Taiwan Steel Union Co., Ltd. and Subsidiary

Consolidated Financial Statements for the Six Months Ended June 30, 2025 and 2024 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 June 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, of changes in equity, and of cash flows for the six 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 June 30, 2025 and 2024, its consolidated financial performance for the three months ended June 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the six months then ended June 30, 2025 and 2024 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 Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

July 24, 2025

<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)

ASSETS	June 30, 2025 (Reviewed) Amount	%	December 31, 2024 (Audited) Amount	%	June 30, 2024 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 425,139	9	$ 756,988	14	$ 341,544	8
Financial assets at amortized cost - current (Note 7)	-	-	-	-	20,432	-
Notes receivable, net (Note 8)	2,600	-	2,602	-	1,472	-
Trade receivables from unrelated parties, net (Note 8)	98,922	2	188,674	4	231,531	5
Trade receivables from related parties, net (Notes 8 and 25)	23,167	-	18,910	-	37,454	1
Other receivables (Notes 8 and 25)	2,629	-	6,097	-	4,285	-
Inventories (Note 9)	180,319	4	142,103	3	162,747	4
Other financial assets - current	18,856	-	21,402	-	14,545	-
Other current assets (Notes 13 and 18)	29,800	1	56,081	1	37,329	1
Total current assets	781,432	16	1,192,857	22	851,339	19
NON-CURRENT ASSETS						
Investment accounted for using the equity method (Notes 4,and 11)	7,973	-	-	-	-	-
Property, plant and equipment (Notes 12, 22, 26 and 27)	4,082,142	82	4,127,745	76	3,235,436	72
Other intangible assets	12,193	-	13,629	-	14,114	-
Deferred tax assets (Notes 4 and 20)	13,317	-	12,226	-	15,541	-
Prepayments for machinery and equipment (Note 22)	57,902	1	22,598	1	95,309	2
Refundable deposits	5,675	-	5,705	-	5,705	-
Other financial assets - non-current (Note 26)	54,943	1	59,943	1	63,203	1
Other non-current assets (Note 13)	167	-	614	-	247,054	6
Total non-current assets	4,234,312	84	4,242,460	78	3,676,362	81
TOTAL	$ 5,015,744	100	$ 5,435,317	100	$ 4,527,701	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 14)	$ -	-	$ -	-	$ 80,000	2
Notes payables	-	-	3,150	-	-	-
Trade payables (Note 25)	43,295	1	46,154	1	42,571	1
Other payables (Note 15)	122,200	2	171,000	3	170,536	4
Current tax liabilities (Notes 4 and 20)	86,810	2	117,383	2	90,379	2
Current portion of long-term borrowings (Notes 14, 22 and 26)	38,267	1	38,267	1	-	-
Other current liabilities (Notes 15, 18 and 25)	66,093	1	65,412	1	86,216	2
Total current liabilities	356,665	7	441,366	8	469,702	11
NON-CURRENT LIABILITIES						
Long-term bank loans (Notes 14, 22 and 26)	500,656	10	519,789	10	-	-
Deferred tax liabilities (Notes 4 and 20)	83	-	487	-	424	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	844	-	813	-	2,373	-
Other non-current liabilities	6,748	-	6,789	-	7,060	-
Total non-current liabilities	508,331	10	527,878	10	9,857	-
Total liabilities	864,996	17	969,244	18	479,559	11
EQUITY						
Ordinary shares	1,112,709	22	1,112,709	21	1,112,709	24
Capital surplus	999,216	20	999,216	18	999,216	22
Retained earnings						
Legal reserve	712,548	14	629,311	11	629,311	14
Unappropriated earnings	1,326,275	27	1,724,837	32	1,306,906	29
Total equity	4,150,748	83	4,466,073	82	4,048,142	89
TOTAL	$ 5,015,744	100	$ 5,435,317	100	$ 4,527,701	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 June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 18 and 25)	$ 638,903	100	$ 702,774	100	$ 1,131,684	100	$ 1,170,203	100
COST OF GOODS SOLD (Notes 9,16,19 and 25)	301,705	47	296,897	42	533,192	47	540,974	46
GROSS PROFIT	337,198	53	405,877	58	598,492	53	629,229	54
OPERATING EXPENSES (Notes 16,19,25 and 27)								
Selling and marketing expenses	20,702	3	32,319	5	51,805	5	61,135	5
General and administrative expenses	42,793	7	33,456	5	75,766	7	66,257	6
Research and development expenses	7,305	1	7,982	1	15,235	1	16,233	2
Total operating expenses	70,800	11	73,757	11	142,806	13	143,625	13
PROFIT FROM OPERATIONS	266,398	42	332,120	47	455,686	40	485,604	41
NON-OPERATING INCOME AND EXPENSES								
Share of the profit or loss of subsidiary accounted for using the equity method (Note 11)	(770)	-	-	-	(1,027)	-	-	-
Interest income	2,288	-	2,206	-	3,579	-	3,241	-
Other income (Note 19)	2,515	1	2,428	-	3,689	1	3,036	-
Net foreign exchange gain (loss) (Note 28)	(11,627)	(2)	4,726	1	(9,751)	(1)	8,944	1
Financial costs (Note 19)	460	-	(236)	-	-	-	(236)	-
Other expenses	(79)	-	(69)	-	(79)	-	(193)	-
Loss on disposal of property, plant and equipment	(803)	-	(2,040)	-	(14,266)	(1)	(2,230)	-
Total non-operating income and expenses	(8,016)	(1)	7,015	1	(17,855)	(1)	12,562	1
PROFIT BEFORE INCOME TAX	258,382	41	339,135	48	437,831	39	498,166	42
INCOME TAX EXPENSES (Notes 4 and 20)	48,852	8	54,868	8	85,531	8	83,726	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 209,530	33	$ 284,267	40	$ 352,300	31	$ 414,440	35
EARNINGS PER SAHRE (Note 21)								
Basic	$ 1.88		$ 2.55		$ 3.17		$ 3.72	
Diluted	$ 1.88		$ 2.55		$ 3.16		$ 3.72	

