Taiwan Steel Union Co., Ltd. and Subsidiary

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

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Steel Union Co., Ltd. (the "Company") and its subsidiary (collectively referred to as the "Group") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with TWSRE 2410 "Review of Financial Statements". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026 and 2025, its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2026 and 2025, and in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Jui-Lung Hsu and Shao-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 28, 2026

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated 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' review report and consolidated financial statements shall prevail.

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2026 (Reviewed)		December 31, 2025 (Audited)		March 31, 2025 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 626,926	11	$ 676,454	12	$ 981,577	17
Financial assets at amortized cost - current (Note 7)	1,500	-	1,500	-	-	-
Notes receivables, net (Notes 8 and 18)	6,359	-	1,689	-	1,561	-
Trade receivables from unrelated parties, net (Notes 8 and 18)	95,322	2	152,900	3	110,673	2
Trade receivables from related parties, net (Notes 8,18 and 25)	10,493	-	11,358	-	21,428	-
Other receivables (Note 8)	4,513	-	2,746	-	5,921	-
Inventories (Note 9)	223,436	4	164,410	3	204,847	4
Other financial assets - current	-	-	-	-	20,848	-
Other current assets (Notes 13 and 18)	47,692	1	41,880	1	35,747	1
Total current assets	1,016,241	18	1,052,937	19	1,382,602	24
NON-CURRENT ASSETS						
Investment accounted for using the equity method (Notes 4 and 11)	7,738	-	7,849	-	8,743	-
Property, plant and equipment (Notes 12, 22, 26 and 27)	4,228,518	77	4,173,362	77	4,100,837	73
Other intangible assets	18,593	-	20,840	-	12,456	-
Deferred tax assets (Notes 4 and 20)	22,598	1	21,884	1	13,071	1
Prepayments for machinery and equipment (Note 22)	146,683	3	82,635	2	62,058	1
Refundable deposits	5,983	-	5,879	-	5,705	-
Net defined benefit assets – non-current (Note 16)	1,093	-	1,110	-	-	-
Other financial assets - non-current (Note 26)	55,016	1	55,016	1	56,443	1
Other non-current assets (Note 13)	17	-	68	-	390	-
Total non-current assets	4,486,239	82	4,368,643	81	4,259,703	76
TOTAL	$ 5,502,480	100	$ 5,421,580	100	$ 5,642,305	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables (Note 25)	$ 37,377	1	$ 57,815	1	$ 43,444	1
Other payables (Notes 15 and 25)	679,170	12	187,815	3	778,965	14
Current tax liabilities (Note 4)	126,833	2	88,364	2	155,187	3
Current portion of long-term borrowings (Notes 14, 22 and 26)	38,267	1	38,267	1	38,267	-
Other current liabilities (Notes 15, 18 and 25)	115,556	2	73,050	1	167,322	3
Total current liabilities	997,203	18	445,311	8	1,183,185	21
NON-CURRENT LIABILITIES						
Long-term bank loans (Notes 14, 22 and 26)	471,956	9	481,522	9	510,222	9
Deferred tax liabilities (Notes 4 and 20)	428	-	347	-	88	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	-	-	-	-	823	-
Other non-current liabilities	5,552	-	7,545	-	6,769	-
Total non-current liabilities	477,936	9	489,414	9	517,902	9
Total liabilities	1,475,139	27	934,725	17	1,701,087	30
EQUITY						
Ordinary shares	1,112,709	20	1,112,709	21	1,112,709	20
Capital surplus	999,216	18	999,216	18	999,216	18
Retained earnings						
Legal reserve	712,548	13	712,548	13	629,311	11
Unappropriated earnings	1,202,868	22	1,662,382	31	1,199,982	21
Total equity	4,027,341	73	4,486,855	83	3,941,218	70
TOTAL	$ 5,502,480	100	$ 5,421,580	100	$ 5,642,305	100

