued by the FSC will not cause significant changes to the accounting policies of IST and its subsidiaries (hereinafter collectively referred to as "the Company").

(II) IFRSs Recognized by FSC to be Applied in 2027

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB
IFRS 18 Presentation and Disclosure in Financial Statements	Jan. 1, 2027 (Note 1)
IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments made in 2025)	Jan. 1, 2027
Amendments to IAS 21 - Translation to a Hyperinflationary Presentation Currency	Jan. 1, 2027
Amendments to IAS 28 - Amendment to the Fair Value Option for Investments in Associates and Joint Ventures	Jan. 1, 2027 (Note 2)

Note 1 : Domestic enterprises should apply IFRS 18 as of January 1, 2028, or they may choose to apply it earlier.

Note 2 : Where IFRS 18 is applicable, the following amendments shall apply simultaneously.

IFRS 18 Presentation and Disclosure in Financial Statements and relevant consequential amendments as well as Amendments to IAS 28 - Amendment to the Fair Value Option for Investments in Associates and Joint Ventures

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 businesses such as investments in specific assets and financing to customers, and accordingly classify relevant income and expense items in the income statement into the titles including operating, investment, financing, income tax and entity with business suspension.
- 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.

It is estimated the Company will not apply IFRS 18 and consequential amendments in advance.

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

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

Standards Published / Amended / Revised and Interpretations	Effectiveness Date Announced by IASB (Note)
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 20 「Regulatory Assets and Regulatory Liabilities	Jan. 1, 2029

Note: 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.

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 measured 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 the Company. 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 the Company and non-controlling interests, notwithstanding any loss of non-controlling interests.

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

fair value of the paid or received consideration was recognized as equity directly and attributed to owners of the Company.

If the Company loses 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 remaining investment in the former subsidiary is recognized as the amount of the investment in the associated enterprise at fair value as of the date of loss of control.

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

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

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Cash on hand and revolving funds	\$ 162	\$ 211	\$ 218
Bank checks and current deposits of bank	561,868	625,053	667,534
Cash equivalents			
Time deposits	<u>95,828</u>	<u>113,890</u>	<u>110,292</u>
	<u>\$ 657,858</u>	<u>\$ 739,154</u>	<u>\$ 778,044</u>

VII. Financial Instruments at Fair Value through Profit and Loss

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Financial assets —</u>			
<u>Non-current</u>			
At fair value through profit or loss compulsorily —			
Not listed (non-OTC)			
Beneficiary certificates of funds	<u>\$ 26,482</u>	<u>\$ 23,440</u>	<u>\$ 20,548</u>
<u>Financial liabilities —</u>			
<u>Current</u>			
Held for trading			
Derivatives (not designed for hedging)			
— Forward exchange agreement	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 96</u>

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

	Currency	Maturity Period	Contract Price (in thousands of NT dollars)
<u>Dec. 31, 2025</u>			
Forward foreign exchange purchase	TWD to JPY	January 2026	TWD 11,854/ JPY 58,350
<u>Jun. 30, 2025</u>			
Forward foreign exchange purchase	TWD to JPY	July 2025	TWD 2,808/ JPY 13,440

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

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Non-current</u>			
Domestic investment			
Listed (OTC) shares			
Ordinary shares of BTL Inc.	\$ -	\$ 133,285	\$ 120,348
Investment Abroad			
Unlisted (non-OTC) equity investment			
Hunet Plus Co., Ltd.	<u>33,033</u>	<u>32,598</u>	<u>-</u>
	<u>\$ 33,033</u>	<u>\$ 165,883</u>	<u>\$ 120,348</u>

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

IST sold a portion of ordinary shares of BTL Inc. at fair value in April 2025. The amount obtained from the sale was NTD 168 thousand. Relevant other

equity – Unrealized Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income (NTD 131 thousand) was transferred into retained earnings.

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

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

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

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

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

IST sold a portion of ordinary shares of BTL Inc. at fair value in November 2025. The amount obtained from the sale was NTD 2,483 thousand. Relevant other equity – Unrealized Gains (Losses) from Financial Assets Measured at

Fair Value through Other Comprehensive Income (NTD 656 thousand) was transferred into retained earnings.

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

IST 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 for 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

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Current</u>			
Domestic investment			
Time deposits with			
original maturities			
beyond three			
months	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

As of June 30, 2026 and December 31 and June 30, 2025, the annual interest rate for the time deposits with original maturities beyond three months was 0.875%.

X. Notes and Accounts Receivable –Net

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Notes and Accounts</u>			
<u>Receivable</u>			
Measured at amortized cost			
Notes receivable	\$ 3,423	\$ 4,413	\$ 1,198
Accounts receivable	2,233,321	2,140,291	1,786,987
Less: Loss allowance	(<u>23,039</u>)	(<u>18,422</u>)	(<u>15,454</u>)
	<u>\$ 2,213,705</u>	<u>\$ 2,126,282</u>	<u>\$ 1,772,731</u>

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

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

If evidence shows that the counterparty encounters serious financial difficulties and the Company is unable to reasonably expect a recoverable amount, then the Company will write off relevant accounts receivable directly;

however, claiming activities will still continue. Amounts claimed and recovered are recognized in profit.

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

Jun. 30, 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%~0.25%	0%~1.93%	0%~13.76%	0%~64.89%	100%	
Total book amount	\$ 1,844,088	\$ 334,489	\$ 45,796	\$ 9,598	\$ 2,773	\$ 2,236,744
Loss allowance (Expected credit loss for the duration)	(4,624)	(6,325)	(5,540)	(3,777)	(2,773)	(23,039)
Amortized cost	<u>\$ 1,839,464</u>	<u>\$ 328,164</u>	<u>\$ 40,256</u>	<u>\$ 5,821</u>	<u>\$ -</u>	<u>\$ 2,213,705</u>

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	<u>\$ 1,942,140</u>	<u>\$ 133,859</u>	<u>\$ 41,586</u>	<u>\$ 8,697</u>	<u>\$ -</u>	<u>\$ 2,126,282</u>

Jun. 30, 2025

	Not overdue	Overdue for 1~90 days	Overdue for 91~180 days	Overdue for 180~365 days	Overdue for over 365 days	Total
Expected credit loss rate	0%~0.23%	0%~1.29%	0%~6.47%	0%~23.84%	100%	
Total book amount	\$ 1,567,077	\$ 168,857	\$ 43,943	\$ 2,110	\$ 6,268	\$ 1,788,185
Loss allowance (Expected credit loss for the duration)	(3,658)	(2,183)	(2,842)	(503)	(6,268)	(15,454)
Amortized cost	<u>\$ 1,563,349</u>	<u>\$ 166,674</u>	<u>\$ 41,101</u>	<u>\$ 1,607</u>	<u>\$ -</u>	<u>\$ 1,772,731</u>

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

	2026 H1	2025 H1
Beginning balance	\$ 18,422	\$ 16,535
Plus: Impairment loss recognized for the period	5,074	-
Less: Impairment loss reversed for the period	-	(917)
Amount written off for the period	(487)	(150)
Foreign exchange differences	30	(14)
Ending balance	<u>\$ 23,039</u>	<u>\$ 15,454</u>

XI. Finance Leases Receivable

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Lease payments not discounted			
1 st year	\$ 13,590	\$ 15,785	\$ 15,705
2 nd year	6,438	8,918	13,590
3 rd year	2,757	5,515	6,438
4 th year	<u>-</u>	<u>-</u>	<u>2,757</u>
	22,785	30,218	38,490
Less: Finance incomes not earned yet	(<u>391</u>)	(<u>640</u>)	(<u>958</u>)
Lease payments receivable	<u>22,394</u>	<u>29,578</u>	<u>37,532</u>
Net investment in the lease (expressed as finance leases receivable)	<u>\$ 22,394</u>	<u>\$ 29,578</u>	<u>\$ 37,532</u>

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			Explanation
			Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025	
IST	Samoa Integrated Service Technology (Samoa IST)	Investment	100%	100%	100%	—
	Pin Wen Co., Ltd. (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
Samoa IST	Malaysia Integrated Service Technology (Malaysia IST)	Sale of electronic components	100%	100%	-	Notes 2
	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	Electronic product testing and relevant business	100%	100%	100%	—
	System Integration Professional Technology (SIP KS Company)	Product testing and relevant business	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% aggregately.

Note 2 : In February 2025, Malaysia IST completed the establishment registration in Malaysia. IST contributed a capital of 800 thousand Malaysian Ringgits (MYR) 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 H1 and 2025 H1 except Samoa IST and PPT Company (for 2026 Q1 and 2025 H1 only). Their financial statements have not been reviewed by CPAs.