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 SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(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, 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 distributed to shareholders –NT$4.3 per share	-	-	-	(478,465)	(478,465)
Total comprehensive income for the six months ended June 30, 2024	-	-	-	414,440	414,440
BALANCE AT JUNE 30, 2024	$ 1,112,709	$ 999,216	$ 629,311	$ 1,306,906	$ 4,048,142
BALANCE AT JANUARY 1, 2025	$ 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 distributed to shareholders–NT$6 per share	-	-	-	(667,625)	(667,625)
Total comprehensive income for the six months ended June 30, 2025	-	-	-	352,300	352,300
BALANCE AT JUNE 30, 2025	$ 1,112,709	$ 999,216	$ 712,548	$ 1,326,275	$ 4,150,748

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 Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 437,831	$ 498,166
Adjustments for :		
Depreciation expense	122,327	117,710
Amortization expense	2,686	2,283
Finance costs	-	236
Interest income	(3,579)	(3,241)
Share of the profit or loss of associates	1,027	-
Loss on disposal of property, plant and equipment	14,266	2,230
Write-down of inventories	6,383	3,138
Unrealized foreign currency exchange gain, net	(638)	(2,176)
Changes in operating assets and liabilities		
Notes receivable	3	(382)
Trade receivables	82,642	(47,859)
Other receivables	3,351	3,283
Inventories	(44,599)	(11,012)
Other current assets	26,281	17,606
Notes payable	(3,150)	-
Trade payables	(2,859)	(5,693)
Other payables	(26,315)	(16,847)
Other current liabilities	681	(12,171)
Net defined benefit liabilities	31	(1,027)
Cash generated from operations	616,369	544,244
Interest received	3,691	3,332
Interest paid	(43)	(195)
Income taxes paid	(117,600)	(130,032)
Net cash generated from operating activities	502,417	417,349
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortised cost	-	104,000
Payments for property, plant and equipment	(101,621)	(51,458)
Proceeds from disposal of property, plant and equipment	479	734
Acquisition of investments accounted for using equity method	(9,000)	-
Decrease in refundable deposits	30	-
Payments of intangible assets	(1,247)	(7,647)
Decrease in other financial assets	7,546	-
Increase in other financial assets	-	(1,500)
Decrease in other non-current assets	444	442
Increase in prepayments for machinery and equipment	(44,098)	(26,937)
Increase in prepayments for land	-	(246,000)
Decrease in deferred revenue	(41)	(41)
Net cash used in investing activities	(147,508)	(228,407)