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

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
SALES (Notes 18 and 25)	$ 435,086	100	$ 492,781	100
COST OF GOODS SOLD (Notes 9, 16, 19 and 25)	204,254	47	231,487	47
GROSS PROFIT	230,832	53	261,294	53
OPERATING EXPENSES (Notes 16, 19 and 27)				
Selling and marketing expenses	22,920	5	31,103	6
General and administrative expenses	39,829	9	32,973	7
Research and development expenses	-	-	7,930	2
Total operating expenses	62,749	14	72,006	15
PROFIT FROM OPERATIONS	168,083	39	189,288	38
NON-OPERATING INCOME AND EXPENSES				
Share of the profit or loss of subsidiary accounted for using the equity method	(111)	-	(257)	-
Interest income	849	-	1,291	-
Other income (Note 19)	410	-	1,174	-
Net foreign exchange gain (Note 28)	1,133	-	1,876	1
Finance costs(Note 19)	(2,317)	-	(460)	-
Other expenses	(1)	-	-	-
Gain (loss) on disposal of property, plant and equipment	69	-	(13,463)	(3)
Total non-operating income and expenses	32	-	(9,839)	(2)
PROFIT BEFORE INCOME TAX	168,115	39	179,449	36
INCOME TAX EXPENSE (Notes 4 and 20)	37,893	9	36,679	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 130,222	30	$ 142,770	29
EARNINGS PER SHARE (Note 21)				
Basic	$ 1.17		$ 1.28	
Diluted	$ 1.17		$ 1.28	

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

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Ordinary Shares (Note 17)	Capital Surplus (Note 17)	Legal Reserve (Note 17)	Unappropriated Earnings (Note 17)	Total Equity
BALANCE AT JANUARY 1, 2025	$ 1,112,709	$ 999,216	$ 629,311	$ 1,724,837	$ 4,466,073
Appropriation of 2024 earnings					
Cash dividends distributed to shareholders –NT$6 per share	-	-	-	(667,625)	(667,625)
Total comprehensive income for the three months ended March 31, 2025	-	-	-	142,770	142,770
BALANCE AT MARCH 31, 2025	$ 1,112,709	$ 999,216	$ 629,311	$ 1,199,982	$ 3,941,218
BALANCE AT JANUARY 1, 2026	$ 1,112,709	$ 999,216	$ 712,548	$ 1,662,382	$ 4,486,855
Appropriation of 2025 earnings					
Cash dividends distributed to shareholders–NT$5.3 per share	-	-	-	(589,736)	(589,736)
Total comprehensive income for the three months ended March 31, 2026	-	-	-	130,222	130,222
BALANCE AT MARCH 31, 2026	$ 1,112,709	$ 999,216	$ 712,548	$ 1,202,868	$ 4,027,341

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

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 168,115	$ 179,449
Adjustments for :		
Depreciation expense	69,127	60,612
Amortization expense	2,299	1,350
Finance costs	2,317	460
Interest income	(849)	(1,291)
Share of the profit or loss of associates	111	257
Loss (gain) on disposal of property, plant and equipment	(69)	13,463
Write-down of inventories	4,211	4,756
Unrealized foreign currency exchange gain, net	(867)	(303)
Changes in operating assets and liabilities		
Notes receivables	(4,670)	1,041
Trade receivables	59,345	76,133
Other receivables	(1,767)	72
Inventories	(63,237)	(67,500)
Other current assets	(5,812)	20,334
Notes payables	-	(3,150)
Trade payables	(20,438)	(2,710)
Other payables	(63,947)	(48,955)
Other current liabilities	42,506	101,910
Net defined benefit liabilities	17	10
Cash generated from operations	186,392	335,938
Interest received	849	1,403
Interest paid	(2,325)	(468)
Income taxes paid	(57)	(119)
Net cash generated from operating activities	184,859	336,754
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(143,325)	(57,457)
Proceeds from disposal of property, plant and equipment	76	327
Acquisition of investments accounted for using equity method	-	(9,000)
Increase in refundable deposits	(104)	-
Payments of intangible assets	(52)	(174)
Decrease in other financial assets	-	4,054
Decrease in other non-current assets	51	221
Increase in prepayments for machinery and equipment	(79,474)	(40,549)
Decrease in deferred revenue	(52)	(20)
Net cash generated used in investing activities	(222,880)	(102,598)

(Continued)

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2026	**2025**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments from long-term borrowings	$ (9,566)	$ (9,567)
Decrease in guarantee deposits received	(1,941)	-
Net cash used in financing activities	(11,507)	(9,567)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(49,528)	224,589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	676,454	756,988
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 626,926	$ 981,577

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

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 consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on April 28, 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 "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRS Accounting Standards issued by IASB 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 aforementioned new, amended and revised standards or interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: On September 25, 2025, the FSC announced that enterprises in the Republic of China should apply IFRS 18 starting from January 1, 2028. Enterprises may also elect to early adopt IFRS 18 after it has been endorsed by the FSC.

