

Taiwan Steel Union Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Steel Union Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taiwan Steel Union Co., Ltd. (the "Company"), which comprise balance sheets as of December 31, 2025 and 2024, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the accompanying financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the Company's financial statements for the year ended December 31, 2025 is as follows:

Revenue recognition

The Company's sales revenue from major customers was NT\$1,074,781 thousand, representing 57% of the Company's net sales revenue for the year ended December 31, 2025. Since sales revenue has significant changes compared to 2024, we identified the authenticity of sales revenue from major customers as a key audit matter. The accounting policy on the revenue recognition is disclosed in Note 4 to the financial statements.

The main audit procedures that we performed with respect to sales revenue from major customers included the following:

1. We obtained an understanding of the related internal controls on revenue recognition and tested the operating effectiveness of the related controls.
2. We selected samples from the transaction documents of sales revenue from major customers, including sales orders, shipping documents and receipts of payment, to confirm the authenticity of revenue recognition.
3. We received sales confirmation letters from major customers to verify the existence of revenue.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2025, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jui-Lung Hsu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2026

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

TAIWAN STEEL UNION CO., LTD.

BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents(Notes 4 and 6)	\$ 500,528	9	\$ 663,299	12
Notes receivables, net (Notes 4,16 and 7)	-	-	178	-
Trade receivables from unrelated parties, net (Notes 4,7 and 16)	127,979	2	157,014	3
Trade receivables from related parties, net (Notes 4, 7,16 and 23)	3,074	-	923	-
Other receivables (Notes 4,7)	1,444	-	4,448	-
Inventories (Notes 4 and 8)	153,864	3	132,129	3
Other financial assets – current (Notes 4 and 20)	-	-	21,402	-
Other current assets (Notes 4 and 11)	29,680	1	41,257	1
Total current assets	816,569	15	1,020,650	19
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	2,230,072	42	2,213,936	41
Property, plant and equipment (Notes 4, 10, 20, 24 and 25)	2,149,822	40	2,033,228	38
Other intangible assets (Notes 4 and 23)	17,501	-	9,776	-
Deferred tax assets (Notes 4 and 18)	21,884	1	12,226	-
Prepayments for machinery and equipment (Notes 4 and 20)	70,234	1	18,678	1
Refundable deposits (Note 4)	5,869	-	5,695	-
Net defined benefit assets – non-current (Notes 4,14 and 20)	1,110	-	-	-
Other financial assets – non-current (Notes 4, 20 and 24)	43,000	1	48,000	1
Other non-current assets (Note 11)	-	-	2	-
Total non-current assets	4,539,492	85	4,341,541	81
TOTAL	\$ 5,356,061	100	\$ 5,362,191	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payables (Note 4)	\$ -	-	\$ 3,150	-
Trade payables (Notes 4 and 23)	49,192	1	40,951	1
Other payables (Notes 4, 13 and 23)	146,454	3	121,730	2
Current tax liabilities (Notes 4 and 18)	88,364	1	117,383	2
Current portion of long-term borrowings (Notes 12, 20 and 24)	38,267	1	38,267	1
Other current liabilities (Notes 13 and 23)	59,013	1	47,102	1
Total current liabilities	381,290	7	368,583	7
NON-CURRENT LIABILITIES				
Long-term bank loans (Notes 12, 20 and 24)	481,522	9	519,789	10
Deferred tax liabilities (Notes 4 and 18)	347	-	487	-
Net defined benefit liabilities – non-current (Notes 4,14 and 20)	-	-	813	-
Guarantee deposits	6,047	-	6,446	-
Total non-current liabilities	487,916	9	527,535	10
Total liabilities	869,206	16	896,118	17
EQUITY				
Ordinary shares	1,112,709	21	1,112,709	21
Capital surplus	999,216	19	999,216	18
Retained earnings				
Legal reserve	712,548	13	629,311	12
Unappropriated earnings	1,662,382	31	1,724,837	32
Total equity	4,486,855	84	4,466,073	83
TOTAL	\$ 5,356,061	100	\$ 5,362,191	100

The accompanying notes are an integral part of the financial statements.

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2025		2024	
	Amount	%	Amount	%
SALES (Notes 4, 16 and 23)	\$ 1,886,890	100	\$ 1,945,114	100
COST OF GOODS SOLD (Notes 8, 14, 17 and 23)	<u>837,105</u>	<u>44</u>	<u>814,347</u>	<u>42</u>
GROSS PROFIT	<u>1,049,785</u>	<u>56</u>	<u>1,130,767</u>	<u>58</u>
OPERATING EXPENSES (Notes 14, 17 and 25)				
Selling and marketing expenses	72,792	4	83,886	4
General and administrative expenses	105,497	6	91,970	5
Research and development expenses	<u>27,581</u>	<u>1</u>	<u>36,677</u>	<u>2</u>
Total operating expenses	<u>205,870</u>	<u>11</u>	<u>212,533</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>843,915</u>	<u>45</u>	<u>918,234</u>	<u>47</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 17)	(3,957)	-	(162)	-
Share of the profit or loss of subsidiary accounted for using the equity method (Notes 4 and 9)	7,136	-	65,858	3
Interest income (Notes 4 and 23)	4,966	-	6,332	-
Other income (Notes 4 and 17)	18,373	1	9,311	1
Net foreign exchange gain (loss) (Notes 4 and 26)	(458)	-	12,008	1
Other expenses	(59)	-	(128)	-
Loss on disposal of assets (Note 4)	<u>(12,994)</u>	<u>(1)</u>	<u>(1,287)</u>	<u>-</u>
Total non-operating income and expenses	<u>13,007</u>	<u>-</u>	<u>91,932</u>	<u>5</u>
PROFIT BEFORE INCOME TAX	856,922	45	1,010,166	52
INCOME TAX EXPENSE (Notes 4 and 18)	<u>170,169</u>	<u>9</u>	<u>179,081</u>	<u>9</u>
NET PROFIT FOR THE YEAR	<u>686,753</u>	<u>36</u>	<u>831,085</u>	<u>43</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 14)	2,067	-	1,607	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 18)	<u>(413)</u>	<u>-</u>	<u>(321)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,654</u>	<u>-</u>	<u>1,286</u>	<u>-</u>

(Continued)

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2025</u>		<u>2024</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ <u>688,407</u>	<u>36</u>	\$ <u>832,371</u>	<u>43</u>
EARNINGS PER SHARE (Note 19)				
Basic	\$ <u>6.17</u>		\$ <u>7.47</u>	
Diluted	\$ <u>6.15</u>		\$ <u>7.45</u>	

The accompanying notes are an integral part of the financial statements.

