

YC Inox Co., Ltd. and Subsidiaries

**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
YC Inox Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of YC Inox Co., Ltd. and its subsidiaries (collectively, the “Group”) as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31, 2026 and 2025, and the related notes to the consolidated financial statements, including material accounting policy information (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 the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Information Performed by the Independent Auditor of the Entity”. 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, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 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 Li-Wei Liu and Lie-Dong Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 8, 2026

Notice to Readers

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.

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2026		December 31, 2025		March 31, 2025	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 611,722	3	\$ 994,084	5	\$ 1,097,858	5
Financial assets at fair value through profit or loss - current (Note 7)	184,250	1	186,226	1	246,250	1
Notes receivable (Notes 9, 21 and 28)	18,926	-	28,737	-	37,686	-
Trade receivables (Notes 9, 21 and 28)	912,468	4	824,388	4	1,118,996	5
Other receivables (Note 9)	211,194	1	140,507	1	108,026	1
Inventories (Note 10)	5,399,865	24	4,898,136	22	4,941,136	21
Prepayments	2,764,609	12	2,247,508	10	2,885,749	12
Other current assets (Note 29)	<u>12,608</u>	<u>-</u>	<u>5,639</u>	<u>-</u>	<u>5,712</u>	<u>-</u>
Total current assets	<u>10,115,642</u>	<u>45</u>	<u>9,325,225</u>	<u>43</u>	<u>10,441,413</u>	<u>45</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	859,881	4	1,039,873	5	1,130,811	5
Property, plant and equipment (Note 12)	10,486,523	46	10,320,841	47	9,064,392	39
Right-of-use assets (Note 13)	6,328	-	9,590	-	15,295	-
Computer software (Note 14)	3,808	-	4,922	-	6,709	-
Deferred tax assets (Note 4)	730,086	3	680,385	3	574,081	2
Prepayments for equipment	403,280	2	506,114	2	1,543,830	7
Other non-current assets (Note 15)	<u>52,248</u>	<u>-</u>	<u>51,944</u>	<u>-</u>	<u>439,942</u>	<u>2</u>
Total non-current assets	<u>12,542,154</u>	<u>55</u>	<u>12,613,669</u>	<u>57</u>	<u>12,775,060</u>	<u>55</u>
TOTAL	<u>\$ 22,657,796</u>	<u>100</u>	<u>\$ 21,938,894</u>	<u>100</u>	<u>\$ 23,216,473</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	\$ 7,049,733	31	\$ 6,698,203	31	\$ 6,193,966	27
Contract liabilities - current (Note 21)	364,988	2	338,213	2	446,003	2
Notes payable	131	-	154	-	485	-
Trade payables	479,891	2	90,063	-	533,675	2
Other payables (Note 18)	302,779	1	322,915	1	277,501	1
Current tax liabilities (Note 4)	56,480	-	17,188	-	122,306	1
Lease liabilities - current (Note 13)	3,496	-	6,205	-	7,960	-
Current portion of long-term borrowings and bonds payable (Notes 16 and 17)	809,524	4	690,476	3	547,768	2
Other current liabilities	<u>27,611</u>	<u>-</u>	<u>30,555</u>	<u>-</u>	<u>42,748</u>	<u>-</u>
Total current liabilities	<u>9,094,633</u>	<u>40</u>	<u>8,193,972</u>	<u>37</u>	<u>8,172,412</u>	<u>35</u>
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Note 17)	10,600	-	9,600	-	13,000	-
Bonds payable (Note 17)	1,869,816	8	1,860,734	9	1,833,750	8
Long-term borrowings (Note 16)	1,733,334	8	1,865,476	9	1,959,524	9
Deferred tax liabilities (Note 4)	285,669	2	259,750	1	371,829	2
Lease liabilities - non-current (Note 13)	1,142	-	3,337	-	6,334	-
Net defined benefit liabilities - non-current (Note 4)	23,959	-	24,763	-	35,081	-
Guarantee deposits received	<u>38,211</u>	<u>-</u>	<u>40,706</u>	<u>-</u>	<u>39,380</u>	<u>-</u>
Total non-current liabilities	<u>3,962,731</u>	<u>18</u>	<u>4,064,366</u>	<u>19</u>	<u>4,258,898</u>	<u>19</u>
Total liabilities	<u>13,057,364</u>	<u>58</u>	<u>12,258,338</u>	<u>56</u>	<u>12,431,310</u>	<u>54</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	5,289,956	23	5,235,529	24	5,202,256	22
Registered capital (pending change)	-	-	54,427	-	32,749	-
Capital surplus	2,024,787	9	2,024,787	9	2,492,793	11
Retained earnings						
Legal reserve	1,346,931	6	1,346,931	6	1,346,931	6
Unappropriated earnings	147,516	1	145,738	1	293,262	1
Other equity	<u>791,242</u>	<u>3</u>	<u>873,144</u>	<u>4</u>	<u>1,417,172</u>	<u>6</u>
Total equity	<u>9,600,432</u>	<u>42</u>	<u>9,680,556</u>	<u>44</u>	<u>10,785,163</u>	<u>46</u>
TOTAL	<u>\$ 22,657,796</u>	<u>100</u>	<u>\$ 21,938,894</u>	<u>100</u>	<u>\$ 23,216,473</u>	<u>100</u>

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
NET REVENUE (Notes 21 and 28)	\$ 2,833,548	100	\$ 3,632,787	100
OPERATING COSTS (Notes 10 and 22)	<u>2,595,112</u>	<u>92</u>	<u>3,148,409</u>	<u>87</u>
GROSS PROFIT	<u>238,436</u>	<u>8</u>	<u>484,378</u>	<u>13</u>
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	120,414	4	166,843	4
General and administrative expenses	<u>82,120</u>	<u>3</u>	<u>95,868</u>	<u>3</u>
Total operating expenses	<u>202,534</u>	<u>7</u>	<u>262,711</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>35,902</u>	<u>1</u>	<u>221,667</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 22)	(57,299)	(2)	(49,962)	(2)
Interest income	510	-	1,714	-
Other gains and losses, net (Notes 22 and 28)	7,707	-	3,560	-
Foreign exchange gain, net (Note 31)	488	-	27,117	1
Net gain on fair value changes of financial instruments at fair value through profit or loss	6,324	-	113,959	3
Loss on disposal of property, plant and equipment	<u>(7,310)</u>	<u>-</u>	<u>(10,760)</u>	<u>-</u>
Total non-operating income and expenses	<u>(49,580)</u>	<u>(2)</u>	<u>85,628</u>	<u>2</u>
(LOSS) PROFIT BEFORE INCOME TAX	(13,678)	(1)	307,295	8
INCOME TAX (BENEFITS) EXPENSE (Notes 4 and 23)	<u>(15,456)</u>	<u>(1)</u>	<u>45,661</u>	<u>1</u>
NET PROFIT	<u>1,778</u>	<u>-</u>	<u>261,634</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(179,992)	(6)	(162,113)	(4)
Income tax related to items that will not be reclassified subsequently to profit or loss	<u>(692)</u>	<u>-</u>	<u>(504)</u>	<u>-</u>
	<u>(180,684)</u>	<u>(6)</u>	<u>(162,617)</u>	<u>(4)</u>