(Continued)

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

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

	For the Six Months Ended June 30	
	2025	**2024**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ -	$ 80,000
Repayments from long-term borrowings	(19,133)	-
Decrease in guarantee deposits received	-	(1,210)
Cash dividend	(667,625)	(478,465)
Net cash used in financing activities	(686,758)	(399,675)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(331,849)	(210,733)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	756,988	552,277
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 425,139	$ 341,544

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

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2025 AND 2024
(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 July 24, 2025.

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)

   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 Group's accounting policies.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets.	January 1, 2026 (Note)

Note： The Group shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets

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.

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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance.

c. The IFRS Accounting Standards 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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7: "Contracts Referencing Natural Dependent Electricity."	January 1, 2026
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 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

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

- Items of income and expenses included in the statement of profit or loss shall be classified into the 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.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application 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 4 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, 2024.

1) Investments in associates

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

The Group 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 Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

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

2) Carbon fee liabilities
In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the carbon fee liabilities are recognized and measured on the basis of the best estimate of the expenditure required to settle the obligation for the current year, and are recognized and measured on the actual emissions or proportionally on the estimated total emissions for the year.

3) 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.

4) 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

Except for the following, the same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2024.

Carbon fees

In accordance with the Regulations Governing the Collection of Carbon Fees and related regulations of the ROC, the management recognizes the carbon fees liabilities based on the estimate of the chargeable emissions and the preferential rate. The estimate may vary as a result of the change in the estimated possibility in the approval for the self-determined reduction plan or for the recognition as belonging to the industry with high carbon leakage risk from the competent authority, changes in the relevant regulations and the expected achievement of the annual designated target. Therefore, the estimated amount of provision is subject to a higher degree of estimation uncertainties. The carrying amount of the carbon fee provision as of June 30, 2025 is $2,307 thousand.

6. CASH AND CASH EQUIVALENTS

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and revolving funds	$ 191	$ 190	$ 185
Demand deposits	418,448	656,798	336,359
Cash equivalents			
Time deposits with original maturities of three months or less	6,500	100,000	5,000
	$ 425,139	$ 756,988	$ 341,544

7. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Time deposits with original maturities of more than three months	$ -	$ -	$ 20,432

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Notes receivable from unrelated parties	$ 2,600	$ 2,602	$ 1,472
Trade receivables			
At amortized cost			
Gross carrying amount	$ 99,081	$ 188,833	$ 231,690
Less: Allowance for impairment loss	(159)	(159)	(159)
	$ 98,922	$ 188,674	$ 231,531
Trade receivables from related parties	$ 23,167	$ 18,910	$ 37,454
Other receivables			
Tax refund receivable	$ 1,367	$ 4,200	$ 2,747
Others	1,262	1,897	1,538
	$ 2,629	$ 6,097	$ 4,285

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 receivable and trade receivables.

	Not Past Due
June 30, 2025	
Expected credit loss rate	0%
Gross carrying amount	$ 124,848
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 124,689
December 31, 2024	
Expected credit loss rate	0%
Gross carrying amount	$ 210,345
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 210,186
June 30, 2024	
Expected credit loss rate	0%
Gross carrying amount	$ 270,616
Loss allowance (Lifetime ECLs)	(159)
Amortized cost	$ 270,457

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

	For the Six Months Ended June 30	
	2025	2024
Beginning and ending balance	$ 159	$ 159

9. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	$ 103,636	$ 84,516	$ 101,629
Finished goods	76,683	57,587	61,118
	$ 180,319	$ 142,103	$ 162,747

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 were $202,891 thousand, $213,465 thousand ,$343,853 thousand and $355,588 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024 included inventory write-down of $1,627 thousand, inventory reversed of $852 thousand, inventory write-down of $6,383 thousand and $3,138 thousand, respectively. The reversal of previous write-down resulted from inventory close out.