IFRS 18 "Presentation and Disclosure in Financial Statements"

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

- The Group shall assess whether it has specified main business activities of investing in particular types of assets or providing financing to customers, so as to classify income and expense items in the statement of profit or loss into operating, investing, financing, income taxes, and discontinued operations categories.

- 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 Group 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 Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group 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 Group as a whole, the Group 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 Group 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 Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group 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.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated 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.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiary). When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with those used of the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. See Note 10 and Tables 3 for detailed information on subsidiary (including the percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2025.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’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 Group considers the possible impact of on the cash flow projection, growth rates, discount rates, profitability and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand and revolving funds	$ 188	$ 217	$ 193
Demand deposits	571,738	621,237	976,384
Cash equivalents			
Time deposits with original maturities of three months or less	55,000	55,000	5,000
	$ 626,926	$ 676,454	$ 981,577

7. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Time deposits with original maturities of more than three months	$ 1,500	$ 1,500	$ -

8. NOTES RECEIVABLES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivables from unrelated parties	$ 6,359	$ 1,689	$ 1,561
Trade receivables			
At amortized cost			
Gross carrying amount	$ 95,481	$ 153,059	$ 110,832
Less: Allowance for impairment loss	(159)	(159)	(159)
	$ 95,322	$ 152,900	$ 110,673
Trade receivables from related parties	$ 10,493	$ 11,358	$ 21,428
Other receivables			
Tax refund receivable	$ 3,194	$ 1,574	$ 4,411
Others	1,319	1,172	1,510
	$ 4,513	$ 2,746	$ 5,921

The average credit period of sales of goods is 60 to 90 days. No interest is charged on trade receivables. The Group 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 Group uses other publicly available financial information or its own trading records to rate its major customers. The Group obtains credit reports from independent rating agencies for those customers who have higher risk. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group 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 Group'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 Group's different customer base.

The Group 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 Group 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
March 31, 2026	
Expected credit loss rate	0%
Gross carrying amount	$ 112,333
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 112,174
December 31, 2025	
Expected credit loss rate	0%
Gross carrying amount	$ 166,106
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 165,947
March 31, 2025	
Expected credit loss rate	0%
Gross carrying amount	$ 133,821
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 133,662

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

	For the Three Months Ended March 31	
	2026	2025
Beginning and ending balance	$ 159	$ 159

9. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	$ 80,930	$ 85,551	$ 103,141
Finished goods	142,506	78,859	101,706
	$ 223,436	$ 164,410	$ 204,847

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2026 and 2025 was $134,027 thousand and $140,962 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2026 and 2025 included inventory write-down of $4,211 thousand and $4,756 thousand, respectively.

10. SUBSIDIARY

Subsidiary included in the consolidated financial statements:

			% of Ownership		
Investor	Investee	Main Business	March 31, 2026	December 31, 2025	March 31, 2025
The Company	Taiwan Steel Resources Co., Ltd. ("TSR")	Waste reuse services	100	100	100

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associate:

	March 31, 2026	December 31, 2025	March 31, 2025
Associates that are not individually material			
FENG LI INTERNET CO., LTD. ("Feng Li Co.")	$ 7,738	$ 7,849	$ 8,743

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.