(Concluded)

TAIWAN STEEL UNION CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Ordinary Shares (Note 15)	Capital Surplus (Note 15)	Legal Reserve (Note 15)	Unappropriated Earnings (Note 15)	Total Equity
BALANCE AT JANUARY 1, 2024	\$ 1,112,709	\$ 999,216	\$ 578,790	\$ 1,421,452	\$ 4,112,167
Appropriation of 2023 earnings					
Legal reserve	-	-	50,521	(50,521)	-
Cash dividends – NT\$4.3 per share	-	-	-	(478,465)	(478,465)
Net profit for the year ended December 31, 2024	-	-	-	831,085	831,085
Other comprehensive income for the year ended December 31, 2024, net of income tax	-	-	-	1,286	1,286
Total comprehensive income for the year ended December 31, 2024	-	-	-	832,371	832,371
BALANCE AT DECEMBER 31, 2024	\$ 1,112,709	\$ 999,216	\$ 629,311	\$ 1,724,837	\$ 4,466,073
Appropriation of 2024 earnings					
Legal reserve	-	-	83,237	(83,237)	-
Cash dividends – NT\$6 per share	-	-	-	(667,625)	(667,625)
Net profit for the year ended December 31, 2025	-	-	-	686,753	686,753
Other comprehensive income for the year ended December 31, 2025, net of income tax	-	-	-	1,654	1,654
Total comprehensive income for the year ended December 31, 2025	-	-	-	688,407	688,407
BALANCE AT DECEMBER 31, 2025	\$ 1,112,709	\$ 999,216	\$ 712,548	\$ 1,662,382	\$ 4,486,855

The accompanying notes are an integral part of the financial statements.

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 856,922	\$ 1,010,166
Adjustments for :		
Depreciation expense	137,395	126,401
Amortization expense	5,152	3,082
Finance costs	3,957	162
Interest income	(4,966)	(6,332)
Share of the profit or loss of subsidiary	(7,136)	(65,858)
Loss on disposal of property, plant and equipment	12,994	1,287
Write-down of inventories	7,312	5,254
Unrealized foreign currency exchange gain, net	(468)	(1,920)
Changes in operating assets and liabilities		
Notes receivables	178	(178)
Trade receivables	27,358	5,058
Other receivables	2,892	1,279
Inventories	(29,047)	7,117
Other current assets	11,577	(18,944)
Notes payables	(3,150)	3,150
Trade payables	8,241	(2,040)
Other payables	12,385	12,262
Other current liabilities	11,911	(36,432)
Net defined benefit liabilities	144	(980)
Cash generated from operations	1,053,651	1,042,534
Interest received	5,078	6,358
Interest paid	(3,989)	(162)
Income taxes paid	(209,399)	(195,326)
Net cash generated from operating activities	<u>845,341</u>	<u>853,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	-	124,432
Acquisition of investments accounted for using equity method	(9,000)	-
Payments for property, plant and equipment	(250,135)	(974,416)
Proceeds from disposal of property, plant and equipment	1,578	1,848
Decrease in other receivables from related parties	-	120,000
Increase in refundable deposits	(174)	-
Payments for intangible assets	(12,875)	(5,664)
Decrease in other financial assets	26,402	5,598
Increase in other non-current assets	-	(1)
Increase in prepayments for machinery and equipment	(57,617)	(17,288)
Net cash used in investing activities	<u>(301,821)</u>	<u>(745,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	-	574,000
Repayments of long-term borrowings	(38,267)	(15,944)

(Continued)

TAIWAN STEEL UNION CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
Refund of guarantee deposits received	(399)	(1,441)
Dividends paid	<u>(667,625)</u>	<u>(478,465)</u>
Net cash generated from (used in) financing activities	<u>(706,291)</u>	<u>78,150</u>
NET INCREASE (DECREASE) IN CASH	(162,771)	186,063
CASH AT THE BEGINNING OF THE YEAR	<u>663,299</u>	<u>477,236</u>
CASH AT THE END OF THE YEAR	<u>\$ 500,528</u>	<u>\$ 663,299</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

TAIWAN STEEL UNION CO., LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Steel Union Co., Ltd (the “Company”) was established in April 1995 and incorporated in August of the same year.

The Company’s main business is to dispose and reuse general industrial waste and hazardous industrial waste as well as manufacture and trade non-ferrous metal (zinc oxide) and non-metallic mineral products.

The Company obtained the permission document of treating electric arc furnace dust for general use since December 28, 2017. The Company’s shares have been listed on the Taiwan Stock Exchange (TWSE) since January 30, 2018.

The financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors on February 25, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New IFRSs</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

1. The amendments mainly amend the requirements for the classification of financial assets, including:
 - a) if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
 - b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
 - c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.
2. The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

- The Company having no practical ability to withdraw, stop or cancel the payment instruction;
- The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosures in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1” Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Company shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.
- Interest and dividends received by the Company shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after

assessment, the Company has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the other impacts of other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiary. In order for the amounts of the net profit for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiary, and the related equity items, as appropriate, in the financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

e. Inventories

Inventories consist of raw materials and finished goods and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

f. Investments in subsidiary

The Company uses the equity method to account for its investments in subsidiary.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiary.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization and depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an

impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial asset

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial asset is classified as financial assets at amortized cost.

Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, Notes receivables at amortized cost, trade receivables, other receivables, refundable deposits, and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including Notes receivables and trade receivables).

The Company always recognizes lifetime expected credit loss (ECL) for Notes receivables and trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial

recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit loss that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

1. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Carbon fee provision

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee provision is recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year.

m. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is recognized as revenue and trade receivables when the goods are delivered to the customer's specific locations or when the goods are shipped because it is the time when the customer has the ownership of the goods and bears the risks.

Revenue from waste disposal and clean-up is recognized when the service is rendered, and when the performance obligations are fulfilled.