10. SUBSIDIARY

Subsidiary included in the consolidated financial statements:

			% of Ownership		
Investor	**Investee**	**Main Business**	**June 30, 2025**	**December 31, 2024**	**June 30, 2024**
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:

	June 30, 2025	December 31, 2024	June 30, 2024
Associates that are not individually material			
FENG LI INTERNET CO., LTD. ("Feng Li Co.")	$ 7,973	$ -	$ -

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 Six Months Ended June 30, 2025				
	Beginning Balance	**Additions**	**Disposals**	**Reclassified Amount**	**Ending Balance**
Cost					
Land	$ 2,048,582	$ 4,908	$ -	$ -	$ 2,053,490
Land improvements	73,858	-	-	-	73,858
Buildings	1,704,970	28,198	(10,809)	9,766	1,732,125
Machinery equipment	3,067,987	33,238	(45,744)	8,548	3,064,029
Transportation equipment	251,840	3,850	(48)	-	255,642
Miscellaneous equipment	120,735	4,793	(538)	-	124,990
Construction in progress	8,847	8,228	-	(10,060)	7,015
	7,276,819	$ 83,215	$ (57,139)	$ 8,254	7,311,149
Accumulated depreciation					
Land improvements	66,590	$ 867	$ -	$ -	67,457
Buildings	524,415	40,553	(1,946)	-	563,022
Machinery equipment	2,296,508	63,889	(39,921)	-	2,320,476
Transportation equipment	188,805	9,111	(44)	-	197,872
Miscellaneous equipment	72,756	7,907	(483)	-	80,180
	3,149,074	$ 122,327	$ (42,394)	$ -	3,229,007
	$ 4,127,745				$ 4,082,142

	For the Six Months Ended June 30, 2024				
	Beginning Balance	Additions	Disposals	Reclassified Amount	Ending Balance
Cost					
Land	$ 1,216,738	$ -	$ -	$ -	$ 1,216,738
Land improvements	71,538	80	-	-	71,618
Buildings	1,668,237	8,211	(645)	524	1,676,327
Machinery equipment	2,910,888	74,659	(20,764)	964	2,965,747
Transportation equipment	241,271	3,969	(2,170)	-	243,070
Miscellaneous equipment	100,800	5,460	(204)	624	106,680
Construction in progress	1,600	4,979	-	(524)	6,055
	6,211,072	$ 97,358	$ (23,783)	$ 1,588	6,286,235
Accumulated depreciation					
Land improvements	63,537	$ 1,547	$ -	$ -	65,084
Buildings	447,707	38,432	(519)	-	485,620
Machinery equipment	2,211,777	60,507	(18,103)	-	2,254,181
Transportation equipment	170,052	10,679	(2,036)	-	178,695
Miscellaneous equipment	60,835	6,545	(161)	-	67,219
	2,953,908	$ 117,710	$ (20,819)	$ -	3,050,799
	$ 3,257,164				$ 3,235,436

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	2-12 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

	June 30, 2025	December 31, 2024	June 30, 2024
Current			
Prepayments	$ 17,981	$ 47,081	$ 27,665
Tax overpaid retained	3,452	2,276	5,681
Temporary payments (payments on behalf of others)	2,643	756	515
Costs to fulfill a contract (Note 18)	5,724	5,968	3,468
	$ 29,800	$ 56,081	$ 37,329

	June 30, 2025	December 31, 2024	June 30, 2024
Non-current			
Long-term prepayments	$ 167	$ 614	$ 1,054
Prepayments for land	-	-	246,000
	$ 167	$ 614	$ 247,054

14. BORROWINGS

Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured loans			
Bank loans	$ -	$ -	$ 80,000
Rate of interest per annum (%)	-	-	1.69

Long-term borrowings	June 30, 2025	December 31, 2024	June 30, 2024
Secured borrowings (Note 26)	$ 538,923	$ 558,056	$ -
Less: Current portion	(38,267)	(38,267)	-
Long-term bank loans	$ 500,656	$ 519,789	$ -
Rate of interest per annum (%)	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