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YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2026		2025	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 123,478	4	\$ 132,421	4
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(24,696)</u>	<u>(1)</u>	<u>(26,484)</u>	<u>(1)</u>
	<u>98,782</u>	<u>3</u>	<u>105,937</u>	<u>3</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(81,902)</u>	<u>(3)</u>	<u>(56,680)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ (80,124)</u>	<u>(3)</u>	<u>\$ 204,954</u>	<u>6</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ -</u>		<u>\$ 0.50</u>	
Diluted	<u>\$ -</u>		<u>\$ 0.42</u>	

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

(Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 20)		Capital Surplus (Note 20)	Retained Earnings (Note 20)		Other Equity		Total Equity
	Capital Stock Ordinary Shares	Registered Capital Pending Change		Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE ON JANUARY 1, 2025	\$ 5,202,256	\$ -	\$ 2,456,895	\$ 1,346,931	\$ 31,628	\$ 1,361,469	\$ 112,383	\$10,511,562
Net profit for the three months ended March 31, 2025	-	-	-	-	261,634	-	-	261,634
Other comprehensive income (loss) for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	105,937	(162,617)	(56,680)
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	261,634	105,937	(162,617)	204,954
Convertible bonds converted to ordinary shares	-	32,749	35,898	-	-	-	-	68,647
BALANCE ON MARCH 31, 2025	\$ 5,202,256	\$ 32,749	\$ 2,492,793	\$ 1,346,931	\$ 293,262	\$ 1,467,406	\$ (50,234)	\$10,785,163
BALANCE ON JANUARY 1, 2026	\$ 5,235,529	\$ 54,427	\$ 2,024,787	\$ 1,346,931	\$ 145,738	\$ 1,011,319	\$ (138,175)	\$ 9,680,556
Net profit for the three months ended March 31, 2026	-	-	-	-	1,778	-	-	1,778
Other comprehensive income (loss) for the three months ended March 31, 2026, net of income tax	-	-	-	-	-	98,782	(180,684)	(81,902)
Total comprehensive income (loss) for the three months ended March 31, 2026	-	-	-	-	1,778	98,782	(180,684)	(80,124)
Convertible bonds converted to ordinary shares	54,427	(54,427)	-	-	-	-	-	-
BALANCE ON MARCH 31, 2026	\$ 5,289,956	\$ -	\$ 2,024,787	\$ 1,346,931	\$ 147,516	\$ 1,110,101	\$ (318,859)	\$ 9,600,432

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) profit before income tax	\$ (13,678)	\$ 307,295
Adjustments for:		
Depreciation expense	145,190	114,502
Amortization expense	1,248	1,369
Gain on financial instruments at fair value through profit or loss, net	(6,324)	(113,959)
Finance costs	57,299	49,962
Interest income	(510)	(1,714)
Loss on disposal of property, plant and equipment	7,310	10,760
Write-down (reversal) of inventories	24,893	(30,615)
Gain on unrealized foreign currency exchange, net	(3,451)	(9,858)
(Gain) loss on lease modification	(97)	254
Changes in operating assets and liabilities:		
Notes receivable	9,811	(4,951)
Trade receivables	(78,052)	46,092
Other receivables	(69,313)	10,858
Inventories	(493,158)	26,939
Prepayments	(473,766)	(450,176)
Other current assets	(6,860)	4,686
Contract liabilities	25,729	(187,334)
Notes payable	(23)	(36)
Trade payables	389,630	219,707
Other payables	(24,768)	(44,108)
Other current liabilities	(3,315)	(5,541)
Net defined benefit liabilities	(804)	(824)
Cash used in operations	(513,009)	(56,692)
Interest received	510	1,714
Interest paid	(47,074)	(39,066)
Income tax received (paid)	6,591	(218)
Net cash used in operating activities	(552,982)	(94,262)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through profit or loss	9,300	-
Acquisition of property, plant and equipment	(92,988)	(168,158)
Proceeds from disposal of property, plant and equipment	25,779	101
Decrease in refundable deposits	50	575
Acquisition of computer software	(125)	(2,855)
Increase in other non-current assets	(327)	-
Increase in prepayments for equipment	(43,514)	(164,791)
Net cash used in investing activities	(101,825)	(335,128)

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YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2026	2025
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 5,078,630	\$ 4,640,898
Repayments of short-term borrowings	(4,728,920)	(3,881,194)
Proceeds from long-term borrowings	100,000	-
Repayments of long-term borrowings	(113,094)	(194,048)
Increase in guarantee deposits received	-	14,985
Decrease in guarantee deposits received	(2,495)	-
Repayments of the principal portion of lease liabilities	<u>(3,243)</u>	<u>(3,681)</u>
Net cash generated from financing activities	<u>330,878</u>	<u>576,960</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	<u>(58,433)</u>	<u>7,739</u>
NET (DECREASE) INCREASE IN CASH	(382,362)	155,309
CASH AT THE BEGINNING OF THE PERIOD	<u>994,084</u>	<u>942,549</u>
CASH AT THE END OF THE PERIOD	<u>\$ 611,722</u>	<u>\$ 1,097,858</u>

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

(Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025 (Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

YC Inox Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in January 1973; and is mainly engaged in the production, processing and sale of stainless steel pipes, stainless steel sheets and coils, agency services and international trading of stainless steel products.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since September 2001.

The consolidated financial statements of the Group 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 May 8, 2026.