A contract liability is recognized when the Company receives consideration from a customer, has obligations to transfer products to a customer, or has obligations to perform services for a customer.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as a deduction from the carrying amount of the relevant assets and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and rereasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and gains and losses on settlement) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Rereasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Rereasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined

benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (refundable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of on the cash

flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Company's management, the accounting policies, estimates, and assumptions adopted by the Company have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2025	2024
Cash on hand and revolving funds	\$ 85	\$ 84
Checking accounts and demand deposits	495,443	563,215
Cash equivalents		
Time deposits with original maturities of three months or less	<u>5,000</u>	<u>100,000</u>
	<u>\$ 500,528</u>	<u>\$ 663,299</u>

7. NOTES RECEIVABLES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	<u>December 31</u>	
	2025	2024
Notes receivables from unrelated parties	<u>\$ -</u>	<u>\$ 178</u>
<u>Trade receivables from unrelated parties</u>		
At amortized cost		
Gross carrying amount	\$ 128,138	\$ 157,173
Less: Allowance for impairment loss	<u>(159)</u>	<u>(159)</u>
	<u>\$ 127,979</u>	<u>\$ 157,014</u>
Trade receivables from related parties	<u>\$ 3,074</u>	<u>\$ 923</u>
<u>Other receivables</u>		
Tax refund receivable	\$ 1,444	\$ 4,114
Others	<u>-</u>	<u>334</u>
	<u>\$ 1,444</u>	<u>\$ 4,448</u>

The average credit period of sales of goods is 60 to 90 days. No interest is charged on trade receivables. The Company adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information or its own trading records to rate its major customers. The Company obtains credit reports from independent rating agencies for those customers who have higher risk. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Company's historical credit loss experience does not show

significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off trade receivables when there is evidence indicating that the customer is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of Notes receivables and trade receivables.

	Not Past Due
<u>December 31, 2025</u>	
Expected credit loss rate	0%
Gross carrying amount	\$ 131,212
Loss allowance (Lifetime ECLs)	<u>(159)</u>
Amortized cost	<u>\$ 131,053</u>
<u>December 31, 2024</u>	
Expected credit loss rate	0%
Gross carrying amount	\$ 158,274
Loss allowance (Lifetime ECLs)	<u>(159)</u>
Amortized cost	<u>\$ 158,115</u>

The movements of the allowance for impairment loss recognized on Notes receivables and trade receivables were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Beginning and ending balance	<u>\$ 159</u>	<u>\$ 159</u>

8. INVENTORIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Raw materials	\$ 75,005	\$ 74,542
Finished goods	<u>78,859</u>	<u>57,587</u>
	<u>\$ 153,864</u>	<u>\$ 132,129</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2025 and 2024 was \$647,137 thousand and \$656,508 thousand, respectively.

The cost of goods sold for the years ended December 31, 2025 and 2024 included inventory write-down of \$7,312 thousand and \$5,254 thousand, respectively.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiary	\$ 2,222,223	\$ 2,213,936
Associate	<u>7,849</u>	<u>-</u>
	<u>\$ 2,230,072</u>	<u>\$ 2,213,936</u>

a. Investment in subsidiary

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Taiwan Steel Resources Co., Ltd. (“TSR”)	<u>\$ 2,222,223</u>	<u>\$ 2,213,936</u>

	<u>% of Ownership</u>	
	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Investee		
TSR	100	100

b. Investment in associate

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Associates that are not individually material		
FENG LI INTERNET CO., LTD. (“Feng Li Co.”)	<u>\$ 7,849</u>	<u>\$ -</u>

Associates that are not individually material aggregate information of associates are summarized as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
The Company’s shares		
Net income for continuing operations	\$ (1,151)	\$ -
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ (1,151)</u>	<u>\$ -</u>

In January 2025, with the approval of the Board of Directors, the Company jointly established Feng Li Co. with Feng Hsin Steel Co., Ltd. and Feng Yu Resources Co., Ltd., with an investment amount of \$9,000 thousand and holding 30% of the equity interests.

10. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2025				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
<u>Cost</u>					
Land	\$ 1,382,450	\$ 5,740	\$ -	\$ -	\$ 1,388,190
Land improvements	61,710	1,299	-	-	63,009
Buildings	547,469	49,729	(10,195)	235	587,238
Machinery equipment	2,468,729	131,488	(63,049)	6,366	2,543,534
Transportation equipment	177,462	6,157	(48)	-	183,571
Miscellaneous equipment	69,256	6,183	(976)	-	74,463
Construction in progress	930	61,904	-	(540)	62,294
	<u>4,708,006</u>	<u>\$ 262,500</u>	<u>\$ (74,268)</u>	<u>\$ 6,061</u>	<u>4,902,299</u>
<u>Accumulated depreciation</u>					
Land improvements	61,009	\$ 568	\$ -	\$ -	61,577
Buildings	309,775	35,636	(1,827)	-	343,584
Machinery equipment	2,110,437	83,576	(56,905)	-	2,137,108
Transportation equipment	151,639	8,147	(43)	-	159,743
Miscellaneous equipment	41,918	9,468	(921)	-	50,465
	<u>2,674,778</u>	<u>\$ 137,395</u>	<u>\$ (59,696)</u>	<u>\$ -</u>	<u>2,752,477</u>
	<u>\$ 2,033,228</u>				<u>\$ 2,149,822</u>

	For the Year Ended December 31, 2024				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
<u>Cost</u>					
Land	\$ 550,606	\$ 831,844	\$ -	\$ -	\$ 1,382,450
Land improvements	61,710	-	-	-	61,710
Buildings	524,480	23,408	(1,086)	667	547,469
Machinery equipment	2,371,130	104,085	(42,092)	35,606	2,468,729
Transportation equipment	170,904	8,728	(2,170)	-	177,462
Miscellaneous equipment	53,893	16,126	(763)	-	69,256
Construction in progress	794	660	-	(524)	930
	<u>3,733,517</u>	<u>\$ 984,851</u>	<u>\$ (46,111)</u>	<u>\$ 35,749</u>	<u>4,708,006</u>
<u>Accumulated depreciation</u>					
Land improvements	59,286	\$ 1,723	\$ -	\$ -	61,009
Buildings	279,360	31,204	(789)	-	309,775
Machinery equipment	2,074,514	75,369	(39,446)	-	2,110,437
Transportation equipment	141,760	11,915	(2,036)	-	151,639
Miscellaneous equipment	36,433	6,190	(705)	-	41,918
	<u>2,591,353</u>	<u>\$ 126,401</u>	<u>\$ (42,976)</u>	<u>\$ -</u>	<u>2,674,778</u>
	<u>\$ 1,142,164</u>				<u>\$ 2,033,228</u>

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	5-10 years
Buildings	
Main buildings	25-50 years
Others	2-48 years
Machinery equipment	2-20 years
Transportation equipment	5-15 years
Miscellaneous equipment	2-12 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 24.