XIV. Investments Accounted for Using the Equity Method

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Material associates			
Dekra IST (Dekra Company)	\$ 794,323	\$ 757,483	\$ 717,259
Motor Semiconductor Co., Ltd. (MS Company)	20,756	23,801	18,250
PPT Company	170,745	-	-
ANTEK CERTIFICATION INC.(ATC Company)	92,435	-	-
Individual immaterial associates			
Huan Ying Sustainable Development Technology (Huan Ying Company)	2,971	3,954	2,957
EFUN Technology Inc. (EFUN Company)	651	620	692
	<u>\$ 1,081,881</u>	<u>\$ 785,858</u>	<u>\$ 739,158</u>

Material Associates are listed as follows:

	Percentage of ownership and voting rights held by the Company		
<u>Company Name</u>	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Dekra Company	49%	49%	49%
MS Company	14%	14%	21%
PPT Company	37%	75%	-
ATC Company	8%	-	-

The Company acquired 1,500 thousand ordinary shares of Antek Certification Inc. for NTD 91,500 thousand in cash with shareholding ratio of 8% in March 2026. 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 3 "Information of Investee Companies, their Locations, etc."

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

XV. Property, Plant and Equipment

	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Self-used	\$ 3,483,447	\$ 4,478,762	\$ 4,454,928
Rented out under operating lease	<u>506,675</u>	<u>19,665</u>	<u>22,384</u>
	<u>\$ 3,990,122</u>	<u>\$ 4,498,427</u>	<u>\$ 4,477,312</u>

(I) Self-used

	Land	Building and structure	Mechanical equipment	Transportation equipment	Office equipment	Leased improvements	Other equipment	Equipment under installation and construction in progress	Total
<u>Cost</u>									
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	-	3,840	32,200	-	163	-	18,531	103,418	158,152
Disposals	-	(869)	(136,506)	-	-	(29,300)	(12,247)	-	(178,922)
Transferred to assets leased under operating leases	-	(804,179)	(48,000)	-	-	-	(58,657)	-	(910,836)
Reclassification	-	(3,610)	(8,045)	-	(3,273)	21,782	50,954	(209,427)	(151,619)
Net exchange difference	-	2,143	5,034	116	119	-	88	-	7,500
Disposal of a subsidiary	-	-	(502,258)	-	(935)	(11,825)	(18,181)	(32,003)	(565,202)
Balance at Jun. 30, 2026	<u>\$ 30,852</u>	<u>\$ 1,601,412</u>	<u>\$ 3,310,827</u>	<u>\$ 3,448</u>	<u>\$ 21,167</u>	<u>\$ 225,769</u>	<u>\$ 386,520</u>	<u>\$ 241,924</u>	<u>\$5,821,919</u>
<u>Accumulated depreciation</u>									
Balance at Jan. 1, 2026	\$ -	\$ 873,839	\$ 1,767,942	\$ 2,217	\$ 9,141	\$ 112,554	\$ 188,256	\$ -	\$2,953,949
Depreciation expenses	-	54,328	297,693	249	2,868	15,417	37,268	-	407,823
Disposals	-	(869)	(136,506)	-	-	(29,300)	(12,247)	-	(178,922)
Transferred to assets leased under operating leases	-	(329,642)	(37,000)	-	-	-	(40,841)	-	(407,483)
Reclassification	-	(8,980)	(149,579)	-	(3,302)	13,283	(2,134)	-	(150,712)
Net exchange difference	-	1,410	2,033	76	110	-	50	-	3,679
Disposal of a subsidiary	-	-	(297,038)	-	(272)	(7,143)	(9,499)	-	(313,952)
Balance at Jun. 30, 2026	<u>\$ -</u>	<u>\$ 590,086</u>	<u>\$ 1,447,545</u>	<u>\$ 2,542</u>	<u>\$ 8,545</u>	<u>\$ 104,811</u>	<u>\$ 160,853</u>	<u>\$ -</u>	<u>\$2,314,382</u>
<u>Accumulated impairment</u>									
Balance at Jan. 1, 2026	\$ -	\$ -	\$ 29,997	\$ -	\$ 138	\$ -	\$ -	\$ -	\$ 30,135
Disposal of a subsidiary	-	-	(6,551)	-	-	-	-	-	(6,551)
Net exchange difference	-	-	499	-	7	-	-	-	506
Balance at Jun. 30, 2026	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,945</u>	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,090</u>
Net at Jun. 30, 2026	<u>\$ 30,852</u>	<u>\$ 1,011,326</u>	<u>\$ 1,839,337</u>	<u>\$ 906</u>	<u>\$ 12,477</u>	<u>\$ 120,958</u>	<u>\$ 225,667</u>	<u>\$ 241,924</u>	<u>\$3,483,447</u>
Net at Dec. 31, 2025 and Jan. 1, 2026	<u>\$ 30,852</u>	<u>\$ 1,530,248</u>	<u>\$ 2,170,463</u>	<u>\$ 1,115</u>	<u>\$ 15,814</u>	<u>\$ 132,558</u>	<u>\$ 217,776</u>	<u>\$ 379,936</u>	<u>\$4,478,762</u>
<u>Cost</u>									
Balance at Jan. 1, 2025	\$ 30,852	\$ 2,216,886	\$ 3,288,946	\$ 3,382	\$ 10,871	\$ 274,723	\$ 321,478	\$ 377,581	\$6,524,719
Additions	-	1,777	59,143	-	2,202	140	7,275	710,596	781,133
Disposals	-	(3,232)	(137,271)	-	(83)	(162)	(23,992)	-	(164,740)
Reclassification	-	86,491	436,661	-	1,491	45,705	52,198	(622,545)	1
Net exchange difference	-	(4,953)	(6,720)	(262)	(328)	-	(199)	(3,647)	(16,109)
Balance at Jun. 30, 2025	<u>\$ 30,852</u>	<u>\$ 2,296,969</u>	<u>\$ 3,640,759</u>	<u>\$ 3,120</u>	<u>\$ 14,153</u>	<u>\$ 320,406</u>	<u>\$ 356,760</u>	<u>\$ 461,985</u>	<u>\$7,125,004</u>
<u>Accumulated depreciation</u>									
Balance at Jan. 1, 2025	\$ -	\$ 669,237	\$ 1,393,780	\$ 1,751	\$ 6,859	\$ 177,984	\$ 160,158	\$ -	\$2,409,769
Depreciation expenses	-	71,743	265,932	244	816	5,580	29,567	-	373,882
Disposals	-	(3,232)	(108,927)	-	(83)	(162)	(23,701)	-	(136,105)
Net exchange difference	-	(2,730)	(3,745)	(142)	(300)	-	(88)	-	(7,005)
Balance at Jun. 30, 2025	<u>\$ -</u>	<u>\$ 735,018</u>	<u>\$ 1,547,040</u>	<u>\$ 1,853</u>	<u>\$ 7,292</u>	<u>\$ 183,402</u>	<u>\$ 165,936</u>	<u>\$ -</u>	<u>\$2,640,541</u>
<u>Accumulated impairment</u>									
Balance at Jan. 1, 2025	\$ -	\$ -	\$ 30,549	\$ -	\$ 141	\$ -	\$ -	\$ -	\$ 30,690
Net exchange difference	-	-	(1,141)	-	(14)	-	-	-	(1,155)
Balance at Jun. 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,408</u>	<u>\$ -</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,535</u>
Net at Jun. 30, 2025	<u>\$ 30,852</u>	<u>\$ 1,561,951</u>	<u>\$ 2,064,311</u>	<u>\$ 1,267</u>	<u>\$ 6,734</u>	<u>\$ 137,004</u>	<u>\$ 190,824</u>	<u>\$ 461,985</u>	<u>\$4,454,928</u>

No impairment loss was recognized by the Company in either 2026 H1 or 2025 H1.

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

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

For the amounts of the property, plant and equipment pledged by the Company, please refer to Note 34.