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

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

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

- 1) 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 (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

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

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

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

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

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

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

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

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The 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 consolidated financial statements were authorized for issue, the Group is continuously assessing the impacts of the above amended 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 MATERIAL ACCOUNTING POLICY INFORMATION

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 financial instruments which are measured at fair value and 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 the 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 subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Note 11 and Table 5 for the detailed information on subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

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

1) Derecognition of financial liabilities

Financial liabilities are derecognized on the settlement date, which is the date on which the liability is extinguished because the Group's obligations are discharged, cancelled or have expired, or the liability is substantially modified or exchanged for a debt instrument with substantially different terms. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

2) 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.

3) Income tax expense

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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

When developing material accounting estimates, the Group considers the possible impact 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. Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2025.

6. CASH

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 1,241	\$ 1,229	\$ 1,929
Checking accounts and demand deposits	<u>610,481</u>	<u>992,855</u>	<u>1,095,929</u>
	<u>\$ 611,722</u>	<u>\$ 994,084</u>	<u>\$ 1,097,858</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Financial assets mandatorily measured at FVTPL			
Domestic listed shares	<u>\$ 184,250</u>	<u>\$ 186,226</u>	<u>\$ 246,250</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON - CURRENT

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Investments in equity instruments</u>			
Foreign investments			
Unlisted shares	\$ 289,153	\$ 283,878	\$ 300,182
Domestic investments			
Listed shares	<u>570,728</u>	<u>755,995</u>	<u>830,629</u>
	<u>\$ 859,881</u>	<u>\$ 1,039,873</u>	<u>\$ 1,130,811</u>

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable			
At amortized cost			
Gross carrying amount	\$ 18,926	\$ 28,737	\$ 37,686
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 18,926</u>	<u>\$ 28,737</u>	<u>\$ 37,686</u>

(Continued)

	March 31, 2026	December 31, 2025	March 31, 2025
Trade receivables			
At amortized cost			
Gross carrying amount	\$ 891,204	\$ 753,137	\$ 1,097,006
Less: Allowance for impairment loss	<u>(2,242)</u>	<u>(2,242)</u>	<u>(2,242)</u>
	888,962	750,895	1,094,764
At FVTOCI	<u>23,506</u>	<u>73,493</u>	<u>24,232</u>
	<u>\$ 912,468</u>	<u>\$ 824,388</u>	<u>\$ 1,118,996</u>
Other receivables			
Business tax receivable	\$ 168,278	\$ 99,680	\$ 40,966
Assignment of receivables without recourse	33,427	33,428	49,922
Others	<u>9,489</u>	<u>7,399</u>	<u>17,138</u>
	<u>\$ 211,194</u>	<u>\$ 140,507</u>	<u>\$ 108,026</u> (Concluded)

a. Notes receivable

The aging of notes receivable was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Not past due	<u>\$ 18,926</u>	<u>\$ 28,737</u>	<u>\$ 37,686</u>

b. Trade receivables measured at amortized cost

The credit period of sales of goods is 30 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher 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 customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

In order to minimize credit risk, 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 debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk has been significantly reduced.

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 by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted GDP and direction of economic conditions at the reporting date. As the Group's historical credit loss experience did 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 a trade receivable when there is information indicating that the debtor 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 loss allowance of trade receivables of the Group was as follows:

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 181 Days	Total
<u>March 31, 2026</u>						
Expected credit loss rate (%)	0	0	0	0.00-4.35	100	
Gross carrying amount	\$ 842,518	\$ 48,686	\$ -	\$ -	\$ -	\$ 891,204
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 842,518</u>	<u>\$ 46,444</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 888,962</u>
<u>December 31, 2025</u>						
Expected credit loss rate (%)	0	0.00-0.05	0.00-15.67	0.00-15.21	100	
Gross carrying amount	\$ 682,193	\$ 67,548	\$ 1,202	\$ 1,495	\$ 699	\$ 753,137
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 682,193</u>	<u>\$ 65,306</u>	<u>\$ 1,202</u>	<u>\$ 1,495</u>	<u>\$ 699</u>	<u>\$ 750,895</u>
<u>March 31, 2025</u>						
Expected credit loss rate (%)	0	0.00-0.02	0.00-5.00	4.35-8.70	100	
Gross carrying amount	\$ 1,000,246	\$ 96,414	\$ 345	\$ 1	\$ -	\$ 1,097,006
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	<u>\$ 1,000,246</u>	<u>\$ 94,172</u>	<u>\$ 345</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,094,764</u>

c. Trade receivables measured at FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both contractual cash flows and selling financial assets.

As of March 31, 2026, December 31, 2025 and March 31, 2025, the Group had no overdue trade receivables measured at FVTOCI, and no impairment loss was recognized within the respective aging ranges.

Refer to Note 27 for details of the factoring for trade receivables.

10. INVENTORIES

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 2,099,943	\$ 1,742,108	\$ 1,917,355
Work in progress	330,093	335,116	187,933
Semi-finished goods	624,291	622,993	581,011
Finished goods	2,332,222	2,187,397	2,247,093
Merchandise	<u>13,316</u>	<u>10,522</u>	<u>7,744</u>
	<u>\$ 5,399,865</u>	<u>\$ 4,898,136</u>	<u>\$ 4,941,136</u>
		March 31, 2026	March 31, 2025
Cost of inventories sold		\$ 2,565,416	\$ 3,174,773
Inventories write-downs (reversed)		24,893	(30,615)
Cost of electricity sold		<u>4,803</u>	<u>4,251</u>
		<u>\$ 2,595,112</u>	<u>\$ 3,148,409</u>

For the three months ended March 31, 2025, inventory write-downs were reversed as a result of increased selling prices of raw materials.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Investor	Investee	% of Ownership		
		March 31, 2026	December 31, 2025	March 31, 2025
The Company	Chi Mao Investment Co., Ltd. (Chi Mao Company)	100	100	100
	YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	100	100	100

For the nature of activities of the subsidiaries listed above, refer to Table 5.

The Company has been planning to increase the investment in YC INOX TR Company by TRY1,580,000 thousand, equivalent to USD 43,406 thousand which was approved by the Company's board of directors in March 2025, and subsequently invested \$656,940 thousand, \$318,710 thousand, \$179,430 thousand and \$145,587 thousand, equivalent to USD 20,000 thousand, USD 10,000 thousand, USD 6,000 thousand and USD 4,995 thousand, in March 2025, May 2025, June 2025 and July 2025, respectively. The aforementioned investments have been approved by the MOEA.

12. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended March 31, 2026						
	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Beginning balance January 1, 2026	\$ 2,784,189	\$ 4,558,676	\$ 5,297,744	\$ 1,750,731	\$ 19,002	\$ 14,410,342
Additions	-	265	32,454	43,695	11,600	88,014
Disposals	-	(4,665)	(159,993)	(71,065)	-	(235,723)
Reclassification	-	943	106,159	44,040	-	151,142
Effects of foreign currency exchange differences	13,523	54,168	42,113	3,416	342	113,562
Ending balance March 31, 2026	<u>\$ 2,797,712</u>	<u>\$ 4,609,387</u>	<u>\$ 5,318,477</u>	<u>\$ 1,770,817</u>	<u>\$ 30,944</u>	<u>\$ 14,527,337</u>
<u>Accumulated depreciation</u>						
Beginning balance January 1, 2026	\$ -	\$ 987,084	\$ 2,327,491	\$ 774,926	\$ -	\$ 4,089,501
Additions	-	32,955	79,538	30,977	-	143,470
Disposals	-	(3,073)	(151,755)	(47,806)	-	(202,634)
Effects of foreign currency exchange differences	-	2,175	7,268	1,034	-	10,477
Ending balance March 31, 2026	<u>\$ -</u>	<u>\$ 1,019,141</u>	<u>\$ 2,262,542</u>	<u>\$ 759,131</u>	<u>\$ -</u>	<u>\$ 4,040,814</u>
Ending carrying amount	<u>\$ 2,797,712</u>	<u>\$ 3,590,246</u>	<u>\$ 3,055,935</u>	<u>\$ 1,011,686</u>	<u>\$ 30,944</u>	<u>\$ 10,486,523</u>
Ending carrying amount on December 31, 2025 and January 1, 2026	<u>\$ 2,784,189</u>	<u>\$ 3,571,592</u>	<u>\$ 2,970,253</u>	<u>\$ 975,805</u>	<u>\$ 19,002</u>	<u>\$ 10,320,841</u>
For the Three Months Ended March 31, 2025						
	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>						
Beginning balance January 1, 2025	\$ 2,419,927	\$ 2,858,851	\$ 4,315,526	\$ 1,534,191	\$ 1,736,384	\$ 12,864,879
Additions	-	769	13,176	11,767	38,358	64,070
Disposals	-	-	(98,118)	(2,708)	-	(100,826)
Reclassification	-	-	31,417	7,550	-	38,967
Effects of foreign currency exchange differences	5,019	16,395	16,778	1,260	21,994	61,446
Ending balance March 31, 2025	<u>\$ 2,424,946</u>	<u>\$ 2,876,015</u>	<u>\$ 4,278,779</u>	<u>\$ 1,552,060</u>	<u>\$ 1,796,736</u>	<u>\$ 12,928,536</u>
<u>Accumulated depreciation</u>						
Beginning balance January 1, 2025	\$ -	\$ 857,757	\$ 2,304,573	\$ 674,769	\$ -	\$ 3,837,099
Additions	-	25,072	59,016	28,562	-	112,650
Disposals	-	-	(88,185)	(1,780)	-	(89,965)
Effects of foreign currency exchange differences	-	723	3,165	472	-	4,360
Ending balance March 31, 2025	<u>\$ -</u>	<u>\$ 883,552</u>	<u>\$ 2,278,569</u>	<u>\$ 702,023</u>	<u>\$ -</u>	<u>\$ 3,864,144</u>
Ending carrying amount	<u>\$ 2,424,946</u>	<u>\$ 1,992,463</u>	<u>\$ 2,000,210</u>	<u>\$ 850,037</u>	<u>\$ 1,796,736</u>	<u>\$ 9,064,392</u>

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	15-50 years
Machinery and equipment	3-20 years
Other equipment	3-50 years

Farmland held by the Company which is situated in No.1357 and 1359 (2,034 square meters) of Xinmei Section, Shijou Township, Chang-Hwa County and No.1368 (6,148 square meters) were designated as parking lots and loading areas. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, all farmland was registered under the name of Chairman Chang, Chin-Yu, and all 3 lots of land were mortgaged to the Company for a total of \$50,000 thousand.

Furthermore, the Company which is situated in No.115 (171 square meters), No.115-1 and No.115-2 (3,218 square meters), and No.116 (120 square meters) of Xinguan Section, Puoshing Township, Chang-Hwa County were registered under the name of Chairman Chang, Chin-Yu. In September 2025, the mortgage cancellation and ownership transfer registration of 4 lots of land were completed. They are now owned by the Company.

No impairment assessment was performed for the three months ended March 31, 2026 and 2025 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Right-of-use assets carrying amount</u>			
Land	\$ -	\$ 1,639	\$ 1,885
Buildings	1,467	1,565	1,858
Transportation equipment	3,647	4,443	7,424
Other equipment	<u>1,214</u>	<u>1,943</u>	<u>4,128</u>
	<u>\$ 6,328</u>	<u>\$ 9,590</u>	<u>\$ 15,295</u>
	For the Three Months Ended		March 31
		2026	2025
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 3,554</u>
Depreciation of right-of-use assets			
Land		\$ 27	\$ 82
Buildings		98	98
Transportation equipment		866	943
Other equipment		<u>729</u>	<u>729</u>
		<u>\$ 1,720</u>	<u>\$ 1,852</u>

The Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2026 and 2025.

b. Lease liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Lease liabilities carrying amount</u>			
Current	\$ 3,496	\$ 6,205	\$ 7,960
Non-current	<u>1,142</u>	<u>3,337</u>	<u>6,334</u>
	<u>\$ 4,638</u>	<u>\$ 9,542</u>	<u>\$ 14,294</u>

Discount rates for lease liabilities were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Land	-	2.20%	2.20%
Buildings	3.40%	3.40%	3.40%
Transportation equipment	28.00%	28.00%-48.00%	28.00%-48.00%
Other equipment	3.05%	3.05%	3.05%

c. Other lease information

	For the Three Months Ended March 31	
	2026	2025
Expenses relating to short-term leases	\$ 226	\$ 50
Expenses relating to low value asset leases	\$ 639	\$ 321
Total cash outflow for leases	<u>\$ 4,369</u>	<u>\$ 4,052</u>

The Group leases of certain buildings qualify as short-term leases, and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption for these leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

d. Material leasing activities and terms (the Group is lessee)

The Group leases certain land, buildings, transportation equipment and other equipment for operating uses with lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings, transportation equipment and other equipment at the end of the lease terms.