11. OTHER ASSETS

	<u>December 31</u>	
	2025	2024
<u>Current</u>		
Prepayments	\$ 18,370	\$ 40,059
Tax overpaid retained	8,443	911
Temporary payments	<u>2,867</u>	<u>287</u>
	<u>\$ 29,680</u>	<u>\$ 41,257</u>
<u>Non-current</u>		
Long-term prepayments	<u>\$ -</u>	<u>\$ 2</u>

12. BORROWINGS

	<u>December 31</u>	
	2025	2024
<u>Long-term borrowings</u>		
Secured borrowings (Note 24)	\$ 519,789	\$ 558,056
Less: Current portion	<u>(38,267)</u>	<u>(38,267)</u>
Long-term bank loans	<u>\$ 481,522</u>	<u>\$ 519,789</u>
Rate of interest per annum (%)	1.8	1.8

The company obtained a long-term loan of NT\$574,000 from the Bank of Taiwan in July 2024 to purchase land. The loan period is from July 2024 to July 2039, divided into 180 installments over a total of 15 years. The principal and interest are repaid evenly on a monthly basis. The borrowing interest rate is calculated based on the Bank of Taiwan's two-year fixed deposit flexible interest rate.

13. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Other payables</u>		
Payables for salaries and bonuses	\$ 48,107	\$ 45,871
Payables for purchases of equipment	39,342	26,977
Payables for remuneration of directors	6,300	6,300
Payables for annual leave	4,086	3,567
Payables for donations	1,464	1,722
Others	<u>47,155</u>	<u>37,293</u>
	<u>\$ 146,454</u>	<u>\$ 121,730</u>
<u>Other current liabilities</u>		
Contract liabilities (Note 16)	\$ 55,295	\$ 46,546
Provisions(Note)	1,608	-
Temporary credits (receipts under custody)	<u>2,110</u>	<u>556</u>
	<u>\$ 59,013</u>	<u>\$ 47,102</u>

Note: Beginning in 2025, the company recognized a provision for carbon fee liabilities in accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC. The company assessed that it is highly likely to obtain approval from the competent authority for its self-determined reduction plan, and it is also highly likely to achieve the designated targets for 2025. It further expects to submit the 2025 progress report on the execution of the self-determined reduction plan by April 30, 2026. Therefore, the provision for carbon fee liabilities is calculated based on the preferential rate.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2025	2025
Present value of defined benefit obligation	\$ 26,175	\$ 25,290
Fair value of plan assets	<u>(27,285)</u>	<u>(24,477)</u>
Net defined benefit liabilities (assets)	<u>\$ (1,110)</u>	<u>\$ 813</u>

Movements in net defined benefit liability (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2024	<u>26,957</u>	<u>(23,557)</u>	<u>3,400</u>
Service cost			
Current	863	-	863
Net interest expense (income)	<u>305</u>	<u>(270)</u>	<u>35</u>
Recognized in profit or loss	<u>1,168</u>	<u>(270)</u>	<u>898</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,316)	(2,316)
Actuarial loss (gain)			
- changes in demographic assumptions	(1)	-	(1)
- changes in financial assumptions	(607)	-	(607)
- experience adjustments	<u>1,317</u>	<u>-</u>	<u>1,317</u>
Recognized in other comprehensive loss (income)	<u>709</u>	<u>(2,316)</u>	<u>(1,607)</u>
Contributions from the employer welfare payments	<u>-</u> <u>(3,544)</u>	<u>(1,878)</u> <u>3,544</u>	<u>(1,878)</u> <u>-</u>
Balance at December 31, 2024	<u>25,290</u>	<u>(24,477)</u>	<u>813</u>
Service cost			
Current	848	-	848
Net interest expense (income)	<u>386</u>	<u>(378)</u>	<u>8</u>
Recognized in profit or loss	<u>1,234</u>	<u>(378)</u>	<u>856</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,718)	(1,718)
Actuarial loss (gain)			
- changes in financial assumptions	336	-	336
- experience adjustments	(685)	-	(685)
Recognized in other comprehensive income	<u>(349)</u>	<u>(1,718)</u>	<u>(2,067)</u>
Contributions from the employer	<u>-</u>	<u>(712)</u>	<u>(712)</u>
Balance at December 31, 2025	<u>\$ 26,175</u>	<u>\$ (27,285)</u>	<u>\$ (1,110)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities,

bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2025	2024
Discount rates	1.3%	1.55%
Expected rates of salary increase	3%	3%
Mortality rate	Taiwan Life Insurance Industry 6th Mortality Table	Taiwan Life Insurance Industry 6th Mortality Table
Turnover rate	According to different age groups, there are 0%-0.32%, etc. different assumptions.	According to different age groups, there are 0%-0.35%, etc. different assumptions.

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	\$ (336)	\$ (369)
0.25% decrease	\$ 342	\$ 377
Expected rate of salary increase		
0.25% increase	\$ 336	\$ 371
0.25% decrease	\$ (331)	\$ (365)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
Expected contributions to the plan for the next year	\$ 629	\$ 637
Average duration of the defined benefit obligation	5 years	5 years

15. EQUITY

a. Share capital

	December 31	
	2025	2024
Shares authorized (in thousands of shares)	<u>160,000</u>	<u>160,000</u>
Shares authorized	<u>\$ 1,600,000</u>	<u>\$ 1,600,000</u>
Shares issued and fully paid (in thousands of shares)	<u>111,271</u>	<u>111,271</u>
Shares issued	<u>\$ 1,112,709</u>	<u>\$ 1,112,709</u>

The authorized shares included 2,000 thousand shares allocated for the exercise of employee share options.

b. Capital surplus

	December 31	
	2025	2024
Issuance of ordinary shares	\$ 997,847	\$ 997,847
Expired employee share options	1,138	1,138
Disgorgement	<u>231</u>	<u>231</u>
	<u>\$ 999,216</u>	<u>\$ 999,216</u>

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year). Expired employee share options and disgorgement can only be used to offset a deficit.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. According to the Article 240-5 of the Company's Articles, if two thirds of directors or more attended the meeting and over half of the directors who attended approve the resolution, the Company may authorize the board of directors to appropriate part or of all of the accrued dividends or bonuses, by cash, and a report shall be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 17-e.

In addition, under the dividends policy set forth in the Articles, the Company may distribute dividends in cash or shares. If the Company decides to distribute in cash, in principle, the cash dividends shall not be lower than 10% of share dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Company held shareholders' meetings on May 27, 2025 and May 30, 2024, and the appropriations

of earnings for 2024 and 2023 have been approved in the meetings, respectively, as follows:

	Appropriation of Earnings	
	For the Year Ended	
	December 31	
	2024	2023
Legal reserve	\$ 83,237	\$ 50,521
Cash dividends	\$ 667,625	\$ 478,465
Dividends Per Share (NT\$)	\$ 6	\$ 4.3

The appropriation of earnings for 2025, which were proposed by the Company's board of directors on February 25, 2026, were as follows:

	Appropriation of Earnings
Legal reserve	\$ 68,841
Cash dividends	\$ 589,736
Dividends Per Share (NT\$)	\$ 5.3

The appropriation of earnings for 2025 will be resolved by the shareholders in their meeting to be held on May 29, 2026.

16. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2025	2024
Revenue from sale of zinc oxide	\$ 1,489,530	\$ 1,619,231
Revenue from waste disposal	370,854	317,945
Other operating revenue	26,506	7,938
	<u>\$ 1,886,890</u>	<u>\$ 1,945,114</u>

b. Contract balance

	December 31, 2025	December 31, 2024	January 1, 2024
Notes receivables and trade receivables (Note 7)	<u>\$ 131,053</u>	<u>\$ 158,115</u>	<u>\$ 161,022</u>
Contract liabilities (Note 13)	<u>\$ 55,295</u>	<u>\$ 46,546</u>	<u>\$ 83,063</u>

17. NET PROFIT FROM CONTINUING OPERATIONS

a. Other revenue

	For the Year Ended December 31	
	2025	2024
Government grants	\$ 17,772	\$ 8,754
Others	<u>601</u>	<u>557</u>
	<u>\$ 18,373</u>	<u>\$ 9,311</u>

b. Financial costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 3,957	\$ -
Others	<u>-</u>	<u>162</u>
	<u>\$ 3,957</u>	<u>\$ 162</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2025	2024
Capitalization amount	\$ 5,740	\$ 4,725
Capitalization rate	1.8%	1.8%

c. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 137,395	\$ 126,401
Other intangible assets	5,149	3,082
Other non-current assets	<u>3</u>	<u>-</u>
	<u>\$ 142,547</u>	<u>\$ 129,483</u>
 An analysis of depreciation by function		
Operating costs	\$ 132,986	\$ 121,635
Operating expenses	<u>4,409</u>	<u>4,766</u>
	<u>\$ 137,395</u>	<u>\$ 126,401</u>
 An analysis of amortization by function		
Operating costs	\$ 1,763	\$ 263
Operating expenses	<u>3,389</u>	<u>2,819</u>
	<u>\$ 5,152</u>	<u>\$ 3,082</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 147,265	\$ 142,965
Post-employment benefits		
Defined contribution plans	13,108	4,028
Defined benefit plans (Note 14)	<u>856</u>	<u>898</u>
	13,964	4,926
Other employee benefits	<u>16,120</u>	<u>15,647</u>
	<u>\$ 177,349</u>	<u>\$ 163,538</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 98,420	\$ 92,562
Operating expenses	<u>78,929</u>	<u>70,976</u>
	<u>\$ 177,349</u>	<u>\$ 163,538</u>

	For the Year Ended December 31,2025		
	Operating Cost	Operating Expenses	Total
Employee benefits expenses			
Employee salaries	\$ 83,155	\$ 53,885	\$ 137,040
Labor insurance and health insurance	7,251	3,082	10,333
Post –employment benefits	3,580	10,384	13,964
Remuneration of directors	-	10,225	10,225
Other employee benefits	<u>4,434</u>	<u>1,353</u>	<u>5,787</u>
	<u>\$ 98,420</u>	<u>\$ 78,929</u>	<u>\$ 177,349</u>

	For the Year Ended December 31,2024		
	Operating Cost	Operating Expenses	Total
Employee benefits expenses			
Employee salaries	\$ 77,692	\$ 55,003	\$ 132,695
Labor insurance and health insurance	6,913	2,898	9,811
Post –employment benefits	3,346	1,580	4,926
Remuneration of directors	-	10,270	10,270
Other employee benefits	<u>4,611</u>	<u>1,225</u>	<u>5,836</u>
	<u>\$ 92,562</u>	<u>\$ 70,976</u>	<u>\$ 163,538</u>

For both the year ended December 31, 2025 and 2024, the average number of employees of the Company was 119, which included 10 non-employee directors for both years. The calculation basis is consistent with employee benefits expense.

For the year ended December 31, 2025 and 2024, the average of employee benefits expense were \$1,533 and \$1,406 thousand, respectively; as of 2025 and 2024, the average of employee salaries were \$1,257 and \$1,217 thousand, respectively, and the change of the average employee salaries was 3%. The company has set up an audit committee to replace the supervisor, so there is no supervisor's remuneration. The remuneration of the directors, managers, and employees of the company is based on the positions held, the responsibilities assumed, personal performance, company operating performance, as well as the level of the same industry.

e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolve the amendments to the Company's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of 1% of net profit before income tax, compensation of employees, and remuneration of directors as compensation distributions for non-executive employees.

The compensation of employees (including non-executive employees) and remuneration of directors for the years ended December 31, 2025 and 2024, which were approved by the Company's board of directors on February 5, 2026 and January 20, 2025, respectively, are as follows:

	For the Year Ended December 31	
	2025	2024
<u>Accrual rate</u>		
Compensation of employees	4.09%	3.49%
Remuneration of directors	0.70%	0.60%
	For the Year Ended December 31	
	2025	2024
<u>Amount</u>		
Compensation of employees	\$ 36,794	\$ 36,724
Remuneration of directors	6,300	6,300

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2024 and 2023.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

18. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2025	2024
Current tax		
In respect of the current year	\$ 176,641	\$ 183,240
Income tax on unappropriated earnings	4,075	-
Adjustments for prior years	<u>(336)</u>	<u>(8,256)</u>
	180,380	174,984
Deferred tax		
In respect of the current year	<u>(10,211)</u>	<u>4,097</u>
Income tax expense recognized in profit or loss	<u>\$ 170,169</u>	<u>\$ 179,081</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2025	2024
Profit before income tax	\$ 856,922	\$ 1,010,166
Income tax expense calculated at the statutory rate	\$ 171,384	\$ 202,033
Tax effect of adjusting items:		
Non-deductible expenses in determining taxable income	(3,527)	(1,524)
Tax-exempt income	(1,427)	(13,172)
Income tax on unappropriated earnings	4,075	-
Adjustments for prior years' tax	<u>(336)</u>	<u>(8,256)</u>
Income tax expense recognized in profit or loss	\$ <u>170,169</u>	\$ <u>179,081</u>

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	For the Year Ended December 31, 2025			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 163	\$ 28	\$ (191)	\$ -
Unrealized intercompany profit	2,514	8,255	-	10,769
Inventory write-downs	8,836	1,462	-	10,298
Payables for annual leave	713	104	-	817
	<u>\$ 12,226</u>	<u>\$ 9,849</u>	<u>\$ (191)</u>	<u>\$ 21,884</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit obligation	\$ -	\$ -	\$ 222	\$ 222
Effects of foreign currency exchange differences	487	(362)	-	125
	<u>\$ 487</u>	<u>\$ (362)</u>	<u>\$ 222</u>	<u>\$ 347</u>