(II) Renting Out Under Operating Lease

	Land	Building and structure	Mechanical equipment	Other equipment	Total
<u>Cost</u>					
Balance at Jan. 1, 2026	\$ 12,583	\$ 25,990	\$ -	\$ -	\$ 38,573
Disposals	-	(12,606)	-	(574)	(13,180)
Transferred to assets leased under operating leases	-	804,179	48,000	58,657	910,836
Balance at Jun. 30, 2026	<u>\$ 12,583</u>	<u>\$ 817,563</u>	<u>\$ 48,000</u>	<u>\$ 58,083</u>	<u>\$ 936,229</u>
<u>Accumulated depreciation</u>					
Balance at Jan. 1, 2026	\$ -	\$ 18,908	\$ -	\$ -	\$ 18,908
Depreciation expenses	-	12,394	2,333	1,616	16,343
Disposals	-	(12,606)	-	(574)	(13,180)
Transferred to assets leased under operating leases	-	329,642	37,000	40,841	407,483
Balance at Jun. 30, 2026	<u>\$ -</u>	<u>\$ 348,338</u>	<u>\$ 39,333</u>	<u>\$ 41,883</u>	<u>\$ 429,554</u>
Net at Jun. 30, 2026	<u>\$ 12,583</u>	<u>\$ 469,225</u>	<u>\$ 8,667</u>	<u>\$ 16,200</u>	<u>\$ 506,675</u>
Net at Dec. 31, 2025 and Jan. 1, 2026	<u>\$ 12,583</u>	<u>\$ 7,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,665</u>
<u>Cost</u>					
Balance at Jan. 1 and Jun. 30, 2025	<u>\$ 12,583</u>	<u>\$ 84,402</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,985</u>
<u>Accumulated depreciation</u>					
Balance at Jan. 1, 2025	\$ -	\$ 70,868	\$ -	\$ -	\$ 70,868
Depreciation expenses	-	3,733	-	-	3,733
Balance at Jun. 30, 2025	<u>\$ -</u>	<u>\$ 74,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,601</u>
Net at Jun. 30, 2025	<u>\$ 12,583</u>	<u>\$ 9,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,384</u>

The Company rented out land, building and structure as well as other equipment under operating leases and the lease periods were 3.17 to 10 years.

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

	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
1 st year	\$ 7,088	\$ 7,088	\$ 7,088
2 nd year	2,953	6,496	7,088
3 rd year	-	-	2,952
	<u>\$ 10,041</u>	<u>\$ 13,584</u>	<u>\$ 17,128</u>

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

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

XVI. Lease Agreement

(I) Right-of-use Assets

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Book amount of right-of-use assets			
Land	\$ 137,541	\$ 140,003	\$ 142,465
Building	134,699	100,091	119,956
Transportation equipment	9,520	11,411	11,199
Mechanical equipment	-	7,044	4,122
Office equipment	<u>216</u>	<u>357</u>	<u>283</u>
	<u>\$ 281,976</u>	<u>\$ 258,906</u>	<u>\$ 278,025</u>

	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Added right-of-use assets			<u>\$ 68,470</u>	<u>\$ 24,907</u>
Expense of depreciation of right-of-use assets				
Land	\$ 1,231	\$ 1,208	\$ 2,462	\$ 2,370
Building	17,257	13,993	34,794	28,034
Transportation equipment	1,601	1,411	3,274	2,766
Mechanical equipment	-	141	397	282
Office equipment	<u>70</u>	<u>60</u>	<u>141</u>	<u>121</u>
	<u>\$ 20,159</u>	<u>\$ 16,813</u>	<u>\$ 41,068</u>	<u>\$ 33,573</u>
Proceeds from sublease of right-of-use assets (Listed as other incomes in the books)	(<u>\$ 4,176</u>)	(<u>\$ 4,136</u>)	(<u>\$ 7,433</u>)	(<u>\$ 8,246</u>)

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 H1 or 2025 H1.

(II) Lease Liabilities

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Book amount of lease liabilities			
Current	<u>\$ 80,697</u>	<u>\$ 78,998</u>	<u>\$ 77,493</u>
Non-current	<u>\$ 241,036</u>	<u>\$ 221,271</u>	<u>\$ 248,882</u>

The ranges of discount rates for lease liabilities are as follows:

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Land	2.16%~2.76%	2.16%~2.76%	2.76%
Building	1.67%~2.76%	1.62%~4.75%	1.62%~2.76%
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:

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
1 st year	<u>\$ 1,728</u>	<u>\$ 2,592</u>	<u>\$ 2,592</u>
2 nd year	<u>-</u>	<u>432</u>	<u>1,728</u>
	<u>\$ 1,728</u>	<u>\$ 3,024</u>	<u>\$ 4,320</u>

(V) Other Lease Information

	2026 Q2	2025 Q2	2026 H1	2025 H1
Short-term lease expenses	<u>\$ 2,641</u>	<u>\$ 2,691</u>	<u>\$ 5,380</u>	<u>\$ 5,478</u>
Low-value asset lease expenses	<u>\$ 44</u>	<u>\$ 6</u>	<u>\$ 82</u>	<u>\$ 24</u>
Total cash provided from (used in) leases			<u>(\$ 101,587)</u>	<u>(\$ 112,281)</u>

XVII. Other Intangible Assets

	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Computer software	<u>\$ 34,408</u>	<u>\$ 40,620</u>	<u>\$ 21,288</u>
Others	<u>1,233</u>	<u>585</u>	<u>607</u>
	<u>\$ 35,641</u>	<u>\$ 41,205</u>	<u>\$ 21,895</u>

No material acquisition, disposal or impairment occurred with respect to other intangible assets of the Company for either 2026 H1 or 2025 H1, except the amortization expenses recognized. Amortization expenses were allocated based on the following service lives on a straight-line basis.

Computer software	1~10 years
Others	3 years

Aggregation of amortization expenses by function:

	2026 Q2	2025 Q2	2026 H1	2025 H1
Operating costs	<u>\$ 4,054</u>	<u>\$ 2,415</u>	<u>\$ 8,114</u>	<u>\$ 4,118</u>
Administrative expenses	<u>1,313</u>	<u>1,116</u>	<u>2,834</u>	<u>2,493</u>
Research and development expenses	<u>258</u>	<u>18</u>	<u>348</u>	<u>37</u>
	<u>\$ 5,625</u>	<u>\$ 3,549</u>	<u>\$ 11,296</u>	<u>\$ 6,648</u>

XVIII. Prepayments and Other Current Assets

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Prepaid materials			
stipulated in work order	\$ 26,258	\$ 8,295	\$ 38,416
Inventory of supplies	22,699	42,100	45,962
Prepaid expenses	15,254	24,386	22,604
Payment in advance	11,330	9,986	10,862
Tax overpaid retained for offsetting the future tax payable	762	20,800	22,117
Others	<u>6,676</u>	<u>2,140</u>	<u>6,840</u>
	<u>\$ 82,979</u>	<u>\$ 107,707</u>	<u>\$ 146,801</u>

XIX. Current Borrowings

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Guaranteed loans</u>			
— Working capital loan (I)	\$ -	\$ 80,000	\$ -
<u>Loans without collateral</u>			
— Working capital loan (II)	<u>34,631</u>	<u>566,679</u>	<u>671,153</u>
	<u>\$ 34,631</u>	<u>\$ 646,679</u>	<u>\$ 671,153</u>

- (I) The working capital loans provided by the bank were secured on other current financial assets of the Company. (See Note 34.) The annual percentage rate on Dec. 31, 2025 was 2.48%~3.06%.
- (II) Interest rates for the working capital loans provided by the bank were 2.60% ~5.06%, 2.02%~5.98% and 1.95%~5.72% on Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 2025, respectively.

XX. Non-current Portion of Non-current Borrowings

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Guaranteed loans</u>			
Bank loans (1)	\$ 320,000	\$ 346,434	\$ 348,414
<u>Loans without collateral</u>			
Credit loan (2)	<u>1,489,473</u>	<u>1,289,642</u>	<u>2,177,048</u>
	1,809,473	1,636,076	2,525,462
Less: Current Portion of non-current borrowings	(<u>230,845</u>)	(<u>155,788</u>)	(<u>80,426</u>)
Non-current portion of non-current borrowings	<u>\$ 1,578,628</u>	<u>\$ 1,480,288</u>	<u>\$ 2,445,036</u>

- (I) For the bank loans, the Company mortgaged its buildings to the bank. (Please see Note 34.) The maturity date as of Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 2025 was January 2030 and the annual interest rates on Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 2025 were 2.00%, 2.00%~3.58% and 2.00%~3.58% respectively.
- (II) The maturity dates of the credit loans as of Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 2025 are at the end of March 2032. The annual interest rates on Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 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

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Other payables</u>			
Wages and bonuses payable	\$ 398,855	\$ 382,933	\$ 319,517
Remunerations payable to employees and directors	52,780	32,950	59,930
Bonus for unused leave	<u>24,135</u>	<u>21,959</u>	<u>19,885</u>
	475,770	437,842	399,332
<u>Other current liabilities</u>			
Others (Note)	<u>273,334</u>	<u>275,866</u>	<u>259,268</u>
	<u>\$ 749,104</u>	<u>\$ 713,708</u>	<u>\$ 658,600</u>

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 Q2 and 2025 Q2, 2026 H1 and 2025 H1 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 (44) thousand, NTD (104) thousand, NTD (89) thousand and NTD (208) thousand respectively.