	June 30, 2025	December 31, 2024	June 30, 2024
Other payables			
Payables for salaries and bonuses	39,294	76,740	37,550
Payables for purchases of equipment	11,242	30,188	65,119
Payables for annual leave	4,301	4,784	3,931
Payables for remuneration of directors	3,150	6,300	3,150
Payables for donations	1,044	1,722	1,420
Payables for interest	425	468	41
Others	62,744	50,798	59,325
	$ 122,200	$ 171,000	$ 170,536

	June 30, 2025	December 31, 2024	June 30, 2024
Other current liabilities			
Contract liabilities (Note 18)	$ 62,910	$ 64,607	$ 85,447
Provisions	2,307	-	-
Temporary credits (receipts under custody)	876	805	769
	$ 66,093	$ 65,412	$ 86,216

16. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the pension expenses of defined benefit plans were $214 thousand, $225 thousand, $428 thousand and $449 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023, respectively.

17. EQUITY

a. Share capital

	June 30, 2025	December 31, 2024	June 30, 2024
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

	June 30, 2025	December 31, 2024	June 30, 2024
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 2024 and 2023 which have been approved in the shareholders' meetings on May 27, 2025 and May 30, 2024, respectively, were as follows:

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

18. REVENUE

a. Revenue from contracts with customers

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Revenue from sale of zinc oxide	$ 429,054	$ 506,481	$ 731,871	$ 773,168
Revenue from waste disposal	192,509	178,784	372,691	369,277
Revenue from sale of concrete	9,172	10,193	18,826	20,072
Other operating revenue	8,168	7,316	8,296	7,686
	$ 638,903	$ 702,774	$ 1,131,684	$ 1,170,203

b. Contract balance

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Notes receivable and trade receivables (Note 8)	$ 124,689	$ 210,186	$ 270,457	$ 220,005
Contract liabilities (Note 15)	$ 62,910	$ 64,607	$ 85,447	$ 97,678

c. Assets related to contract costs

	June 30, 2025	December 31, 2024	June 30, 2024
Costs to fulfill a contract (Note 13)	$ 5,724	$ 5,968	$ 3,468

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Government grants	$ 2,030	$ 1,903	$ 3,202	$ 2,484
Others	485	525	487	552
	$ 2,515	$ 2,428	$ 3,689	$ 3,036

b. Financial costs

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Interest on bank loans	$ (460)	$ 236	$ -	$ 236

Information about capitalized interest was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Capitalization amount	$ 2,879	$ -	$ 4,908	$ -
Capitalization rate	1.8%	-	1.8%	-

c. Depreciation and amortization

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Property, plant and equipment	$ 61,715	$ 59,230	$ 122,327	$ 117,710
Other intangible assets	1,336	1,080	2,683	1,998
Other non-current assets	-	72	3	285
	$ 63,051	$ 60,382	$ 125,013	$ 119,993
An analysis of depreciation by function				
Operating costs	$ 58,539	$ 55,579	$ 116,091	$ 110,385
Operating expenses	3,176	3,651	6,236	7,325
	$ 61,715	$ 59,230	$ 122,327	$ 117,710

	Three Months Ended June 30		Six Months Ended June 30	
	2025	**2024**	**2025**	**2024**
An analysis of amortization by function				
Operating costs	$ 157	$ 73	$ 324	$ 133
Operating expenses	1,179	1,079	2,362	2,150
	$ 1,336	$ 1,152	$ 2,686	$ 2,283

d. Employee benefits expense

	Three Months Ended June 30		Six Months Ended June 30	
	2025	**2024**	**2025**	**2024**
Short-term employee benefits	$ 48,663	$ 50,189	$ 99,246	$ 100,362
Post-employment benefits				
Defined contribution plans	10,654	1,806	12,580	3,548
Defined benefit plans (Note 15)	214	225	428	449
	10,868	2,031	13,008	3,997
Other employee benefits	6,436	6,803	13,988	13,335
	$ 65,967	$ 59,023	$ 126,242	$ 117,694
An analysis of employee benefits expense by function				
Operating costs	$ 37,148	$ 38,805	$ 75,972	$ 77,455
Operating expenses	28,819	20,218	50,270	40,239
	$ 65,967	$ 59,023	$ 126,242	$ 117,694

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 June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024 are as follows:

	For the Six Months Ended June 30	
	2025	**2024**
Accrual rate		
Compensation of employees	3.66%	2.78%
Remuneration of directors	0.69%	0.61%

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Amount				
Compensation of employees	$ 8,422	$ 7,153	$ 16,750	$ 14,328
Remuneration of directors	$ 1,575	$ 1,575	$ 3,150	$ 3,150

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.