The investments accounted for by the equity method and the share of profit or loss of the investment were based on unreviewed financial statements. The Group's management believes the unreviewed financial statements of the investees above do not have material impact.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Three Months Ended March 31, 2026				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 2,054,322	$ -	$ -	$ -	$ 2,054,322
Land improvements	75,276	80	-	14	75,370
Buildings	1,761,392	5,914	-	-	1,767,306
Machinery equipment	3,168,558	14,866	(360)	15,426	3,198,490
Transportation equipment	261,116	1,886	(760)	-	262,242
Miscellaneous equipment	128,283	2,926	-	-	131,209
Construction in progress	63,073	83,192	-	(14)	146,251
	7,512,020	$ 108,864	$ (1,120)	$ 15,426	7,635,190
Accumulated depreciation					
Land improvements	68,631	$ 876	$ -	$ -	69,507
Buildings	604,243	22,788	-	-	627,031
Machinery equipment	2,372,368	37,553	(353)	-	2,409,568
Transportation equipment	206,185	4,138	(760)	-	209,563
Miscellaneous equipment	87,231	3,772	-	-	91,003
	3,338,658	$ 69,127	$ (1,113)	$ -	3,406,672
	$ 4,173,362				$ 4,228,518

	For the Three Months Ended March 31, 2025				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 2,048,582	$ 2,029	$ -	$ -	$ 2,050,611
Land improvements	73,858	-	-	-	73,858
Buildings	1,704,970	20,540	(10,809)	6,366	1,721,067
Machinery equipment	3,067,987	16,132	(32,159)	843	3,052,803
Transportation equipment	251,840	1,772	(48)	-	253,564
Miscellaneous equipment	120,735	2,744	(276)	-	123,203
Construction in progress	8,847	3,728	-	(6,660)	5,915
	7,276,819	$ 46,945	$ (43,292)	$ 549	7,281,021
Accumulated depreciation					
Land improvements	66,590	$ 437	$ -	$ -	67,027
Buildings	524,415	20,206	(1,946)	-	542,675
Machinery equipment	2,296,508	31,682	(27,236)	-	2,300,954
Transportation equipment	188,805	4,369	(44)	-	193,130
Miscellaneous equipment	72,756	3,918	(276)	-	76,398
	3,149,074	$ 60,612	$ (29,502)	$ -	3,180,184
	$ 4,127,745				$ 4,100,837

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

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

Owner-occupied property, plant and equipment pledged as collateral for bank borrowings were set out in Note 26.

13. OTHER ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
Current			
Prepayments	$ 22,397	$ 22,269	$ 20,061
Tax overpaid retained	19,911	9,291	8,296
Costs to fulfill a contract (Note 18)	4,382	7,234	6,467
Temporary payments (payments on behalf of others)	1,002	3,086	923
	$ 47,692	$ 41,880	$ 35,747
Non-current			
Long-term prepayments	$ 17	$ 68	$ 390

14. BORROWINGS

Long-term borrowings	March 31, 2026	December 31, 2025	March 31, 2025
Secured borrowings (Note 26)	$ 510,223	$ 519,789	$ 548,489
Less: Current portion	(38,267)	(38,267)	(38,267)
Long-term bank loans	$ 471,956	$ 481,522	$ 510,222
Rate of interest per annum (%)	1.8	1.8	1.8

The company obtained a long-term loan of $574,000 thousand 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.

15. OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	March 31, 2026	December 31, 2025	March 31, 2025
Other payables			
Payables for dividends	$ 589,736	$ -	$ 667,625
Payables for salaries and bonuses	29,119	77,803	28,411
Payables for purchases of equipment	5,849	40,310	19,136
Payables for annual leave	5,098	5,375	4,466
Payables for remuneration of directors	1,575	6,300	1,575
Payables for donations	1,100	1,464	1,459
Payables for interest	428	436	460
Others	46,265	56,127	55,833
	$ 679,170	$ 187,815	$ 778,965
Other current liabilities			
Contract liabilities (Note 18)	$ 111,311	$ 69,015	$ 166,483
Provisions(Note)	2,009	1,608	-
Temporary credits (receipts under custody)	2,236	2,427	839
	$ 115,556	$ 73,050	$ 167,322

Note: Beginning in 2025, the Group 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 Group obtain approval from the competent authority for its self-determined reduction plan by March 30, 2026. It further expects to submit the 2026 progress report on the execution of the self-determined reduction plan by April 30, 2027. Therefore, the provision for carbon fee liabilities is calculated based on the preferential rate.

16. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2026 and 2025, the pension expenses of defined benefit plans were $203 thousand and $214 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2025 and 2024, respectively.