XXIII. Equity

(I) Ordinary Share

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Authorized number of shares (in thousands of shares)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Authorized capital stock	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>
Number of issued and paid-in shares (in thousands of shares)	<u>86,747</u>	<u>86,447</u>	<u>74,438</u>
Capital stock issued	<u>\$ 867,464</u>	<u>\$ 864,474</u>	<u>\$ 744,382</u>

IST resolved at the board meeting of Mar. 7, 2025 to approve conversion of employee stock warrants into 53 thousand ordinary 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 date of capital increase was Oct. 29, 2025. The change registration was completed on Dec. 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 resolved at the board meeting of May 7, 2026 to approve conversion of employee stock warrants into 272 thousand shares with par value NTD 10. The subscription price per share was NTD 47.35~NTD 47.78. The date of capital increase was May 7, 2026. The change registration was completed on May 20, 2026.

(II) Capital Reserve

	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
<u>May be used to offset deficits,</u>			
<u>distribute cash or transfer</u>			
<u>to share capital (Note 1)</u>			
Additional paid-in capital	\$ 3,231,337	\$ 3,214,518	\$ 2,116,121
<u>May be Used to offset deficits</u>			
<u>only</u>			
Changes in equity of			
associates accounted for			
using the equity method	14,942	13,785	4,107
Recognized changes in			
ownership interests in			
subsidiaries (Note 2)	10,503	10,503	3,960
Exercise of the right to obtain			
gains on the sale of shares			
held by their holders for			
less than 6 months	19	19	19
<u>Not used for any purpose</u>			
Stock option	-	5,853	13,221
	<u>\$ 3,256,801</u>	<u>\$ 3,244,678</u>	<u>\$ 2,137,428</u>

Note 1: Such capital reserve may be used to offset deficits of loss and may be used to distribute cash or expand capital stock when the Company

has no loss; however, the amount used to 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 H1 and 2025 H1 is as follows:

	Stock issuance premium	Stock option	Recognized changes in ownership interests of subsidiaries	Changes in equity of associates accounted for using the equity method	Others
Balance at Jan. 1, 2026	\$ 3,214,518	\$ 5,853	\$ 10,503	\$ 13,785	\$ 19
Changes in equity of associates accounted for using the equity method	-	-	-	1,157	-
Share premium of ordinary shares issued under employee stock option plan	<u>16,819</u>	<u>(5,853)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at Jun. 30, 2026	<u>\$ 3,231,337</u>	<u>\$ -</u>	<u>\$ 10,503</u>	<u>\$ 14,942</u>	<u>\$ 19</u>
Balance at Jan. 1, 2025	\$ 2,111,875	\$ 13,969	\$ 3,958	\$ 2,977	\$ 19
Recognized changes in ownership interests of subsidiaries	-	-	2	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	1,130	-
Share-based payment	-	595	-	-	-
Share premium of ordinary shares issued under employee stock option plan	<u>4,246</u>	<u>(1,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at Jun. 30, 2025	<u>\$ 2,116,121</u>	<u>\$ 13,221</u>	<u>\$ 3,960</u>	<u>\$ 4,107</u>	<u>\$ 19</u>

(III) Retained Earnings and Dividend Policies

According to IST's articles of incorporation, for any distribution of earnings, IST shall make good of the previous year's loss (including the adjusted amount of undistributed earnings) first, and allocate 10% of the rest of the earnings as legal reserve. However, if legal reserve reaches the amount of IST's total paid-in capital, no legal reserve shall be allocated. Then special reserve shall be allocated or reversed in accordance with regulations or as required by the competent authority. After retaining such earnings as considered necessary by the board of directors for business operation, the board of directors shall prepare an earning distribution proposal for the rest

of the earnings, together with the undistributed earnings at the beginning of the year (including the adjusted amount of undistributed earnings), and resolve to allocate dividends and bonuses to shareholders based on the proposal. For such policies concerning remunerations to employees and directors as provided in IST's articles of incorporation, please refer to Note 25(VII) Employees' Remuneration and Directors' Remuneration.

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

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

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

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

The earning distribution proposal of IST for each quarter of 2026, 2025 and 2024 and the cash dividends per share were resolved at the board meeting as follows:

	2026 Q2	2026 Q1
Date of resolution by the board of director	Aug 6, 2026	May 7, 2026
Legal reserve	<u>\$ 8,940</u>	<u>\$ 17,032</u>
Special reserve	<u>(\$ 4,154)</u>	<u>(\$ 43,917)</u>
Cash dividends	<u>\$ 138,794</u>	<u>\$ 138,794</u>
Cash dividends per share (NTD)	\$ 1.6	\$ 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	<u>\$ 2,599</u>	<u>\$ 7,131</u>	<u>\$ 10,724</u>	<u>\$ 12,608</u>
Special reserve	<u>(\$ 10,634)</u>	<u>(\$ 70,736)</u>	<u>\$ 53,753</u>	<u>(\$ 5,248)</u>
Cash dividends	<u>\$ 103,958</u>	<u>\$ 103,741</u>	<u>\$ 89,184</u>	<u>\$ 89,326</u>
Cash dividends per share (NTD)	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2

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

IST held a general meeting of shareholders on June 12, 2026 and June 13, 2025 respectively to resolve on distribution of earnings for 2025 and 2024.

The above cash dividends for each quarter of 2025 have been resolved by the board of directors to be allocated.

(IV) Special Reserve

	2026 H1	2025 H1
Beginning balance	<u>\$109,833</u>	<u>\$102,819</u>
(Reversed) allocated special reserve		
Allocated (reversed) deduction of other equity items	<u>(54,552)</u>	<u>23,997</u>
Ending balance	<u>\$ 55,281</u>	<u>\$126,816</u>

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

(V) Other Equity

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

	<u>2026 H1</u>	<u>2025 H1</u>
Beginning balance	(\$ 69,205)	(\$ 64,948)
Generated in the current period		
Exchange differences of foreign operations	8,871	(24,894)
Share of the associates accounted for using the equity method	<u>9,207</u>	(<u>13,420</u>)
Other comprehensive income for the period	<u>18,078</u>	(<u>38,314</u>)
Ending balance	(\$ <u>51,127</u>)	(\$ <u>103,262</u>)

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

	2026 H1	2025 H1
Beginning balance	<u>(\$ 29,994)</u>	<u>(\$ 67,116)</u>
Generated in the current period		
Unrealized gains or losses		
Equity instruments	<u>23,040</u>	<u>(14,778)</u>
Other comprehensive income for the period	<u>23,040</u>	<u>(14,778)</u>
Accumulated profit or loss on disposal of equity instruments being transferred into retained earnings	<u>6,954</u>	<u>4,588</u>
Ending balance	<u>\$ -</u>	<u>(\$ 77,306)</u>

(VI) Non-controlling Interests

	2026 H1	2025 H1
Beginning balance	<u>\$ 19,684</u>	<u>\$ 46,220</u>
Disposal of a subsidiary	<u>(12,643)</u>	<u>-</u>
Net loss of the period	<u>(7,041)</u>	<u>(20,876)</u>
Changes in ownership interests in subsidiaries	<u>-</u>	<u>(2)</u>
Ending balance	<u>\$ -</u>	<u>\$ 25,342</u>

(VII) Treasury Shares

Reason of recall	Purchased back to be retired (in thousands of shares)
Number of shares at Jan. 1, 2025	-
Shares increased in the period	<u>383</u>
Number of shares at Jun. 30, 2025	<u>383</u>

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

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

XXIV. Revenue

	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Revenue from contracts with customers				
Revenue from inspection and testing services	<u>\$ 1,183,521</u>	<u>\$ 1,204,039</u>	<u>\$ 2,266,979</u>	<u>\$ 2,335,525</u>

(I) Contracts with Customers

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

(II) Contract Balance

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>	<u>Jan. 1, 2025</u>
Accounts receivable (Note 10)	<u>\$ 2,210,282</u>	<u>\$ 2,121,869</u>	<u>\$ 1,771,533</u>	<u>\$ 1,486,311</u>
Accounts receivable due from related parties (Note 33)	<u>\$ 13,001</u>	<u>\$ 19,708</u>	<u>\$ 19,493</u>	<u>\$ 20,777</u>
Contract assets				
Labor service	<u>\$ -</u>	<u>\$ 6,344</u>	<u>\$ 1,730</u>	<u>\$ 1,854</u>
Contract liabilities				
Customer loyalty program	<u>\$ 171,849</u>	<u>\$ 140,395</u>	<u>\$ 75,530</u>	<u>\$ 85,507</u>
Unearned sales revenue	<u>114,660</u>	<u>67,957</u>	<u>54,298</u>	<u>49,312</u>
	<u>\$ 286,509</u>	<u>\$ 208,352</u>	<u>\$ 129,828</u>	<u>\$ 134,819</u>