14. COMPUTER SOFTWARE

	For the Three Months Ended March 31, 2026				
	Beginning Balance	Additions	Disposals	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost	\$ 23,399	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 82</u>	\$ 23,606
Accumulated amortization	<u>18,477</u>	<u>\$ 1,248</u>	<u>\$ -</u>	<u>\$ 73</u>	<u>19,798</u>
	<u>\$ 4,922</u>				<u>\$ 3,808</u>

For the Three Months Ended March 31, 2025					
	Beginning Balance	Additions	Disposals	Effects of Foreign Currency Exchange Differences	Ending Balance
Cost	\$ 20,977	\$ 2,855	\$ -	\$ 62	\$ 23,894
Accumulated amortization	15,773	1,369	-	43	17,185
	<u>\$ 5,204</u>				<u>\$ 6,709</u>

Computer software of the Group is amortized on a straight-line basis over their estimated useful lives of 1-5 years.

For the Three Months Ended March 31		
	2026	2025
An analysis of amortization by function		
Operating costs	\$ 90	\$ 129
General and administrative expenses	<u>1,158</u>	<u>1,240</u>
	<u>\$ 1,248</u>	<u>\$ 1,369</u>

15. OTHER ASSETS

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Non-current</u>			
Prepayments for land	\$ -	\$ -	\$ 386,873
Refundable deposits	1,357	1,385	1,709
Others	<u>50,891</u>	<u>50,559</u>	<u>51,360</u>
	<u>\$ 52,248</u>	<u>\$ 51,944</u>	<u>\$ 439,942</u>

16. BORROWINGS

a. Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Letter of credit borrowings and export bills	\$ 2,319,758	\$ 1,928,203	\$ 3,123,966
Line of credit borrowings	<u>4,729,975</u>	<u>4,770,000</u>	<u>3,070,000</u>
	<u>\$ 7,049,733</u>	<u>\$ 6,698,203</u>	<u>\$ 6,193,966</u>

Annual interest rate range (%)

Letter of credit borrowings and export bills	1.95-2.04	1.95-1.99	1.90-2.03
Line of credit borrowings	1.65-8.60	1.65-2.52	1.67-2.52

b. Long-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,542,858	\$ 2,555,952	\$ 2,350,000
Less: Current portion	<u>(809,524)</u>	<u>(690,476)</u>	<u>(390,476)</u>
Long-term borrowings	<u>\$ 1,733,334</u>	<u>\$ 1,865,476</u>	<u>\$ 1,959,524</u>
Annual interest rate range (%)	1.78-1.93	1.78-1.93	1.78-1.88

The line of credit borrowings of the Group will be repaid in New Taiwan dollars. The borrowings are repayable in installments or paid in one lump sum upon maturity from April 2026 to March 2031.

17. BONDS PAYABLE

	March 31, 2026	December 31, 2025	March 31, 2025
Domestic unsecured convertible bonds (a)	\$ -	\$ -	\$ 157,292
Domestic unsecured convertible bonds (b)	<u>1,869,816</u>	<u>1,860,734</u>	<u>1,833,750</u>
	1,869,816	1,860,734	1,991,042
Less: Current portion	<u>-</u>	<u>-</u>	<u>(157,292)</u>
	<u>\$ 1,869,816</u>	<u>\$ 1,860,734</u>	<u>\$ 1,833,750</u>

a. 3rd domestic unsecured convertible bonds

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for \$1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$26.5, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the “Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds” (as of December 15, 2025, the conversion price has been adjusted to \$20.1). Three months from the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

On December 16, 2025, the Company repaid the principals in accordance with the rules for issuing and conversion and delisted the bonds from Taipei Exchange.

b. 4th domestic unsecured convertible bonds

On October 2, 2024, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for \$2,000,000 thousand, and the maturity date of the bonds is October 2, 2029. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$25.6, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the “Rules and conditions of issuance and conversion of the 4th domestic unsecured corporate bonds”

(as of March 31, 2026, the conversion price has been adjusted to \$24). Three months from the date of issuance of the convertible bonds (January 3, 2025) to 40 days before the maturity date (August 23, 2029), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 40 days before the expiry of the third year from the date of issuance (October 2, 2027).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 1.94% per annum on initial recognition.

As of March 31, 2026, the face value of the bonds payable converted by the holders was \$0 thousand.

- c. Changes in the master contract of the debt and sell-back rights of derivatives (recognized as financial liabilities at FVTPL - non-current) are as follows:

	Debt Instrument for Master Contracts	
	For the Three Months Ended March 31	
	2026	2025
Balance on January 1	\$ 1,860,734	\$ 2,050,269
Amortization of discount this period	9,082	9,420
Converted into ordinary shares this period	<u>-</u>	<u>(68,647)</u>
Balance on March 31	<u>\$ 1,869,816</u>	<u>\$ 1,991,042</u>
	For the Three Months Ended March 31	
	2026	2025
<u>Derivative instruments - put options (financial liabilities)</u>		
Balance on January 1	\$ 9,600	\$ 31,959
Changes in fair value for current period	<u>1,000</u>	<u>(18,959)</u>
Balance on March 31	<u>\$ 10,600</u>	<u>\$ 13,000</u>

18. OTHER PAYABLES

	March 31, 2026	December 31, 2025	March 31, 2025
Payables for salaries and bonuses	\$ 69,589	\$ 120,183	\$ 68,977
Payables for acquisition of equipment	70,025	74,106	68,475
Payables for compensation of employees and remuneration of directors	4,883	4,690	21,419
Payables for commission	1,521	1,813	6,310
Others	<u>156,761</u>	<u>122,123</u>	<u>112,320</u>
	<u>\$ 302,779</u>	<u>\$ 322,915</u>	<u>\$ 277,501</u>

19. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2026 and 2025, the pension expenses of defined benefit plans were \$99 thousand and \$157 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2025 and 2024, respectively.

20. EQUITY

a. Capital stock

	March 31, 2026	December 31, 2025	March 31, 2025
Authorized shares (in thousands of shares)	880,000	880,000	660,000
Authorized capital	\$ 8,800,000	\$ 8,800,000	\$ 6,600,000
Issued and paid shares (in thousands of shares)	528,996	523,553	520,226
Issued capital	\$ 5,289,956	\$ 5,235,529	\$ 5,202,256
Registered capital (pending change)	\$ -	\$ 54,427	\$ 32,749

The issued shares have a par value of NT\$10 per share and are entitled to one vote and the right to receive dividends.