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, 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.

20. INCOME TAXES

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

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Current tax				
In respect of the current year	$ 49,438	$ 62,596	$ 83,286	$ 90,942
Income tax on unappropriated earnings	-	-	4,075	-
Adjustments for prior years	(336)	(8,256)	(336)	(8,256)
	49,102	54,340	87,025	82,686
Deferred tax				
In respect of the current year	(250)	528	(1,494)	1,040
Income tax expense recognized in profit or loss	$ 48,852	$ 54,868	$ 85,531	$ 83,726

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 June 30, 2025			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 209,530	111,271	$ 1.88
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	79	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 209,530	111,350	$ 1.88

	Net profit Attributable to Owners of the Company	Shares (In Thousands of Shares)	Earnings Per Share (NT$)
For the Three Months Ended June 30, 2024			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 284,267	111,271	$ 2.55
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	67	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 284,267	111,338	$ 2.55
For the Six Months Ended June 30, 2025			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 352,300	111,271	$ 3.17
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	192	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 352,300	111,463	$ 3.16
For the Six Months Ended June 30, 2024			
Basic earnings per share			
Profit for the year attributable to owners of the Company	$ 414,440	111,271	$ 3.72
Effect of potentially dilutive ordinary shares			
Compensation of employees	-	185	
Diluted earnings per share			
Profit for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 414,440	111,456	$ 3.72

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

The Group entered into the following non-cash investing and financing activities for the three months ended June 30, 2025 and 2024:

	For the Six Months Ended June 30	
	2025	2024
Non-cash transactions for investing and financing activities		
Transfers from prepayments for equipment to property, plant and equipment	$ 8,254	$ 1,588
Transfers from other financial assets - non - current to other financial assets - current	$ -	$ 14,811
Transfers from long-term bank loans to current portion	$ 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

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets			
Financial assets at amortized cost (1)	$ 631,931	$ 1,060,321	$ 720,171
Financial liabilities			
Financial liabilities at amortized cost (2)	664,120	696,982	255,153

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, trade receivables, other receivables, refundable deposits, and other financial assets.

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

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 Six Months Ended June 30	
	2025	2024
Profit before income tax	$ 106	$ 2,215

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:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	$ 6,500	$ 100,000	$ 25,432
Financial liabilities	-	-	80,000
Cash flow interest rate risk			
Financial assets	$ 492,247	$ 738,124	$ 414,088
Financial liabilities	538,923	558,056	-

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 six months ended June 30, 2025 and 2024 would have decreased by $233 thousand and increased by $2,070 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**
June 30, 2025		
Non-interest bearing	$ 118,750	$ -
Variable interest rate liabilities	38,267	500,656
December 31, 2024		
Non-interest bearing	132,480	-
Variable interest rate liabilities	38,267	519,789
June 30, 2024		
Non-interest bearing	213,107	-
Fixed interest rate liabilities	80,000	-

Additional information about the maturity analysis for financial liabilities:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**
June 30, 2025				
Non-interest bearing	$ 118,750	$ -	$ -	$ -
Variable interest rate liabilities	38,267	191,333	191,333	117,990
	$ 157,017	$ 191,333	$ 191,333	$ 117,990
December 31, 2024				
Non-interest bearing	$ 132,480	$ -	$ -	$ -
Variable interest rate liabilities	38,267	191,333	191,333	137,123
	$ 170,747	$ 191,333	$ 191,333	$ 137,123
June 30, 2024				
Non-interest bearing	$ 213,107	$ -	$ -	$ -

Fixed interest rate liabilities	80,000	-	-	-
	$ 293,107	$ -	$ -	$ -

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 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