For the Year Ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Defined benefit obligation	\$ 680	\$ (196)	\$ (321)	\$ 163
Unrealized intercompany profit	6,264	(3,750)	-	2,514
Inventory write-downs	7,785	1,051	-	8,836
Payables for annual leave	668	45	-	713
Effects of foreign currency exchange differences	<u>760</u>	<u>(760)</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,157</u>	<u>\$ (3,610)</u>	<u>\$ (321)</u>	<u>\$ 12,226</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Effects of foreign currency exchange differences	<u>\$ -</u>	<u>\$ 487</u>	<u>\$ -</u>	<u>\$ 487</u>

c. Income tax assessments

The income tax returns of the Company and its subsidiary through 2023 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Shares (In Thousands of Shares)	Earnings Per Share (NT\$)
<u>For the Year Ended December 31, 2025</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 686,753	111,271	<u>\$ 6.17</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>364</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 686,753</u>	<u>111,635</u>	<u>\$ 6.15</u>
<u>For the Year Ended December 31, 2024</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Company	\$ 831,085	111,271	<u>\$ 7.47</u>
Effect of potentially dilutive ordinary shares			
Compensation of employees	<u>-</u>	<u>344</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 831,085</u>	<u>111,615</u>	<u>\$ 7.45</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. NON-CASH TRANSACTIONS

The Company entered into the following non-cash investing and financing activities for the years ended December 31, 2025 and 2024:

	For the Year Ended December 31	
	2025	2024
<u>Non-cash transactions for investing and financing activities</u>		
Remeasurement of defined benefit plans	\$ 2,067	\$ 1,607
Transfers from prepayments for equipment to property, plant and equipment	\$ 6,061	\$ 35,749
Transfers from other financial assets - non-current to other financial assets - current	\$ -	\$ 20,221
Transfers from long-term bank loans to current portion	\$ 38,267	\$ 38,267

21. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged.

The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company (comprising issued capital, reserves and retained earnings).

Key management personnel of the Company review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

The Company is not subject to any externally imposed capital requirements.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management personnel of the Company determined that the carrying amount of financial assets and financial liabilities not measured at fair value approximates to their fair value or their fair value is unable to be measured reliably.

b. Categories of financial instruments

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 681,894	\$ 900,959
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	662,989	674,595

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, Notes receivables, trade receivables, other receivables, refundable deposits, and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payables, trade payables, other payables, long-term bank loans (including the current portion) and guarantee deposits received.

c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, trade receivables, trade payables and borrowings. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The corporate treasury and sales function report regularly to the management personnel of the Company. The management personnel oversee the impact of the financial risks.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below) and interest rates (refer to (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company have foreign currency denominated sales, which exposes the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 26.

Sensitivity analysis

The Company is mainly exposed to the USD. The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (i.e., the functional currency) against USD. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit with the New Taiwan dollars strengthening 1% against USD. For a 1% weakening of the New Taiwan dollars against USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	For the Year Ended December 31	
	2025	2024
Profit before income tax	\$ 1,064	\$ 1,392

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 5,000	\$ 100,000
Cash flow interest rate risk		
Financial assets	538,443	632,598
Financial liabilities	519,789	558,056

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease

is used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Company’s pre-tax profit for the years ended December 31, 2025 and 2024 would have increased by \$187 thousand and \$745 thousand, respectively, which was mainly a result of variable-rate bank deposits and borrowings of the Company.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company’s maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge its obligations and due to the financial guarantees provided by the Company, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company adopted a policy of only dealing with creditworthy counterparties. In order to minimize credit risk, based on the Credit Management Guidelines, the management of the Company has delegated a team responsible for determining credit limits, credit approvals, and other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables.

The Company assesses the financial positions of the customers with trade receivables continuously.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company’s remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	Less Than 1 Year	Over 1 Year
<u>December 31, 2025</u>		
Non-interest bearing	\$ 137,153	\$ -
Floating interest rate liabilities	38,267	481,522
<u>December 31, 2024</u>		
Non-interest bearing	\$ 110,093	\$ -
Floating interest rate liabilities	38,267	519,789

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
<u>December 31, 2025</u>				
Non-interest bearing	\$ 137,153	\$ -	\$ -	\$ -
Floating interest rate liabilities	<u>38,267</u>	<u>191,333</u>	<u>191,333</u>	<u>98,856</u>
	<u>\$ 175,420</u>	<u>\$ 191,333</u>	<u>\$ 191,333</u>	<u>\$ 98,856</u>
<u>December 31, 2024</u>				
Non-interest bearing	\$ 110,093	\$ -	\$ -	\$ -
Floating interest rate liabilities	<u>38,267</u>	<u>191,333</u>	<u>191,333</u>	<u>137,123</u>
	<u>\$ 148,360</u>	<u>\$ 191,333</u>	<u>\$ 191,333</u>	<u>\$ 137,123</u>

23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
TAIWAN STEEL RESOURCES CO., LTD (“TSR”)	The Company’s subsidiary
FENG LI INTERNET CO., LTD. (“Feng Li Co.”)	The Company’s associate
FENG HSIN STEEL CO., LTD. (“Feng Hsin Co.”)	The Company’s key management personnel
TUNG HO STEEL ENTERPRISE CORP. (“Tung Ho Co.”)	The Company’s key management personnel
HAI KWANG ENTERPRISE CORPORATION (“Hai Kwang Co.”)	The Company’s key management personnel
SHYEH SHENG FUAT STEEL & IRON WORKS CO., LTD. (“Shyeh Sheng Fuat Co.”)	The Company’s key management personnel
CHIEN SHUN STEEL CO., LTD. (“Chien Shun Co.”)	The Company’s key management personnel
UNITED STEEL CORPORATION (“United Co.”)	Related party in substance (Before May, 2025 it was the Company’s key management personnel)
KATEC CREATIVE RESOURCES CORP. (“Katec Co.”)	Related party in substance
FENG YU RESOURCES CO., LTD. (“Feng Yu Co.”)	Related party in substance
ZHENG TUNG ENVIRONMENTAL PROTECTION TECH CO., LTD. (“Zheng Tung Co.”)	Related party in substance

b. Sales

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2025	2024
Service revenue	The Company’s key management personnel	\$ 60,665	\$ 77,940
	Related parties in substance	14,403	21,377
	Subsidiary	8	-
		<u>\$ 75,076</u>	<u>\$ 99,317</u>
Other operating revenue	The Company’s key management personnel	<u>\$ 34</u>	<u>\$ 50</u>