17. EQUITY

a. Share capital

	March 31, 2026	December 31, 2025	March 31, 2025
Shares authorized (in thousands of shares)	160,000	160,000	160,000
Shares authorized	$ 1,600,000	$ 1,600,000	$ 1,600,000
Shares issued and fully paid (in thousands of shares)	111,271	111,271	111,271
Shares issued	$ 1,112,709	$ 1,112,709	$ 1,112,709

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

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
Issuance of ordinary shares	$ 997,847	$ 997,847	$ 997,847
Expired employee share options	1,138	1,138	1,138
Disgorgement	231	231	231
	$ 999,216	$ 999,216	$ 999,216

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 19-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 appropriations of earnings for 2025 and 2024 respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2025	2024
Legal reserve	$ 68,841	$ 83,237
Cash dividends	$ 589,736	$ 667,625
Dividends Per Share (NT$)	$ 5.3	$ 6

The cash dividends were approved by the Board of Directors on February 25, 2026, and February 24, 2025, respectively. The remaining earnings distribution items for 2024 were resolved at the Shareholders' Meeting on May 27, 2025. The remaining earnings distribution items for 2025 are pending resolution at the Shareholders' Meeting scheduled for May 29, 2026.

18. REVENUE

a. Revenue from contracts with customers

	For the Three Months Ended March 31	
	2026	2025
Revenue from sale of zinc oxide	$ 304,887	$ 302,817
Revenue from waste disposal	114,770	180,182
Revenue from sale of concrete	14,567	9,654
Other operating revenue	862	128
	$ 435,086	$ 492,781

b. Contract balance

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Notes receivables and trade receivables (Note 8)	$ 112,174	$ 165,947	$ 133,662	$ 210,186
Contract liabilities (Note 15)	$ 111,311	$ 69,015	$ 166,483	$ 64,607

c. Assets related to contract costs

	March 31, 2026	December 31, 2025	March 31, 2025
Costs to fulfill a contract (Note 13)	$ 4,382	$ 7,234	$ 6,467

Operating expenses mainly include depreciations of machinery and equipment, repair and maintenance expenses, salaries and wages of on-site personnel, materials, and any expenses related to handling services and waste disposal.

At the end of each month, any costs which are related to unfulfilled contracts would be recognized in assets, “cost to fulfill a contract”. After the performance obligations are fully satisfied, the assets would be transferred to operating costs.

19. NET PROFIT FROM CONTINUING OPERATIONS

a. Other revenue

	For the Three Months Ended March 31	
	2026	2025
Government grants	$ 52	$ 1,172
Other	358	2
	$ 410	$ 1,174

b. Financial costs

	For the Three Months Ended March 31	
	2026	2025
Interest on bank loans	$ 2,317	$ 460

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2026	2025
Capitalization amount	$ -	$ 2,029
Capitalization rate	-	1.8%

c. Depreciation and amortization

	For the Three Months Ended March 31	
	2026	2025
Property, plant and equipment	$ 69,127	$ 60,612
Other intangible assets	2,299	1,347
Other non-current assets	-	3
	$ 71,426	$ 61,962
An analysis of depreciation by function		
Operating costs	$ 65,835	$ 57,552
Operating expenses	3,292	3,060
	$ 69,127	$ 60,612
An analysis of amortization by function		
Operating costs	$ 788	$ 167
Operating expenses	1,511	1,183
	$ 2,299	$ 1,350

d. Employee benefits expense

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 55,828	$ 50,583
Post-employment benefits		
Defined contribution plans	1,833	1,926
Defined benefit plans (Note 16)	203	214
	2,036	2,140
Other employee benefits	6,636	7,552
	$ 64,500	$ 60,275
An analysis of employee benefits expense by function		
Operating costs	$ 39,315	$ 38,824
Operating expenses	25,185	21,451
	$ 64,500	$ 60,275

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 expect to 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 three months ended March 31, 2026 and 2025, are as follows:

	For the Three Months Ended March 31	
	2026	2025
Accrual rate		
Compensation of employees	5.18%	4.40%
Remuneration of directors	0.88%	0.83%
Amount		
Compensation of employees	$ 9,269	$ 8,328
Remuneration of directors	1,575	1,575

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

The Board of Directors' meetings held on February 5, 2026 and January 20, 2025, respectively, resolved the appropriations of employees' compensation and directors' remuneration for 2025 and 2024, respectively, as follows:

	For the Year Ended December 31	
	2025	2024
Amount		
Compensation of employees	$ 36,794	$ 36,724
Remuneration of directors	$ 6,300	$ 6,300

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2025 and 2024.