		Three Months Ended June 30		Six Months Ended June 30	
Line Item	Related Party Category /Name	2024	2023	2024	2023
Service revenue	The Company's key management personnel	$ 60,072	$ 72,256	$ 115,266	$ 152,116
	Related party in substance	6,038	2,675	9,362	7,243
		$ 66,110	$ 74,931	$ 124,628	$ 159,359
Other income	The Company's key management personnel	$ 10	$ 13	$ 34	$ 13
Sales	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

Related Party Category	Three Months Ended June 30 2025	Three Months Ended June 30 2024	Six Months Ended June 30 2025	Six Months Ended June 30 2024
Related party in substance	$ 231	$ 155	$ 374	$ 189
The Company's key management personnel	3	2	1	1
	$ 234	$ 157	$ 375	$ 190

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

d. Operating expenses

Line Item	Related Party Category	Three Months Ended June 30 2025	Three Months Ended June 30 2024	Six Months Ended June 30 2025	Six Months Ended June 30 2024
Other expenses	Related party in substance	$ -	$ -	$	$ 18

e. Receivables from related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Trade receivables	The Company's key management personnel	$ 22,649	$ 17,995	$ 33,626
	Related party in substance	518	915	3,828
		$ 23,167	$ 18,910	$ 37,454
Other receivables	Related party in substance	$ -	$ 16	$ 116

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2025 and 2024, no impairment losses were recognized for trade receivables from related parties.

f. Payables to related parties

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Trade payables	Related party in substance	$ 28	$ 180	$ 107
	The Company's key management personnel	4	4	2
		$ 32	$ 184	$ 109

g. Contract liabilities

Line Item	Related Party Category	June 30, 2025	December 31, 2024	June 30, 2024
Other current liabilities	The Company's key management personnel	$ 13,536	$ 11,910	$ 6,513
	Related party in substance	1,651	3,762	1,826
		$ 15,187	$ 15,672	$ 8,339

h. Remuneration of key management personnel

Remuneration of directors and key management personnel was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	$ 7,043	$ 5,225	$ 12,532	$ 10,417
Post-employment benefits	8,808	27	8,835	54
	$ 15,851	$ 5,252	$ 21,367	$ 10,471

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:

	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	$ 1,751,611	$ 1,746,704	$ 914,860
Other financial assets - non-current	54,943	59,943	53,093
	$ 1,806,554	$ 1,806,647	$ 967,953

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

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

	June 30, 2025	December 31, 2024	June 30, 2024
Property, plant and equipment	$ 329,699	$ 63,408	$ 624,712

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 $3,956 thousand, and $4,907 thousand for the three months ended June 30, 2025 and 2024, and amounted to $8,236 thousand and $9,950 thousand for the six months ended June 30, 2025 and 2024.

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:

	June 30, 2025		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 948	29.30 (USD:NTD)	$ 27,766
Financial liabilities			
Monetary item			
USD	584	29.30 (USD:NTD)	$ 17,125

	December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 4,340	32.79 (USD:NTD)	$ 142,279
Financial liabilities			
Monetary item			
USD	94	32.79 (USD:NTD)	$ 3,083

	June 30, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary item			
USD	$ 6,960	32.45 (USD:NTD)	$ 225,865
Financial liabilities			
Monetary item			
USD	134	32.45 (USD:NTD)	$ 4,352

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

	For the Three Months Ended June 30			
	2025		2024	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	30.82 (USD:NTD)	$ 11,616	32.36 (USD:NTD)	$ 4,724

	For the Six Months Ended June 30			
	2025		2024	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Loss	Exchange Rate	Net Foreign Exchange Gain
USD	31.86 (USD:NTD)	$ 9,751	31.90 (USD:NTD)	$ 8,938

29. 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)

6) Other: intercompany relationships and significant intercompany transactions. (Table 3)

b. Information on investees (Table 4)

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 six months ended June 30, 2025 and 2024, were as follows:

	The Company	Taiwan Steel Resources Co.	Reconciliation and Elimination	Total
For the Six Months Ended June 30, 2025				
Revenue from external customers	$ 951,301	$ 180,383	$ -	$ 1,131,684
Inter-segment revenue	-	54,031	(54,031)	-
Total revenue	$ 951,301	$ 234,414	$ (54,031)	$ 1,131,684
Segment's profit	$ 429,101	$ 26,787	$ (202)	$ 455,686
Interest revenue	3,120	459	-	3,579
Other non-operation income and expenses	5,610	(248)	(26,796)	(21,434)
Profit before income tax	437,831	26,998	(26,998)	437,831
Income tax expense	(85,531)	-	-	(85,531)
Net profit	$ 352,300	$ 26,998	$ (26,998)	$ 352,300

	The Company	Taiwan Steel Resources Co.	Unallocated Assets/Liabilities	Reconciliation and Elimination	Total
June 30, 2025					
Identifiable segment's assets	$ 4,887,248	$ 2,291,659	$ 87,116	$ (2,250,279)	$ 5,015,744
Identifiable segment's liabilities	$ 185,857	$ 64,153	$ 625,816	$ (10,830)	$ 864,996

	The Company	Taiwan Steel Resources Co.	Reconciliation and Elimination	Total
For the Six Months Ended June 30, 2024				
Revenue from external customers	$ 961,910	$ 208,293	$ -	$ 1,170,203
Inter-segment revenue	-	59,453	(59,453)	-
Total revenue	$ 961,910	$ 267,746	$ (59,453)	$ 1,170,203
Segment's profit	$ 447,022	$ 38,582	$ -	$ 485,604
Interest revenue	3,625	348	(732)	3,241
Finance costs	(80)	(888)	732	(236)
Other non-operation income and expenses	47,599	(1,392)	(36,650)	9,557
Profit before income tax	498,166	36,650	(36,650)	498,166
Income tax expense	83,726	-	-	83,726
Net profit	$ 414,440	$ 36,650	$ (36,650)	$ 414,440

	The Company	Taiwan Steel Resources Co.	Unallocated Assets/Liabilities	Reconciliation and Elimination	Total
June 30, 2024					
Identifiable segment's assets	$ 4,309,343	$ 2,319,294	$ 93,290	$ (2,194,226)	$ 4,527,701
Identifiable segment's liabilities	$ 253,895	$ 64,359	$ 170,803	$ (9,498)	$ 479,559

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(loss), finance costs, other expenses, 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.

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 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 Amounts	Reasons for Short-term Financing	Loss Allowance	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
													Item	Value		
0	The Company	Taiwan Steel Resources Co., Ltd.	Receivable from related parties	Yes	$ 200,000	$ 200,000	$ -	2.07%	2	$ -	Operating Capital	$ -	-	$	$ 1,660,299 (Notes 2 and 7)	$ 1,660,299 (Notes 4 and 7)

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: Significant intercompany accounts and transactions have been eliminated.

Note 7: 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 June 2025, the Company announced that the Company's maximum amount of the loan to be provided to a single enterprise is $1,576,487 thousand and the maximum amount of the loan to be provided is $1,576,487 thousand. Because the consolidated financial statements for the six months ended June 30, 2025 have not been reviewed, these amounts were based on the financial statements for the year ended March 31, 2025. Thus, there is a difference between them.

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(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)	$ 2,033,866	$ 400,000	$ 300,000	$ -	$ -	7.23	$ 2,075,374	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 June 2025, the Company announced that the Company’s maximum amount of the endorsements/guarantees to a single enterprise is $1,931,196 thousand and the maximum amount of the endorsements/guarantees is $1,970,609 thousand. Because the consolidated financial statements for the six months ended June 30, 2025 have not been reviewed, these amounts were based on the financial statements for the year ended March 31, 2025. Thus, there is a difference in between.

TABLE 3

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(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	$ 53,829	-	4.76

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

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

TABLE 4

TAIWAN STEEL UNION CO., LTD. AND SUBSIDIARY

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of June 30, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 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	$ 2,240,732	$ 26,998	$ 26,796	Subsidiary
	Feng Li Internet Co., Ltd.	Taichung	Software development	9,000	-	900,000	30	7,973	(3,422)	(1,027)	Associate

Note: Significant intercompany accounts and transactions have been eliminated.