On June 16, 2025, the Company's shareholders' meeting resolved to increase the authorized shares to 880,000 thousand shares, with a par value of \$10 per share, resulting in an authorized capital of \$8,800,000 thousand. The Company has completed the change of registration.

b. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to capital</u>			
Additional paid-in capital	\$ 924,482	\$ 924,482	\$ 1,446,075
Issuance of convertible bonds	923,209	923,209	863,145
Interest premium payable on convertible bonds	5,239	5,239	5,239
<u>May not be used for any purpose</u>			
Share warrants of convertible bonds	171,857	171,857	178,334
	\$ 2,024,787	\$ 2,024,787	\$ 2,492,793

The capital surplus generated from the excess of the issuance price over the par value of capital stock, the conversion of bonds and interest premium payable on convertible bonds 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.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation, 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 stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of profit-sharing bonus of employees and remuneration of directors, refer to Note 22.

In line with the current and future development plans, the Company's dividend policy stipulates that at least 50% of the accumulated unappropriated earnings should be distributed as dividends to shareholders, taking into consideration the investment environment, funding needs, and foreign and domestic competition. However, when the dividend is less than 0.5 dollars per share, the Company reserves the right to not distribute any dividends. Since the Company belongs to the traditional industry, and current operations have entered a mature and stable phase, cash dividends should take precedence over share dividends. In the case of distribution of share dividends, the amount of cash dividends distributed should not be lower than 20% of the total dividends distributed.

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

The Company specifies that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to allocate, the post-tax income plus items other than the after-tax net income of the current period will be added to the undistributed surplus of the current period for the allocation.

The offsetting of deficit for 2024 was resolved in the shareholders' meeting in June 2025. The Company's shareholders also resolved in the shareholders' meeting in June 2025 to issue cash dividends of \$523,548 thousand from the capital surplus.

The appropriation of earnings for 2025, which was proposed by the Company's board of directors on March 11, 2026 was as follows:

	Appropriation of Earnings	Cash dividends per share (NT\$)
Legal reserve appropriated	<u>\$ 11,411</u>	
Cash dividends	<u>\$ 105,799</u>	\$ 0.2

The Company's board of directors also proposed to distribute cash dividends from the capital surplus in the board of directors' meeting for a total of \$423,197 thousand.

The appropriations of earnings and the cash distribution from capital surplus for 2025 will be resolved by the shareholders in their meeting to be held in June 2026.

21. NET REVENUE

	For the Three Months Ended March 31	
	2026	2025
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,817,558	\$ 3,621,695
Other operating revenue		
Revenue from the sale of electricity	<u>15,990</u>	<u>11,092</u>
	<u>\$ 2,833,548</u>	<u>\$ 3,632,787</u>

Contract balance

	March 31, 2026	December 31, 2025	March 31, 2025	January 1, 2025
Notes and trade receivables	<u>\$ 931,394</u>	<u>\$ 853,125</u>	<u>\$1,156,682</u>	<u>\$1,185,171</u>
Contract liabilities				
Sale of goods	<u>\$ 364,988</u>	<u>\$ 338,213</u>	<u>\$ 446,003</u>	<u>\$ 633,101</u>

22. NET PROFIT

a. Finance costs

	For the Three Months Ended March 31	
	2026	2025
Interest on borrowings	\$ 45,583	\$ 39,310
Interest on bonds payable	9,082	9,420
Interest on lease liabilities	261	1,099
Others	<u>2,373</u>	<u>133</u>
	<u>\$ 57,299</u>	<u>\$ 49,962</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2026	2025
Rental income	\$ 8	\$ 8
Others	<u>7,699</u>	<u>3,552</u>
	<u>\$ 7,707</u>	<u>\$ 3,560</u>

c. Employee benefits expense, depreciation expense and amortization expense

	For the Three Months Ended March 31					
	2026			2025		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	\$ 178,723	\$ 47,523	\$ 226,246	\$ 173,463	\$ 59,043	\$ 232,506
Post-employment benefits						
Defined contribution plans	8,493	2,227	10,720	7,316	2,157	9,473
Defined benefit plans	49	50	99	105	52	157
Remuneration of directors	-	2,358	2,358	-	7,336	7,336
Labor and health insurance expense	18,470	4,927	23,397	17,180	4,966	22,146
Other employee benefits	16,645	3,784	20,429	15,511	3,276	18,787
Depreciation expense	134,523	10,667	145,190	103,629	10,873	114,502
Amortization expense	90	1,158	1,248	129	1,240	1,369

Refer to Note 14 for information relating to the allocation of amortization of intangible assets to the respective line items.

d. Profit sharing bonus of employees and remuneration of directors

According to the provisions of the Articles of Incorporation, when the Company has a profit in the year, it should accrue employees' profit-sharing and directors' compensation at rates of 2%-6% and no higher than 2%, respectively, of net income before income tax. In accordance with the amendments to Securities and Exchange Act in August 2024, the Company amended its Articles of Incorporation, to be approved at the 2025 shareholders' meeting to specify that no less than 20% of the total amount of bonus of employees shall be allocated to grassroots employees. The profit-sharing bonuses of employees (including bonus of grassroots employees) and remuneration of directors for the three months ended March 31, 2026 and 2025 were estimated as follows:

	For the Three Months Ended March 31			
	2026		2025	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	5%	\$ 193	5%	\$ 16,157
Remuneration of directors	-	-	2%	5,262

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 in the following year.

The appropriations of employees' compensation (including bonus of grassroots employees) and remuneration of directors for 2025 that were resolved by the board of directors in March 2026, are as shown below:

	For the Year Ended December 31, 2025	
	Rate	Amount
Compensation of employees	5%	\$ 4,690

The Company incurred losses for the fiscal year 2024; therefore, in accordance with the articles of association, it is not proposed to provide for employee and director remuneration.

There is 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.

Information on the profit-sharing bonus of employees and remuneration of directors resolved by the board of directors of the Company is available on the Market Observation Post System website of the Taiwan Stock Exchange.