(III) Itemized Revenue from Contracts with Customers

	<u>2026 H1</u>	<u>2025 H1</u>
<u>Main regional markets</u>		
Asia	\$ 1,717,332	\$ 1,806,142
America	440,696	481,822
Others	<u>108,951</u>	<u>47,561</u>
	<u>\$ 2,266,979</u>	<u>\$ 2,335,525</u>

XXV. Net Profit of Continuing Operations

(I) Interest Income

	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Bank deposits	<u>\$ 1,488</u>	<u>\$ 1,923</u>	<u>\$ 1,952</u>	<u>\$ 2,626</u>
Net investment in the lease	115	188	249	394
Others	<u>62</u>	<u>55</u>	<u>199</u>	<u>105</u>
	<u>\$ 1,665</u>	<u>\$ 2,166</u>	<u>\$ 2,400</u>	<u>\$ 3,125</u>

(II) Other Incomes

	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Income from operating lease	<u>\$ 16,263</u>	<u>\$ 4,043</u>	<u>\$ 24,011</u>	<u>\$ 8,055</u>
Income from government subsidy	1,133	1,123	1,243	2,309
Others	<u>3,795</u>	<u>2,836</u>	<u>7,138</u>	<u>5,683</u>
	<u>\$ 21,191</u>	<u>\$ 8,002</u>	<u>\$ 32,392</u>	<u>\$ 16,047</u>

(III) Other Gains and Losses

	2026 Q2	2025 Q2	2026 H1	2025 H1
Gains on disposals of non-current assets held for sale (Note 12)	\$ -	\$ -	\$ -	\$ 7,755
Net foreign exchange gain (loss)	(2,132)	(4,689)	4,816	(2,627)
Gains on disposal of a subsidiary (Note 30)	-	-	232,084	-
Gain (loss) of financial assets and financial liabilities				
Financial assets at fair value through profit or loss	2,620	(3,694)	3,042	(3,221)
Financial liabilities at fair value through profit or loss	-	(131)	110	(17)
Net gain on disposals of property, plant and equipment	-	31,656	-	31,656
Others	(<u>17,625</u>)	(<u>3</u>)	(<u>17,630</u>)	(<u>9</u>)
	(<u>\$ 17,137</u>)	(<u>\$ 23,139</u>)	(<u>\$ 222,422</u>)	(<u>\$ 33,537</u>)

(IV) Financial Cost

	2026 Q2	2025 Q2	2026 H1	2025 H1
Interest on bank loans	\$ 8,293	\$ 15,718	\$ 19,250	\$ 30,213
Interest on lease liabilities	2,122	2,128	4,180	4,305
Computed interest on security deposits	63	8	79	17
Other interest expenses	-	205	98	471
Less: Amounts listed in cost of qualifying assets	(<u>2,064</u>)	(<u>3,580</u>)	(<u>4,485</u>)	(<u>7,063</u>)
	(<u>\$ 8,414</u>)	(<u>\$ 14,479</u>)	(<u>\$ 19,122</u>)	(<u>\$ 27,943</u>)

Information relevant to capitalization of interest is as follows:

	2026 Q2	2025 Q2	2026 H1	2025 H1
Capitalized interest	\$ 2,064	\$ 3,580	\$ 4,485	\$ 7,063
Interest rate for capitalization of interest	1.74%~2.02%	1.90%~2.10%	1.57%~2.34%	1.88%~2.28%

(V) Depreciation and Amortization

	2026 Q2	2025 Q2	2026 H1	2025 H1
Depreciation expenses				
by functions:				
Operating cost	\$ 161,852	\$ 163,747	\$ 351,976	\$ 327,086
Operating expenses	48,069	47,076	95,639	84,102
Non-operating expenses	17,619	-	17,619	-
	<u>\$ 227,540</u>	<u>\$ 210,823</u>	<u>\$ 465,234</u>	<u>\$ 411,188</u>
Amortization expenses				
by functions:				
Operating cost	\$ 4,054	\$ 2,414	\$ 8,114	\$ 4,118
Operating expenses	1,571	1,135	3,182	2,530
	<u>\$ 5,625</u>	<u>\$ 3,549</u>	<u>\$ 11,296</u>	<u>\$ 6,648</u>

(VI) Employee Benefit Expenses

	2026 Q2	2025 Q2	2026 H1	2025 H1
Short-term employee benefits	\$ 454,856	\$ 465,452	\$ 1,001,877	\$ 898,474
Post-employment benefits				
Defined contribution plan	11,005	13,743	26,119	27,038
Defined benefit plan (Note 22)	(44)	(104)	(89)	(208)
Share-based payment				
Equity settlement	-	25	-	595
Total employee benefit expenses	<u>\$ 465,817</u>	<u>\$ 479,116</u>	<u>\$ 1,027,907</u>	<u>\$ 925,899</u>
Compiled by functions				
Operating cost	\$ 336,107	\$ 339,743	\$ 742,652	\$ 652,098
Operating expenses	129,710	139,373	285,255	273,801
	<u>\$ 465,817</u>	<u>\$ 479,116</u>	<u>\$ 1,027,907</u>	<u>\$ 925,899</u>

(VII) Employees' Remuneration and Directors' Remuneration

IST allocated employees' remuneration and directors' remuneration, from its profit computed before deduction of employees' remuneration and directors' remuneration, at a rate of no less than 3% and at a rate no more than 3% respectively. 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 Q2 and 2025 Q2, 2026 H1 and 2025 H1 are listed as follows:

Estimated Percentage

	2026 H1	2025 H1
Employees' remuneration	5%	5%
Directors' remuneration	2%	2%

Amount

	2026 Q2	2025 Q2	2026 H1	2025 H1
Employees' remuneration	\$ 4,132	\$ 6,800	\$ 14,160	\$ 14,150
Directors' remuneration	\$ 1,656	\$ 2,720	\$ 5,670	\$ 5,660

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 2024 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 (income) mainly comprises the items listed as follows:

	2026 Q2	2025 Q2	2026 H1	2025 H1
Current income tax				
Incurred for the current period	\$ 6,970	\$ 18,462	\$ 17,180	\$ 48,779
Adjustments for previous years	(28,095)	1,221	(28,095)	(19,418)
	(21,125)	19,683	(10,915)	29,361
Deferred income tax				
Incurred for the current period	942	331	475	985
Income tax expense (income) recognized in profit or loss	(\$ 20,183)	\$ 20,014	(\$ 10,440)	\$ 30,346

(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 Q2	2025 Q2	2026 H1	2025 H1
Basic earnings per share	\$ 1.03	\$ 1.50	\$ 3.08	\$ 3.20
Diluted earnings per share	\$ 1.03	\$ 1.49	\$ 3.07	\$ 3.18

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

	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Net profit used to calculate basic earnings per share	<u>\$ 89,400</u>	<u>\$ 111,471</u>	<u>\$ 266,675</u>	<u>\$ 237,902</u>
Net profit used to calculate diluted earnings per share	<u>\$ 89,400</u>	<u>\$ 111,471</u>	<u>\$ 266,675</u>	<u>\$ 237,902</u>

Number of Shares

Unit: In Thousands of Shares

	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Number of weighted average ordinary shares used to calculate basic earnings per share	86,639	74,151	86,554	74,266
Impact of the ordinary shares with dilution effect:				
Employee stock options	30	397	64	389
Employees' remuneration	<u>81</u>	<u>129</u>	<u>157</u>	<u>208</u>
Number of weighted average ordinary shares used to calculate diluted earnings per share	<u>86,750</u>	<u>74,677</u>	<u>86,775</u>	<u>74,863</u>

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

XXVIII. Share-based Payment Arrangement

Employee Stock Options

IST resolved at the board meeting of March 5, 2021 to issue 2,000 thousand units of employee stock warrant for 2021. Each unit entitled its holder to subscribe one ordinary share. The new shares issued were 2,000 thousand

ordinary shares in total, which were planned to be granted to full-time employees of IST. Subscribers may exercise their stock options in accordance with the Regulations of Employee Stock Options after 2 years from the date of grant of employee stock warrant. The duration of employee stock warrant is 5 years.

Information relevant to employee stock options is as follows:

Employee stock options	2026 H1		2025 H1	
	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	(300)	47.35~47.78	(71)	49.69~50.60
Invalid this period	(82)		-	
Outstanding at the end of the period	-		775	49.69
Exercisable at the end of the period	-		499	

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

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

The compensation cost recognized by IST for 2026 Q2 and 2025 Q2, 2026 H1 and 2025 H1 was NTD 0 thousand, NTD 25 thousand, NTD 0 thousand and NTD 595 thousand respectively.