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.

20. INCOME TAXES

a. Major components of income tax expense recognized in profit or loss

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the current year	$ 37,034	$ 33,848
Income tax on unappropriated earnings	1,492	4,075
	38,526	37,923
Deferred tax		
In respect of the current year	(633)	(1,244)
Income tax expense recognized in profit or loss	$ 37,893	$ 36,679

b. Income tax assessments

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

21. EARNINGS PER SHARE

	Net profit Attributable to Owners of the Company	Shares (In Thousands of Shares)	Earnings Per Share (NT$)
For the Three Months Ended March 31, 2026			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 130,222	111,271	$ 1.17
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	218	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 130,222	111,489	$ 1.17
For the Three Months Ended March 31, 2025			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 142,770	111,271	$ 1.28
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	146	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 142,770	111,417	$ 1.28

The Group may settle the compensation of employees in cash or shares; therefore, the Group 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.

22. NON-CASH TRANSACTIONS

Except as disclosed in other notes, the Group's non-cash investing and financing activities are as follows:

	For the Three Months Ended March 31	
	2026	**2025**
Non-cash transactions for investing and financing activities		
Payables for dividends	$ 589,736	$ 667,625
Transfers from prepayments for equipment to property, plant and equipment	$ 15,426	$ 1,089
Transfers from long-term bank loans to current portion	$ 38,267	$ 38,267

23. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising share capital, capital surplus, and retained earnings).

Key management personnel of the Group 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 Group 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 Group is not subject to any externally imposed capital requirements.

24. FINANCIAL INSTRUMENTS

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

The management personnel of the Group 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

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets			
Financial assets at amortized cost (Note 1)	$ 806,112	$ 907,542	$ 1,204,156
Financial liabilities			
Financial liabilities at amortized cost (Note 2)	605,372	682,012	675,268

Note 1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, 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 trade payables, other payables, long-term bank loans (including the current portion) and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, trade receivables, trade payables, and borrowings. The Group'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 Group 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 Group. The management personnel oversee the impact of the financial risks.

1) Market risk

The Group'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 Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 28.

Sensitivity analysis

The Group is mainly exposed to the USD. The following table details the Group'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 period 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 Three Months Ended March 31	
	2026	**2025**
Profit before income tax	$ 471	$ 384

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group 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 Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	March 31, 2026	**December 31, 2025**	**March 31, 2025**
Fair value interest rate risk			
Financial assets	$ 56,500	$ 56,500	$ 5,000
Cash flow interest rate risk			
Financial assets	$ 624,660	676,253	$ 1,053,675
Financial liabilities	510,223	519,789	548,489

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate 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 Group's per-tax profit for the three months ended March 31, 2026 and 2025 would have increased by $286 thousand and $1,263 thousand, respectively, which was mainly a result of variable-rate bank deposits and borrowings of the Group.

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 Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to failure of counterparties to discharge its obligations and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group'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 Group'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 Group 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**
March 31, 2026		
Non-interest bearing	$ 680,755	$ -
Variable interest rate liabilities	38,267	471,956
December 31, 2025		
Non-interest bearing	156,152	-
Variable interest rate liabilities	38,267	481,522
March 31, 2025		
Non-interest bearing	787,957	-
Variable interest rate liabilities	38,267	510,222

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years
March 31, 2026				
Non-interest bearing	$ 680,755	$ -	$ -	$ -
Variable interest rate liabilities	38,267	191,333	191,333	89,290
	$ 719,022	$ 191,333	$ 191,333	$ 89,290
December 31, 2025				
Non-interest bearing	$ 156,152	$ -	$ -	$ -
Variable interest rate liabilities	38,267	191,333	191,333	98,856
	$ 194,419	$ 191,333	$ 191,333	$ 98,856
March 31, 2025				
Non-interest bearing	$ 787,957	$ -	$ -	$ -
Variable interest rate liabilities	38,267	191,333	191,333	127,556
	$ 826,224	$ 191,333	$ 191,333	$ 127,556

25. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
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 Three Months Ended March 31 2026	2025
Service revenue	The Company's key management personnel	$ 23,376	$ 55,194
	Related party in substance	7,013	3,324
		$ 30,389	$ 58,518
Other revenue	Related party in substance	$ -	$ 43

There is no major difference for sales and payments terms between related parties and normal customers.

c. Purchase of goods (classified as purchase discounts and allowances)

Related Party Category	For the Three Months Ended March 31 2026	2025
Related party in substance	$ 72	$ 143
The Company's key management personnel	(1)	(2)
	$ 71	$ 141

There are no significant differences for purchases of goods (classified as purchase discounts and allowances) and payments terms between related parties and normal suppliers.

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2026	December 31, 2025	March 31, 2025
Trade receivables	The Company's key management personnel	$ 9,410	$ 7,728	$ 20,910
	Related party in substance	1,083	3,630	518
		$ 10,493	$ 11,358	$ 21,428

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2026 and 2025, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category	March 31, 2026	December 31, 2025	March 31, 2025
Trade payables	Related party in substance	$ 32	$ 70	$ 49
	The Company's key management personnel	1	3	1
		$ 33	$ 73	$ 50
Other payables	Related party in substance	$ -	$ 851	$ -

f. Contract liabilities

Line Item	Related Party Category	March 31, 2026	December 31, 2025	March 31, 2025
Other current liabilities	The Company's key management personnel	$ 5,600	$ 5,945	$ 11,409
	Related party in substance	718	3,042	3,398
		$ 6,318	$ 8,987	$ 14,807

g. Remuneration of key management personnel

Remuneration of directors and key management personnel was as follows:

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits	$ 6,324	$ 5,489
Post-employment benefits	27	27
	$ 6,351	$ 5,516

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

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2026	December 31, 2025	March 31, 2025
Property, plant and equipment	$ 1,752,444	$ 1,752,444	$ 1,748,732
Other financial assets - non-current	55,016	55,016	56,443
	$ 1,807,460	$ 1,807,460	$ 1,805,175

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at March 31, 2026, December 31, 2025 and March 31, 2025 were as follows:

a. The Group's unrecognized commitments were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Property, plant and equipment	$ 433,222	$ 537,582	$ 328,201

b. Under the environmental protection agreement of clearance and recycling EAF dust, the Group 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 $3,749 thousand and $4,280 thousand for the three months ended March 31, 2026 and 2025, respectively.

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	March 31, 2026		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 1,600	31.995 (USD:NTD)	$ 51,205
Financial liabilities			
Monetary item			
USD	128	31.995 (USD:NTD)	$ 4,106

	December 31, 2025		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 3,480	31.43 (USD:NTD)	$ 109,387
Financial liabilities			
Monetary item			
USD	94	31.43 (USD:NTD)	$ 2,966

	March 31, 2025		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 1,436	33.205(USD:NTD)	$ 47,672
Financial liabilities			
Monetary item			
USD	280	33.205(USD:NTD)	$ 9,287

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

	For the Three Months Ended March 31			
	2026		2025	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gain	Exchange Rate	Net Foreign Exchange Gain
USD	31.63 (USD:NTD)	$ 1,258	32.895 (USD:NTD)	$ 1,865

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (Table 1)

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)

6) Other: intercompany relationships and significant intercompany transactions. (Table 2)

b. Information on investees (Table 3)

c. Information on investments in mainland China (None)

30. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Company's main business is to dispose and reuse EAF dust and other waste, and recycle zinc oxide which has economic value when sold. Taiwan Steel Resources Co.'s main business is to dispose reducing slags and other slags. The processed products can be used in civil engineering and ready-mixed concrete industries that comply with laws and regulations. The chief operating decision maker considers the

Company and Taiwan Steel Resources Co. as separate operating segments for the purposes of financial statements presentation.