There are no significant differences for sales and payments terms between related parties and normal customers.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2025	2024
Related parties in substance	\$ 775	\$ 775
The Company's key management personnel	<u>1</u>	<u>4</u>
	<u>\$ 776</u>	<u>\$ 779</u>

There are no significant differences for purchases of goods and payments terms between related parties and normal suppliers.

d. Operating costs

Line Item	Related Party Category	For the Year Ended December 31	
		2025	2024
Environmental expenditures	The Company's subsidiary	<u>\$ 95,756</u>	<u>\$ 104,968</u>

e. Receivables from related parties

Line Item	Related Party Category	December 31	
		2025	2024
Trade receivables	The Company's key management personnel	\$ 3,074	\$ 915
	Related parties in substance	<u>-</u>	<u>8</u>
		<u>\$ 3,074</u>	<u>\$ 923</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2025 and 2024, no impairment losses were recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category	December 31	
		2025	2024
Trade payables	The Company's key management personnel	\$ 70	\$ 180
	Related parties in substance	<u>3</u>	<u>4</u>
		<u>\$ 73</u>	<u>\$ 184</u>
Other payables	The Company's subsidiary	\$ 12,514	\$ 9,407
	The Company's associate	<u>851</u>	<u>-</u>
		<u>\$ 13,365</u>	<u>\$ 9,407</u>

g. Contract liabilities

Line Item	Related Party Category	December 31	
		2025	2024
Other current liabilities	The Company's key management personnel Related parties in substance	\$ 2,445	\$ 3,762
		164	422
		<u>\$ 2,609</u>	<u>\$ 4,184</u>

h. Acquisition of property, plant and equipment

Related Party Category/Name	Line Item	Purchase Price	
		For the Year Ended December 31	
		2025	2024
The Company's associate	Intangible assets	<u>\$ 810</u>	<u>\$ -</u>

i. Loans to related parties

Related Party Category	For the Year Ended December 31	
	2025	2024
<u>Interest income</u>		
The Company's subsidiary	<u>\$ -</u>	<u>\$ 922</u>

The company provides short-term unsecured loans to TSR with an interest rate of 1.59%. TSR has repaid the full amount in November 2024.

j. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2025	2024
Subsidiary		
Guaranteed amounts	<u>\$ 300,000</u>	<u>\$ 200,000</u>
Actual borrowing amount	<u>\$ -</u>	<u>\$ -</u>

k. Remuneration of key management personnel

Remuneration of directors and key management personnel was as follows:

	For the Year Ended December 31	
	2025	2024
Short-term employee benefits	\$ 24,000	\$ 21,524
Post-employment benefits	8,848	108
	<u>\$ 32,848</u>	<u>\$ 21,632</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for guarantees and bank borrowings:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Property, plant and equipment	\$ 1,092,312	\$ 1,086,572
Other financial assets - non-current	<u>43,000</u>	<u>48,000</u>
	<u>\$ 1,135,312</u>	<u>\$ 1,134,572</u>

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company at December 31, 2025 and 2024 were as follows:

- a. The Company's unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Property, plant and equipment	<u>\$ 534,594</u>	<u>\$ 53,243</u>

- b. Under the environmental protection agreement of clearance and recycling EAF dust, the Company has to make profit-sharing payments to Shengang Township and Xianxi Township, Changhua County. The payments would depend on the amount of clearance and recycling EAF dust each month. The profit-sharing payments are recognized as operating expenses, which amounted to \$14,711 thousand and \$17,704 thousand in 2025 and 2024, respectively.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	December 31, 2025		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item USD	\$ 3,480	31.43 (USD:NTD)	\$ <u>109,384</u>
<u>Financial liabilities</u>			
Monetary item USD	94	31.43 (USD:NTD)	\$ <u>2,966</u>

	December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item USD	\$ 4,340	32.79 (USD:NTD)	\$ <u>142,276</u>
<u>Financial liabilities</u>			
Monetary item USD	94	32.79 (USD:NTD)	\$ <u>3,083</u>

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2025		2024	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	31.18 (USD:NTD)	\$ (432)	32.11 (USD:NTD)	\$ 11,996

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table 1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investments in subsidiary, associates and joint ventures).
(None)

4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)

5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital.
(None)

b. Information on investees. (Table 3)

c. Information on investments in mainland China. (None)

TAIWAN STEEL UNION CO., LTD.

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 5)	Ending Balance (Note 5)	Actual Amount Borrowed (Note 6)	Interest Rate (%)	Nature of Financing (Note 3)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	The Company	Taiwan Steel Resources Co., Ltd.	Amounts receivable from related parties	Yes	\$ 400,000	\$ 200,000	\$ -	2.22%	2	\$ -	Operating turnover	\$ -	-	\$ -	\$ 1,794,7417 (Notes 2 and 6)	\$ 1,794,7417 (Notes 4 and 6)

Note 1: The numbers denote the following:

- 1) 0 represents the issuer.
- 2) Investees are numbered starting from 1.

Note 2: The financing limit for each borrower is up to 40% of the net worth of the Company.

Note 3: The nature of financing provided could be:

- 1) Business relationships.
- 2) Short-term financing needs.

Note 4: The aggregate financing limit is up to 40% of the net worth of the Company.

Note 5: The ending balance amount has been approved by the board of directors.

Note 6: According to the Company's guidelines for loaning funds, the maximum amount of loaning is based on the Company's net worth as stated in its latest audited (reviewed) financial statements. In December 2025, the Company announced that the Company's maximum amount of the loan to be provided to a single enterprise is \$1,717,627 thousand and the maximum amount of the loan to be provided is \$1,717,627 thousand. Because the 2025 annual financial statements have not been audited, these amounts were based on the financial statements for the nine months ended September 30, 2025. Thus, there is a difference between them.

TAIWAN STEEL UNION CO., LTD.

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Notes 3 and 5)	Maximum Amount Endorsed/ Guaranteed During the Year (Note 4)	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantees Limit (Notes 3 and 5)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent	Endorsements/ Guarantees Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Taiwan Steel Resources Co., Ltd.	(2)	\$ 2,198,558	\$ 400,000	\$ 300,000	\$ -	\$ -	6.69	\$ 2,243,427	Y	N	N

Note 1: 1) Taiwan Steel Union Co., Ltd. is numbered 0.

2) Subsidiaries are numbered starting from 1.