XXIX. Government Subsidies

The Company obtained the government subsidies, totaling to NTD 1,985 thousand, under the Plan of Energy Saving by Energy Management System Establishment in August 2025. The amount has been listed as deferred

government subsidy income already and will 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

	<u>PPT Company</u>
Cash and cash equivalents	\$ 97,706
Sum of consideration received	<u>\$ 97,706</u>

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

	<u>PPT Company</u>
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	<u>(14,595)</u>
Disposal of net assets	<u>\$ 58,398</u>

(III) Gains on Disposal of a Subsidiary

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

(IV) Net Cash Inflow of the Subsidiary Disposed of

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

XXXI. Capital Risk Management

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

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

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

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

XXXII. Financial Instruments

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

1. Hierarchy of Fair Value

Jun. 30, 2026

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Beneficiary certificates of funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>26,482</u>	\$ <u>26,482</u>
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments				
— Abroad unlisted (non-OTC) stocks	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33,033</u>	\$ <u>33,033</u>

Dec. 31, 2025

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

Jun. 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Beneficiary certificates of funds	\$ -	\$ -	\$ 20,548	\$ 20,548
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 96	\$ -	\$ 96
<u>Financial assets measured at fair value through other comprehensive income</u>				
Investments in equity instruments – Domestically listed (OTC) stocks	\$ 120,348	\$ -	\$ -	\$ 120,348

There was no transfer between level 1 and level 2 fair value measurements in 2026 H1 and 2025 H1.

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

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

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

Financial assets	Financial assets measured at fair value through profit or loss – Beneficiary certificates of funds	
	2026 H1	2025 H1
Beginning balance	\$ 23,440	\$ 23,769
Recognized in profit (loss)	<u>3,042</u>	<u>(3,221)</u>
Ending balance	<u>\$ 26,482</u>	<u>\$ 20,548</u>
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	<u>\$ 3,042</u>	<u>(\$ 3,221)</u>

Financial assets	Financial assets measured at fair value through other comprehensive income – Abroad unlisted (non-OTC) stocks	
	2026 H1	2025 H1
Beginning balance	\$ 32,598	\$ -
Net exchange difference	<u>435</u>	<u>-</u>
Ending balance	<u>\$ 33,033</u>	<u>\$ -</u>

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

- (1) For domestically unlisted (non-OTC) equity investments and beneficiary certificates of funds 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.

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
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:

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
Liquidity discount			
Increased by			
1%	(\$ <u>331</u>)	(\$ <u>293</u>)	(\$ <u>257</u>)
Decreased by			
1%	<u>\$ 331</u>	<u>\$ 293</u>	<u>\$ 257</u>

(II) Type of Financial Instrument

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
<u>Financial assets</u>			
Measured at fair value			
through profit or loss			
Measured at fair value			
through profit or loss			
compulsorily	\$ 26,482	\$ 23,440	\$ 20,548
Financial assets measured at			
fair value through other			
comprehensive income			
Equity Instruments	33,033	165,883	120,348
Measured at amortized cost			
Cash and cash			
equivalents	657,858	739,154	778,044
Financial assets at amortized			
cost	15,000	15,000	15,000
Notes and accounts			
receivable, net	2,213,705	2,126,282	1,772,731
Accounts receivable due			
from related parties	13,001	19,708	19,493
Other receivables	\$ 17,997	\$ 31,722	\$ 47,519
Other receivables due			
from related parties	57,982	26,415	22,251
Other financial assets	-	13,129	13,087
Guarantee deposits paid	21,150	33,495	24,784
<u>Financial liabilities</u>			
Measured at fair value			
through profit or loss			
Held for trading	-	110	96
Measured at amortized cost			
Current borrowings	34,631	646,679	671,153
Notes and accounts			
payable	278,361	312,129	281,634
Accounts payable to			
related parties	6,544	4,966	7,978
Payable on machinery			
and equipment	116,041	204,264	320,590
Long-term borrowings			
(including the			
current portion			
thereof)	1,809,473	1,636,076	2,525,462
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 37.

Sensitivity Analysis

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

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

	Impact of USD		Impact of CNY		Impact of JPY	
	2026 H1	2025 H1	2026 H1	2025 H1	2026 H1	2025 H1
Gain (loss)	\$ 16,865	\$ 155	\$ 434	\$ 431	(\$ 818)	(\$ 319)

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:

	<u>Jun. 30, 2026</u>	<u>Dec. 31, 2025</u>	<u>Jun. 30, 2025</u>
With fair value			
interest rate risk			
— Financial			
assets	\$ 110,828	\$ 128,890	\$ 125,292
— Financial			
liabilities	364,781	458,395	489,820
With cash flow			
interest rate risk			
— Financial			
assets	544,838	630,109	674,739
— Financial			
liabilities	1,801,056	2,124,629	3,033,170

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 H1 and 2025 H1 would be decreased/increased by NTD 6,281 thousand and NTD 11,792 thousand respectively.

2. Credit Risk

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

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

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

3. Liquidity Risk

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

A bank loan is an important source of liquidity for the Company. For the line of credit unused by the Company as of Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 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.

Jun. 30, 2026

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 years	1 ~ 5 years	Over 5 years
<u>Non-derivative financial liabilities</u>					
Liabilities without interest	\$ 203,489	\$ 216,499	\$ 209,317	\$ -	\$ -
Lease liabilities	8,501	17,846	68,357	123,023	176,342
Floating rate instruments	1,389	36,187	187,655	1,558,825	17,000
Fixed rate instruments	10,887	2,805	26,549	2,807	-
	<u>\$ 224,266</u>	<u>\$ 273,337</u>	<u>\$ 491,878</u>	<u>\$1,684,655</u>	<u>\$ 193,342</u>

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

	Less than 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	Over 20years
Lease liabilities	<u>\$ 94,704</u>	<u>\$ 123,023</u>	<u>\$ 38,368</u>	<u>\$ 38,368</u>	<u>\$ 38,368</u>	<u>\$ 61,238</u>
Floating rate instruments	<u>\$ 225,231</u>	<u>\$1,558,825</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fixed rate instruments	<u>\$ 40,241</u>	<u>\$ 2,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	Less than 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	Over 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	\$ -	\$ -	\$ -	\$ -

Jun. 30, 2025

	To pay upon demand or less than 1 month	1 ~ 3 months	3 months ~ 1 years	1 ~ 5 years	Over 5 years
<u>Non-derivative</u>					
<u>financial</u>					
<u>liabilities</u>					
Liabilities without interest	\$ 412,057	\$ 134,548	\$ 246,242	\$ -	\$ -
Lease liabilities	7,155	16,348	61,618	131,864	184,076
Floating rate instruments	33,612	247,525	323,201	2,351,753	77,079
Fixed rate instruments	992	50,379	95,870	13,748	2,456
	<u>\$ 453,816</u>	<u>\$ 448,800</u>	<u>\$ 726,931</u>	<u>\$2,497,365</u>	<u>\$ 263,611</u>

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

	Less than 1 year	1 ~ 5 years	5 ~ 10 years	10 ~ 15 years	15 ~ 20 years	Over 20years
Lease liabilities	\$ 85,121	\$ 131,864	\$ 38,368	\$ 38,368	\$ 38,368	\$ 68,972
Floating rate instruments	\$ 604,338	\$2,351,753	\$ 77,079	\$ -	\$ -	\$ -
Fixed rate instruments	\$ 147,241	\$ 13,748	\$ 2,456	\$ -	\$ -	\$ -

(2) Line of Credit

	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Unsecured bank loan commitment, reviewed regularly			
— Used within the credit line	\$ 1,524,104	\$ 1,856,321	\$ 2,848,201
— Unused within the credit line	2,593,791	2,534,345	1,501,151
	<u>\$ 4,117,895</u>	<u>\$ 4,390,666</u>	<u>\$ 4,349,352</u>
Secured bank loan commitment			
— Used within the credit line	\$ 320,000	\$ 426,434	\$ 348,414
— Unused within the credit line	-	29,700	-
	<u>\$ 320,000</u>	<u>\$ 456,134</u>	<u>\$ 348,414</u>

XXXIII. Transactions with Related Parties

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

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

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Dekra Company	An associate
Dekra IST Reliability Services Limited (Dekra IST KS Company)	An associate
MS Company	An associate
PPT Company	Being an associate as of March 17, 2026
ATC Company	An associate

(II) Service Income

<u>Item Listed in the Books</u>	<u>Type of Related Party</u>	<u>2026 Q2</u>	<u>2025 Q2</u>	<u>2026 H1</u>	<u>2025 H1</u>
Service income	Associates	<u>\$ 12,734</u>	<u>\$ 19,494</u>	<u>\$ 27,264</u>	<u>\$ 34,605</u>

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

(III) Accounts Receivable from Related Parties

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Accounts receivable due from related parties	Associates			
	Dekra	\$ 11,671	\$ 14,586	\$ 17,149
	Company			
	PPT Company	640	-	-
	Dekra IST KS	690	5,092	2,111
	Company			
	MS Company	-	30	233
		<u>\$ 13,001</u>	<u>\$ 19,708</u>	<u>\$ 19,493</u>
Other receivables due from related parties	Associates			
	PPT Company	\$ 34,488	\$ -	\$ -
	Dekra	<u>23,494</u>	<u>26,415</u>	<u>22,251</u>
	Company			
		<u>\$ 57,982</u>	<u>\$ 26,415</u>	<u>\$ 22,251</u>

No guarantee was received for the accounts receivable from related parties. No loss allowance was allocated for the accounts receivable from related parties for 2026 H1 and 2025 H1 respectively.