23. INCOME TAXES (BENEFIT) EXPENSE

- a. Major components of income tax (benefit) expense recognized in profit or loss

	For the Three Months Ended March 31	
	2026	2025
Current tax		
In respect of the current period	\$ 32,700	\$ 49,604
Deferred tax		
In respect of the current period	(46,760)	(3,943)
Adjustments for prior years	(1,396)	-
	<u>(48,156)</u>	<u>(3,943)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (15,456)</u>	<u>\$ 45,661</u>

- b. Income tax assessments

The tax returns through 2024 of the Company and Chi Mao Company have been assessed by the tax authorities.

24. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended March 31, 2026</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 1,778	528,995	<u>\$0.00</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	191	
Convertible bonds	<u>-</u>	<u>-</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 1,778</u>	<u>529,186</u>	<u>\$0.00</u>

	Net Profit Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings Per Share (NT\$)
<u>For the Three Months Ended March 31, 2025</u>			
Basic earnings per share			
Net income for the period attributable to owners of the Company	\$ 261,634	521,117	<u>\$0.50</u>
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	669	
Convertible bonds	<u>(7,632)</u>	<u>86,797</u>	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	<u>\$ 254,002</u>	<u>608,583</u>	<u>\$0.42</u>

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that compensation or bonuses will be settled in shares, and the resulting potential shares were 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.

If the outstanding convertible bonds issued by the Company are converted to ordinary shares, since the exercise price exceeded the average market price of the shares during the three months ended March 31, 2026, they are anti-dilutive and excluded from the computation of diluted earnings per share.

25. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the three months ended March 31, 2026 and 2025:

The amount of cash paid for the acquisition of property, plant and equipment during the three months ended March 31, 2026 and 2025, respectively, was as follows:

	For the Three Months Ended March 31	
	2026	2025
Purchase of property, plant and equipment	\$ 88,014	\$ 64,070
Net changes in payables for acquisition of equipment	4,081	103,063
Foreign exchange movements	<u>893</u>	<u>1,025</u>
Cash payments for property, plant and equipment	<u>\$ 92,988</u>	<u>\$ 168,158</u>

b. Changes in liabilities arising from financing activities

For the three months ended March 31, 2026

	Beginning Balance	Cash Flows	Non-cash Changes			Ending Balance
			Discount Amortization	Increasing in Leasing	Change in Exchange Rate	
Short-term bank borrowings	\$6,698,203	\$ 349,710	\$ -	\$ -	\$ 1,820	\$7,049,733
Bonds payable(including current portion)	1,860,734	-	9,082	-	-	1,869,816
Long-term bank borrowings (including current portion)	2,555,952	(13,094)	-	-	-	2,542,858
Guarantee deposits received	40,706	(2,495)	-	-	-	38,211
Lease liabilities	<u>9,542</u>	<u>(3,243)</u>	<u>-</u>	<u>(1,709)</u>	<u>48</u>	<u>4,638</u>
	<u>\$11,165,137</u>	<u>\$ 330,878</u>	<u>\$ 9,082</u>	<u>\$ (1,709)</u>	<u>\$ 1,868</u>	<u>\$11,505,256</u>

For the three months ended March 31, 2025

	Beginning Balance	Cash Flows	Non-cash Changes				Ending Balance
			Exercise of Conversion Option	Discount Amortization	Increasing in Leasing	Change in Exchange Rate	
Short-term bank borrowings	\$ 5,434,262	\$ 759,704	\$ -	\$ -	\$ -	\$ -	\$ 6,193,966
Bonds payable(including current portion)	2,050,269	-	(68,647)	9,420	-	-	1,991,042
Long-term bank borrowings (including current portion)	2,544,048	(194,048)	-	-	-	-	2,350,000
Guarantee deposits received	24,395	14,985	-	-	-	-	39,380
Lease liabilities	<u>13,243</u>	<u>(3,681)</u>	<u>-</u>	<u>-</u>	<u>3,554</u>	<u>1,178</u>	<u>14,294</u>
	<u>\$ 10,066,217</u>	<u>\$ 576,960</u>	<u>\$ (68,647)</u>	<u>\$ 9,420</u>	<u>\$ 3,554</u>	<u>\$ 1,178</u>	<u>\$ 10,588,682</u>

26. CAPITAL MANAGEMENT

The capital risk management objective, policies and procedures of the Group, as well as the capital structure of the Group remain consistent with the consolidated financial statements for the year ended December 31, 2025.

27. FINANCIAL INSTRUMENTS

a. Fair value

1) Fair value of financial instruments not measured at fair value

Management of the Group consider the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

2) Fair value of financial instruments measured at fair value on a recurring basis

a) Fair Value Hierarchy

The following analysis details the measurement of financial instruments since initial recognition. 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.

	Level 1	Level 2	Level 3	Total
<u>March 31, 2026</u>				
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 184,250	\$ -	\$ -	\$ 184,250
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	570,728	-	-	570,728
Domestic and foreign unlisted shares	-	-	289,153	289,153
Investments in debt instruments				
Trade receivables	-	-	23,506	23,506
	<u>\$ 754,978</u>	<u>\$ -</u>	<u>\$ 312,659</u>	<u>\$ 1,067,637</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,600</u>	<u>\$ 10,600</u>
<u>December 31, 2025</u>				
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 186,226	\$ -	\$ -	\$ 186,226
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	755,995	-	-	755,995
Domestic and foreign unlisted shares	-	-	283,878	283,878
Investments in debt instruments				
Trade receivables	-	-	73,493	73,493
	<u>\$ 942,221</u>	<u>\$ -</u>	<u>\$ 357,371</u>	<u>\$ 1,299,592</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,600</u>	<u>\$ 9,600</u>
<u>March 31, 2025</u>				
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ 246,250	\$ -	\$ -	\$ 246,250
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	830,629	-	-	830,629
Domestic and foreign unlisted shares	-	-	300,182	300,182
Investments in debt instruments				
Trade receivables	-	-	24,232	24,232
	<u>\$ 1,076,879</u>	<u>\$ -</u>	<u>\$ 324,414</u>	<u>\$ 1,401,293</u>
<u>Financial liabilities at FVTPL</u>				
Derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2026 and 2025.

b) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2026

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
Balance on January 1, 2026	\$ 283,878	\$ 73,493	\$ 357,371
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	5,275	-	5,275
Net decrease in trade receivables	<u>-</u>	<u>(49,987)</u>	<u>(49,987)</u>
Balance on March 31, 2026	<u>\$ 289,153</u>	<u>\$ 23,506</u>	<u>\$ 312,659</u>