The Company and its subsidiary's revenue, operating results, and assets and liabilities for the three months ended March 31, 2026 and 2025, were as follows:

	The Company	Taiwan Steel Resources Co.	Reconciliation and Elimination	Total
For the Three Months Ended March 31, 2026				
Revenue from external customers	$ 375,822	$ 59,264	$ -	$ 435,086
Inter-segment revenue	-	23,601	(23,601)	-
Total revenue	$ 375,822	$ 82,865	($ 23,601)	$ 435,086
Segment's profit	$ 182,058	($ 13,855)	($ 120)	$ 168,083
Interest revenue	612	237	-	849
Finance costs	(2,317)	-	-	(2,317)
Other non-operation income and expenses	(12,238)	(22)	13,760	1,500
Profit(loss) before income tax	168,115	(13,640)	13,640	168,115
Income tax expense	(37,893)	-	-	(37,893)
Net profit	$ 130,222	($ 13,640)	$ 13,640	$ 130,222

	The Company	Taiwan Steel Resources Co.	Unallocated Assets/Liabilities	Reconciliation and Elimination	Total
March 31, 2026					
Identifiable segment's assets	$ 5,393,767	$ 2,243,141	$ 85,352	($ 2,219,780)	$ 5,502,480
Identifiable segment's liabilities	$ 802,277	$ 46,999	$ 637,484	($ 11,621)	$ 1,475,139

	The Company	Taiwan Steel Resources Co.	Reconciliation and Elimination	Total
For the Three Months Ended March 31, 2025				
Revenue from external customers	$ 396,707	$ 96,074	$ -	$ 492,781
Inter-segment revenue	-	27,684	(27,684)	-
Total revenue	$ 396,707	$ 123,758	$ (27,684)	$ 492,781
Segment's profit	$ 173,076	$ 17,696	$ (1,484)	$ 189,288
Interest revenue	1,237	54	-	1,291
Finance costs	(460)	-	-	(460)
Other non-operation income and expenses	5,596	(729)	(15,537)	(10,670)
Profit before income tax	179,449	17,021	(17,021)	179,449
Income tax expense	(36,679)	-	-	(36,679)
Net profit	$ 142,770	$ 17,021	$ (17,021)	$ 142,770

	The Company	Taiwan Steel Resources Co.	Unallocated Assets/Liabilities	Reconciliation and Elimination	Total
March 31, 2025					
Identifiable segment's assets	$ 5,510,706	$ 2,270,070	$ 99,106	$ (2,237,577)	$ 5,642,305
Identifiable segment's liabilities	$ 951,386	$ 54,040	$ 703,765	$ (8,104)	$ 1,701,087

Segment profit represented the profit before tax earned by each segment without share of the profit or loss of associates, interest income, other income, net foreign exchange gain, finance costs, other expenses, gain(loss) on disposals of property, plant and equipment and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

For the purpose of monitoring segment performance and allocating resources between segments:

a. All assets were allocated to reportable segments other than other financial assets and deferred tax assets; and

b. All liabilities were allocated to reportable segments other than borrowings and current and deferred tax liabilities.

TABLE 1

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 Three Months (Note 4)	Outstanding Endorsements/ Guarantees at the End of the Three Months (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)	$ 1,973,397	$ 300,000	$ 200,000	$ -	$ -	4.97	$ 2,013,670	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 March 2026, the Company announced that the Company's maximum amount of the endorsements/guarantees to a single enterprise is $2,198,558 thousand and the maximum amount of the endorsements/guarantees is $2,243,427 thousand. Because the consolidated financial statements for the three months ended March 31, 2026 have not been reviewed, these amounts were based on the financial statements for the year ended December 31, 2025. Thus, there is a difference in between.

TABLE 2

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
0	The Company	Taiwan Steel Resources Co., Ltd.	1	Cost of goods sold	$ 23,481	-	5.40

Note 1: Relationship of investee company to counterparty: (1) parent company to subsidiary

Note 2: Significant intercompany accounts and transactions have been eliminated.

TABLE 3

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

INFORMATION ON INVESTEES
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2026			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2026	December 31, 2025	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	$ 2,208,463	$ (13,640)	$ (13,760)	Subsidiary
	Feng Li Internet Co., Ltd.	Taichung	Software development	9,000	9,000	900,000	30	7,738	(422)	(111)	Associate

Note: Significant intercompany accounts and transactions have been eliminated.