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

(IV) Accounts Payable to Related Parties

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Accounts payable to related parties	Associates			
	Dekra	\$ 5,897	\$ 4,966	\$ 7,967
	Company			
	PPT Company	626	-	-
	Antek			
	Certification Inc.	21	-	-
	Dekra IST KS	<u>-</u>	<u>-</u>	<u>11</u>
	Company			
		<u>\$ 6,544</u>	<u>\$ 4,966</u>	<u>\$ 7,978</u>
Payable on machinery and equipment	Associates			
		<u>\$ 360</u>	<u>\$ -</u>	<u>\$ -</u>
Other current liabilities	Associates			
		<u>\$ 150</u>	<u>\$ -</u>	<u>\$ -</u>

(V) Prepayment

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Prepayments for equipment and engineering project	Associates			
	MS Company	\$ 360	\$ -	\$ -

(VI) Sublease Agreement

Renting Out and Subleasing under Operating Lease

IST rented out land, building and structure as well as other equipment under operating leases and subleased the right of use of the building and structure to the associate Dekra Company, and the lease periods were 3.17 to 10 years. Rents were determined based on the rents for similar assets, and fixed lease payments were collected pursuant to lease agreements monthly. The total lease payments to be collected as of Jun. 30, 2026, Dec. 31, 2025 and Jun. 30, 2025 were NTD 11,769 thousand, NTD 16,608 thousand and NTD 21,448 thousand respectively. Lease incomes recognized for 2026 Q2 and 2025 Q2, 2026 H1 and 2025 H1 were NTD 2,810 thousand, NTD 2,872 thousand, NTD 5,619 thousand, and NTD 5,754 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 51,868 thousand as of June 30, 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 income recognized during the period from March 17, 2026 to June 30, 2026 was NTD 16,529 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 H1 and 2025 H1. The net investment in the lease at the lease commencement date was NTD 62,081 thousand respectively, and the lease period was 3~5 years respectively. The balance of

finance leases receivable as of Jun. 30, 2026 and Dec. 31 and Jun. 30, 2025 was NTD 22,394 thousand, NTD 29,578 thousand and NTD 37,532 thousand respectively.

(VII) Guarantee Deposits Paid

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Guarantee deposits paid	Associates Dekra Company	\$ <u>179</u>	\$ <u>179</u>	\$ <u>179</u>

(VIII) Guarantee Deposits Received

Item Listed in the Books	Type / Name of Related Party	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Guarantee deposits received	Associates PPT Company Dekra Company	\$ 11,227 <u>3,534</u> <u>14,761</u>	\$ - <u>3,534</u> <u>3,534</u>	\$ - <u>2,005</u> <u>2,005</u>

(IX) Manufacturing Expenses and Operating Expenses

Item Listed in the Books	Type of Related Party	2026 Q2	2025 Q2	2026 H1	2025 H1
Manufacturing expenses	Associates	\$ <u>6,827</u>	\$ <u>9,720</u>	\$ <u>13,766</u>	\$ <u>15,765</u>
Operating expenses	Associates	\$ <u>13</u>	\$ <u>240</u>	\$ <u>742</u>	\$ <u>242</u>

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.

(X) Non-operating Incomes and Expenses

Item Listed in the Books	Type / Name of Related Party	2026 Q2	2025 Q2	2026 H1	2025 H1
Interest income	Associates				
	Dekra Company	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 2</u>
Lease incomes	Associates				
	PPT Company	\$ 12,622	\$ -	\$ 16,529	\$ -
	Dekra Company	<u>2,810</u>	<u>2,872</u>	<u>5,619</u>	<u>5,574</u>
		<u>\$ 15,432</u>	<u>\$ 2,872</u>	<u>\$ 22,148</u>	<u>\$ 5,754</u>
Other incomes	Associates				
	Dekra Company	\$ 2,152	\$ 2,092	\$ 4,395	\$ 4,228
	PPT Company	1,157	-	1,157	-
	MS Company	<u>-</u>	<u>-</u>	<u>-</u>	<u>30</u>
		<u>\$ 3,309</u>	<u>\$ 2,092</u>	<u>\$ 5,552</u>	<u>\$ 4,258</u>
Interest expenses	Associates	<u>\$ 63</u>	<u>\$ 8</u>	<u>\$ 78</u>	<u>\$ 17</u>

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

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

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

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

(XI) Remunerations to Main Managements

	2026 Q2	2025 Q2	2026 H1	2025 H1
Short-term benefits	\$ 6,946	\$ 8,090	\$ 25,831	\$ 28,886
Post-employment benefits	81	100	162	200
Share-based payment	-	2	-	45
	<u>\$ 7,027</u>	<u>\$ 8,192</u>	<u>\$ 25,993</u>	<u>\$ 29,131</u>

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

XXXIV. Pledged Assets

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

	Jun. 30, 2026	Dec. 31, 2025	Jun. 30, 2025
Property, plant and equipment	\$ 631,372	\$ 751,914	\$ 705,980
Demand deposit (Listed as other financial assets in the books)	-	13,129	13,087
	<u>\$ 631,372</u>	<u>\$ 765,043</u>	<u>\$ 719,067</u>

XXXV. Material Contingent Liabilities and Unrecognized Contractual Commitments
Contingencies

Phoenix Silicon International Corporation ("Phoenix Silicon") accused an employee of IST of misappropriating the trade secrets of Phoenix Silicon. After the investigation concluded, IST received on Feb. 24, 2021 the indictment from Taiwan Hsinchu District Prosecutors Office against the employee and his/her employer IST, and also received in March 2021 the criminal and civil complaint submitted by Phoenix Silicon to Taiwan Hsinchu District Court. In the complaint, Phoenix Silicon claimed that its trade secrets were reproduced and used by IST and its employee without authorization and the concerned parties should compensate Phoenix Silicon for its loss. After hearing the case, Taiwan Hsinchu District Court ruled on June 30, 2025 that IST should be fined NTD 5,000 thousand and held jointly liable with the employee for compensating

Phoenix Silicon NTD 36,495 thousand. To protect corporate interests, IST has appointed a lawyer to file an appeal. IST believes that the aforementioned litigation has no significant impact on IST's financial status. Relevant operating activities have moved on as usual.

XXXVI Miscellaneous

The Taipei City Field Office (TCFO), Investigation Bureau, Ministry of Justice conducted a search maneuver for a specific employee in IST on May 12, 2026 for some reason that was irrelevant to IST and IST has also cooperated with TCFO during relevant investigation. Besides cooperation in relevant investigation, IST will continue to strengthen its internal management and compliance mechanism and implement the principles of corporate governance and integrity management. As of the date of approval and publication of the consolidated financial statements, the management of IST has assessed that the above event did not produce significant influences on the Company's finance and business.

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

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

Unit: In thousands in foreign currency

	Jun. 30, 2026			Dec. 31, 2025			Jun. 30, 2025		
	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount	Foreign currency	Exchange rate	Book amount
Foreign currency assets									
<u>Monetary item</u>									
USD	\$ 13,686	31.850 (USD: NTD)	\$ 435,899	\$ 16,580	31.430 (USD: NTD)	\$ 521,109	\$ 12,728	29.3000 (USD: NTD)	\$ 372,930
JPY	19,160	0.1963 (JPY: NTD)	3,761	73,113	0.2008 (JPY: NTD)	14,681	75,655	0.2034 (JPY: NTD)	15,388
CNY	1,855	4.6763 (CNY: NTD)	<u>8,675</u>	1,592	4.4716 (CNY: NTD)	<u>7,119</u>	2,105	4.0930 (CNY: NTD)	<u>8,616</u>
			<u>\$ 448,335</u>			<u>\$ 542,909</u>			<u>\$ 396,934</u>
Foreign currency liabilities									
<u>Monetary item</u>									
USD	3,096	31.850 (USD: NTD)	\$ 98,608	6,504	31.430 (USD: NTD)	\$ 204,421	12,622	29.3000 (USD: NTD)	\$ 369,825
JPY	102,456	0.1963 (JPY: NTD)	<u>20,112</u>	189,487	0.2008 (JPY: NTD)	<u>38,049</u>	107,002	0.2034 (JPY: NTD)	<u>21,764</u>
			<u>\$ 118,720</u>			<u>\$ 242,470</u>			<u>\$ 391,589</u>
<u>Non-monetary item</u>									
JPY	-	- (JPY: NTD)	<u>-----</u>	566	0.2008 (JPY: NTD)	<u>\$ 110</u>	474	0.2034 (JPY: NTD)	<u>\$ 96</u>