Note 2: The relationship between endorser/guarantor and the endorsee/guarantee can be classified into the following four categories:

- 1) The companies with which it has business relations.
- 2) Subsidiaries in which the company held more than 50% of its total outstanding ordinary shares.
- 3) The companies in which the parent company and the subsidiary together held more than 50% of its outstanding ordinary shares.
- 4) The parent company which held, directly or indirectly through a subsidiary, more than 50% of its outstanding ordinary shares.

Note 3: The maximum amount of the endorsements/guarantees provided by the Company and its subsidiary shall not exceed 50% of the Company's net assets as stated in its latest financial statement. Endorsements/guarantees provided by the Company to a single enterprise shall not exceed 49% of the Company's net assets as stated in its latest financial statement.

Note 4: The ending balance and actual amount used are recorded using the prevailing exchange rate at balance sheet date.

Note 5: According to the Company's Guideline for Endorsements and Guarantees, the maximum amount of the endorsements/guarantees is based on the Company's net assets as stated in its latest audited (reviewed) financial statements. In December 2025, the Company announced that the Company's maximum amount of the endorsements/guarantees to a single enterprise is \$2,104,093 thousand and the maximum amount of the endorsements/guarantees is \$2,147,034 thousand. Because the 2025 annual financial statements have not been audited, these amounts were based on the financial statements for the nine months ended September 30, 2025. Thus, there is a difference between them.

TAIWAN STEEL UNION CO., LTD.

**INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2025	December 31, 2024	Number of Shares	%	Carrying Amount			
The Company	Taiwan Steel Resources Co., Ltd.	Changhua	Waste reuse services	\$ 2,300,000	\$ 2,300,000	149,000,000	100	\$ 2,222,223	\$ 9,347	\$ 8,287	Subsidiary Associate
	Feng Li Internet Co., Ltd.	Taichung	Software development	9,000	-	900,000	30	7,849	(3,647)	(1,151)	

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STATEMENT 1

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash on hand and revolving funds	\$ <u>85</u>
Cash in banks	
Demand deposits	445,576
Foreign currency deposits (Note 1)	<u>49,867</u>
	<u>495,443</u>
Cash equivalents	
Time deposits with original maturities of three months or less (Note 2)	<u>5,000</u>
	<u>\$ 500,528</u>

Note1: Including USD 1,587 thousand (USD 1 = NTD 31.43).

Note2: Expires on March 1, 2026

STATEMENT 2

TAIWAN STEEL UNION CO., LTD.

**STATEMENT OF TRADE RECEIVABLES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Client Name	Amount
Related parties	
Others (Note)	\$ <u>3,074</u>
Non-related parties	
Client A.	49,366
Client B.	23,498
Client C.	12,913
Client D.	7,325
Client E.	7,126
Client F.	7,113
Others (Note)	<u>20,797</u>
	<u>128,138</u>
	<u>131,212</u>
Less: Allowance for impairment loss	(<u>159</u>)
	<u>\$ 131,053</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TAIWAN STEEL UNION CO., LTD.

**STATEMENT OF INVENTORY
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Raw materials	\$ 126,496	\$ 123,187
Finishes goods	<u>78,859</u>	<u>191,585</u>
	205,355	<u>\$ 314,772</u>
Less: Write-down of inventories	(<u>51,491</u>)	
	<u>\$ 153,864</u>	

Note: Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except similar items.

TAIWAN STEEL UNION CO., LTD.

STATEMENT OF CHANGES IN INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2025
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance at January 1,2025			Increase in Investment		Share of Gain of Subsidiary	Balance at December 31,2025			Net Assets Value
	Shares	Ownership (%)	Amount	Shares	Amount		Shares	Ownership(%)	Amount	
Taiwan Steel Resources Co., Ltd.	149,000,000	100	\$ 2,213,936	-	\$ -	\$ 8,287	149,000,000	100	\$ 2,222,223	\$ 2,221,799
Feng Li Internet Co., Ltd.	-	-	-	900,000	9,000	(1,151)	900,000	30	7,849	7,906
			<u>\$ 2,213,936</u>		<u>\$ 9,000</u>	<u>\$ 7,136</u>			<u>\$ 2,230,072</u>	<u>\$ 2,229,705</u>

TAIWAN STEEL UNION CO., LTD.

**STATEMENT OF TRADE PAYABLES
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
Related parties	
Others (Note)	\$ <u>73</u>
Non-related parties	
Company A	15,302
Company B	9,122
Company C	7,322
Company D	4,794
Others (Note)	<u>12,579</u>
	<u>49,119</u>
	\$ <u>49,192</u>

Note: The amount of individual vendor included in others does not exceed 5% of the account balance.

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2025

(In Thousands of New Taiwan Dollars)

Acceptance Agency.	Repayment Method	Contract Period	Interest Rate (%)	Amount			Mortgage or Pledged Assets
				Current portion	Non-current portion	Total	
Bank of Taiwan	Average amortization of interest and principal	2024.7.15-2039.07.15	1.8	\$ 38,267	\$ 481,522	\$ 519,789	Note 24

STATEMENT 7

TAIWAN STEEL UNION CO., LTD.

**STATEMENT OF NET SALES REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Quantities (tons)</u>	<u>Amount</u>
Revenue from sale of zinc oxide	44,736	\$ 1,489,530
Revenue from waste disposal		370,854
Other operating revenue		<u>26,506</u>
		<u>\$ 1,886,890</u>

TAIWAN STEEL UNION CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

<u>Item</u>	<u>Amount</u>
Raw materials, beginning of year	\$ 118,721
Raw materials purchased	370,172
Consumables transferred to manufacturing expenses	(31,174)
Consumables transferred to R&D expenses	(7,202)
Materials transferred to service costs	(58,875)
Less: raw material, end of year	(<u>126,496</u>)
Raw material used	265,146
Direct labor	40,307
Manufacturing expenses	358,456
Finished goods, beginning of year	57,587
Finished goods purchased	4,500
Less: finished goods, end of year	(<u>78,859</u>)
Costs of goods sold	647,137
Service costs	182,705
Inventory write-downs	7,312
Revenue from sale of scraps	(<u>49</u>)
Operating Costs	<u>\$ 837,105</u>

TAIWAN STEEL UNION CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Selling and Marketing Expenses	General and Administration Expenses	Research and Development Expenses	Total
Salaries	\$ 6,859	\$ 47,197	\$ 10,054	\$ 64,110
Shipping expenses	45,163	13	-	45,176
Donation expenses	-	16,437	-	16,437
Others (Note)	<u>20,770</u>	<u>41,850</u>	<u>17,527</u>	<u>80,147</u>
	<u>\$ 72,792</u>	<u>\$ 105,497</u>	<u>\$ 27,581</u>	<u>\$ 205,870</u>

Note: The amount included in others does not exceed 5% of the account balance