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

	2026 Q2			2025 Q2		
Functional currency	Functional currency to presentation currency	Net foreign exchange gain (loss)		Functional currency to presentation currency	Net foreign exchange gain (loss)	
USD	31.850 (USD : NTD)	(\$ 5,021)		29.3000 (USD : NTD)	(\$ 5,172)	
JPY	0.1963 (JPY : NTD)	250		0.2034 (JPY : NTD)	350	
CNY	4.6763 (CNY : NTD)	(53)		4.0930 (CNY : NTD)	(221)	
		<u>(\$ 4,824)</u>			<u>(\$ 5,043)</u>	

	2026 H1			2025 H1		
Functional currency	Functional currency to presentation currency	Net foreign exchange gain (loss)		Functional currency to presentation currency	Net foreign exchange gain (loss)	
USD	31.850 (USD : NTD)	\$ 4,575		29.3000 (USD : NTD)	(\$ 3,262)	
JPY	0.1963 (JPY : NTD)	484		0.2034 (JPY : NTD)	322	
CNY	4.6763 (CNY : NTD)	85		4.0930 (CNY : NTD)	(146)	
		<u>\$ 5,144</u>			<u>(\$ 3,086)</u>	

XXXVIII. Disclosures in the Notes

(I) Information Relevant to Material Transactions:

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

XXXIX. 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. The Company 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 revenues and operating results for 2026 Q2, 2025 Q2, 2026 H1 and 2025 H1, please refer to the Consolidated Statement of Comprehensive Income for 2026 Q2, 2025 Q2, 2026 H1 and 2025 H1. For the reportable segment assets and liabilities as of June 30, 2026, Dec. 31, 2025 and June 30, 2025, please refer to the Consolidated Balance Sheets of June 30, 2026, Dec. 31, 2025 and June 30, 2025.

Integrated Service Technology Inc. and Subsidiaries
 Marketable Securities Held at the End of the Period
 Jun. 30, 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	<u>Funds</u> TIEF FUND, L.P.	—	Non-current financial assets at fair value through profit or loss	-	\$ 26,482	4.35%	\$ 26,482	Note
Samoa IST	<u>Stocks</u> Hunet Plus Co., Ltd.	—	Non-current financial assets measured at fair value through other comprehensive income	108,272	33,033	2.45%	33,033	Note

Note: It was calculated at fair value on Jun. 30, 2026.

Integrated Service Technology Inc. and Subsidiaries
Business Relations and Important Transactions between Parent Company and Each Subsidiary, and Transaction Amounts
2026 H1

Schedule 2

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

No.	Name of trading party	Counterparty to the transaction	Relation with trading party (Note 1)	Transaction details			
				Account	Amount	Transaction conditions (Note 2)	Ratio to total consolidated revenue or total assets
0	IST	Integrated USA	1	Net operating revenue	\$ 22,810	—	1%
				Accounts receivable due from related parties	16,348	—	-
				Payable on machinery and equipment	7,569	—	-
		IST KS Company	1	Net operating revenue	13,746	—	1%
				Receivables due from related parties	1,621	—	-
				Other receivables due from related parties	3,626	—	-
		Samoa IST SIP KS Company PPT Company	1	Other payables to related parties	337	—	-
			1	Inventory of supplies	646	—	-
			1	Net operating revenue	481	—	-
				Manufacturing expenses	306	—	-
				Administrative Expenses	650	—	-
				Rent income	7,815	—	-
				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

Note2: 1. Prices of the services for which the company obtained incomes from related parties were determined on an arm's length basis and there was no comparable price of identical service sufficiently for the company to make a comparison with the determined prices. The payment terms provided by IST were net 30 to 90 days from the date of invoice every month or quarter or under a project; however, payments might be collected subject to the subsidiary's need of funds.

2. For a lease agreement between the company and a related party, the rent and the collection method were determined pursuant to the lease agreement.

3. For the property, plant and equipment sold by the company to a related party, transaction conditions were dealt with based on the price agreed by both parties.

4. Other receivables due from related parties refer to rent incomes and advances.

5. Except for the aforementioned situations, other transactions between the company and a related party were conducted on an arm's length basis.

Integrated Service Technology Inc. and Subsidiaries
Information of Investee Companies (Excluding Investee Companies in Mainland China), their Locations, etc.
2026 H1

Schedule 3

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

Name of investing company	Name of investee company	Location	Main business activities	Amount of original investment		Shares held at the end of the period			Profit (loss) of the investee company for the period	Investment gain (loss) recognized for the period	Remarks
				End of the period	End of last year	Number of shares	Ratio (%)	Book amount			
IST	Samoa IST	Samoa	Investment	USD 10,500	USD 10,500	5,416,770	100	\$ 233,446	(\$ 23,806)	(\$ 23,806)	A subsidiary (Note 1)
	Dekra Company	Hsinchu City	Product testing and relevant business	\$ 192,624	\$ 192,624	19,262,390	49	794,323	56,394	27,633	An associate (Note 2)
	Pin Wen Company	Hsinchu City	Investment	237,000	237,000	9,841,258	100	63,247	9,703	9,703	A subsidiary (Note 2)
	Supreme Corp.	Belize	Investment	USD 125	USD 125	125,000	100	3,169	(52)	(52)	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	151,254	(53,846)	(28,155)	An associate (Note 2)
Samoa IST	Malaysia IST	Malaysia	Sale of electronic components	MYR 800	MYR 800	800,355	100	4,509	(517)	(517)	A subsidiary (Note 2)
	ATC Company	Taipei City	Product Testing and Certification Services	\$ 91,500	\$ -	1,500,000	8	92,435	6,787	935	An associate (Note 2, 3)
	Seychelles IST	Seychelles	Investment	USD 7,159	USD 7,159	7,158,575	100	USD 5,233	(USD 724)	(USD 724)	A sub-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 432	USD 19	USD 19	A sub-sub-subsidiary (Note 2)
	Hot Light Co., Ltd.	Seychelles	Investment	USD 125	USD 125	125,000	100	USD 100	(USD 2)	(USD 2)	A sub-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	19,491	(53,846)	(2,716)	An associate (Note 2)
Supreme Corp.	EFUN Company	Hsinchu City	Information software service	3,700	3,700	370,000	26	651	114	30	An associate (Note 2)
	Huan Ying Company	Hsinchu City	Information software management service and relevant business	5,100	5,100	510,000	17	2,971	(10,130)	(2,112)	An associate (Note 2)
	MS Company	Hsinchu County	IC design	39,974	39,974	2,954,600	14	20,756	(21,426)	(3,072)	An associate (Note 2)
Hot Light Co., Ltd.	He Chou Company	Hsinchu City	Circuit design service	USD 125	USD 125	400,000	100	USD 38	(USD 1)	(USD 1)	A sub-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 Antek Certification Inc. by NTD 91,500 thousand in February 2026.

Integrated Service Technology Inc. and Subsidiaries

Information of Investments in Mainland China

2026 H1

Schedule 4

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

Name of investee company in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated investment amount remitted from Taiwan as of the beginning of the period	Investment amount remitted or recovered in the period		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	\$ 117,845 (USD 3,700)	Note 1	\$ 288,975 (USD 9,073) (Note 4)	\$ -	\$ -	\$ 288,975 (USD 9,073) (Note 4)	(\$ 17,072) (USD (540))	100%	(\$ 17,072) (USD (540))	\$ 155,906 (USD 4,895)	\$ -	Note 2
SIP KS Company	Circuit design service	51,597 (USD 1,620)	Note 1	-	-	-	- (Note 5)	(664) (USD (21))	100%	(664) (USD (21))	15,224 (USD 478)	-	Note 2
IST-trade KS Company	Purchase and sale of electric testing and relevant equipment, and conduction of sale and trading as an agent	11,691 (CNY 2,500)	Note 1	- (Note 5)	-	-	- (Note 5)	(96) (CNY (21))	100%	(96) (CNY (21))	12,416 (CNY 2,655)	-	Note 2
Xinchuang IST Shanghai	Service of inspection and testing	14,029 (CNY 3,000)	Note 1	- (Note 5)	-	-	- (Note 5)	(1,944) (CNY (424))	100%	(1,944) (CNY (424))	4,751 (CNY 1,016)	-	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
\$ 288,975 (USD 9,073)	\$ 371,244 (USD 11,656)	\$ 2,848,187

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.