For the three months ended March 31, 2025

Financial Assets	Financial Assets at FVTOCI		Total
	Equity Instruments	Debt Instruments	
Balance on January 1, 2025	\$ 296,345	\$ 22,841	\$ 319,186
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	3,837	-	3,837
Net increase in trade receivables	<u>-</u>	<u>1,391</u>	<u>1,391</u>
Balance on March 31, 2025	<u>\$ 300,182</u>	<u>\$ 24,232</u>	<u>\$ 324,414</u>

Financial Liabilities at FVTPL	For the Three Months Ended March 31	
	2026	2025
<u>Derivatives</u>		
Balance on January 1	\$ 9,600	\$ 31,959
Recognized in profit or loss (included in other gains and losses)	<u>1,000</u>	<u>(18,959)</u>
Balance on March 31	<u>\$ 10,600</u>	<u>\$ 13,000</u>

c) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares in equity instruments	Discounted cash flow: Consideration of long-term revenue growth rate, long-term pre-tax operating profit margin, weighted average cost of capital (WACC), liquidity discount and other factors, and calculate the present value of expected returns from holding this investment.

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares in equity instruments	Market approach: In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.
Factored trade receivables	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.
Financial liabilities at FVTPL	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors

b. Categories of financial instruments

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 184,250	\$ 186,226	\$ 246,250
Amortized cost	1,738,759	1,917,708	2,342,592
FVTOCI			
Equity instruments	859,881	1,039,873	1,130,811
Trade receivables	23,506	73,493	24,232
<u>Financial liabilities</u>			
Amortized cost	12,208,947	11,443,854	11,295,653
FVTPL			
Derivatives	10,600	9,600	13,000

The balances include financial assets at amortized cost, which comprise cash, notes receivable, trade receivables, other receivables, pledged deposits (recognized as other current assets) and refundable deposits (recognized as other non-current assets).

The balances include financial liabilities at amortized cost, which comprise short-term and long-term bank borrowings (including current portion of long-term borrowings), notes payable, trade payables, other payables, bonds payable (including current portion of long-term borrowings) and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity, trade receivables, trade payables, borrowings, and lease liabilities. The Group's financial department provides services to the business, coordinates access to domestic and international financial markets, 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, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The finance department reports quarterly to the management, an independent body that monitors risks and implements to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group enters into foreign currency-denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the period are set out in Note 31.

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 the NTD against the relevant foreign currencies. 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 foreign exchange forward contracts designated as cash flow hedges and adjusted their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in profit (loss) before income tax associated with the NTD strengthening by 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on profit (loss) before income tax, and the balances below would be negative.

	Impact on profit or loss	
	For the Three Months Ended	
	March 31	
	2026	2025
USD/NTD	\$ 8,001	\$ 7,397

b) Interest rate risk

The Group was 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 and using interest rate swap contracts and forward interest rate contracts. 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 period were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Fair value interest rate risk			
Financial assets	\$ 4,909	\$ 2,100	\$ 2,100
Financial liabilities	1,874,454	1,870,276	2,005,336
Cash flow interest rate risk			
Financial assets	287,666	553,266	536,495
Financial liabilities	9,592,591	9,254,155	8,543,966

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year. A 0.1% increase or decrease in interest rates 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 0.1% higher or lower and all other variables were held constant, the Group's profit (loss) before income tax for the three months ended March 31, 2026 and 2025 would have changed by \$(2,326) thousand and \$(2,002) thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet date.

If equity prices had been 1% higher or lower, pre-tax profit (loss) for the three months ended March 31, 2026 and 2025 would have changed by \$1,843 thousand and \$2,463 thousand, respectively.

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 balance sheet date, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation 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 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 and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the trade receivables, and purchases credit guarantee insurance contracts when necessary.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents 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.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2026, December 31, 2025 and March 31, 2025, the amount of unused financing facilities was as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Amount of unused bank financing facilities	<u>\$ 14,511,343</u>	<u>\$ 14,563,180</u>	<u>\$ 15,676,381</u>

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

As the Group has sufficient operating capital, there is no liquidity risk from inability to raise funds to satisfy performance obligations.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

	Less than 1 Year	1-5 Years
<u>March 31, 2026</u>		
Non-interest bearing liabilities	\$ 708,329	\$ 38,211
Lease liabilities	3,547	1,194
Floating interest rate liabilities	7,859,257	1,733,334
Fixed interest rate liabilities	<u>-</u>	<u>2,000,000</u>
	<u>\$ 8,571,133</u>	<u>\$ 3,772,739</u>
<u>December 31, 2025</u>		
Non-interest bearing liabilities	\$ 288,259	\$ 40,706
Lease liabilities	6,537	3,459
Floating interest rate liabilities	7,388,679	1,865,476
Fixed interest rate liabilities	<u>-</u>	<u>2,000,000</u>
	<u>\$ 7,683,475</u>	<u>\$ 3,909,641</u>

	Less than 1 Year	1-5 Years
<u>March 31, 2025</u>		
Non-interest bearing liabilities	\$ 721,265	\$ 39,380
Lease liabilities	8,767	6,522
Floating interest rate liabilities	6,584,442	1,959,524
Fixed interest rate liabilities	<u>158,300</u>	<u>2,000,000</u>
	<u>\$7,472,774</u>	<u>\$4,005,426</u>

d. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the period were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
<u>For the three months ended</u> <u>March 31, 2026</u>					
Fubon bank	\$ 332,503 (USD 10,392)	\$ 33,427 (USD 1,045)	\$ 176 (USD 6)	\$ 299,076 (USD 9,347)	2M TAIFX3 +0.25%
<u>For the three months ended</u> <u>March 31, 2025</u>					
Fubon bank	\$ 496,672 (USD 14,958)	\$ 49,922 (USD 1,504)	\$ 255 (USD 8)	\$ 446,750 (USD 13,454)	2M TAIFX3 +0.25%

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks (receivables factoring proceeds are classified as other receivables).

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Categories of related parties

<u>Related Party</u>	<u>Relationship with the Company</u>
Tai Chyang Investment Co., Ltd.	Other related party
Chin Ying Fa Mechanical Ind. Co., Ltd.	Other related party

b. Sales revenue

	For the Three Months Ended March 31	
	2026	2025
Other related parties	\$ <u>506</u>	\$ <u>1,052</u>

The transactions with the related parties were conducted without significant differences.

c. Receivables from related parties

Line Item	Related Party Category	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	Other related parties	\$ -	\$ 233	\$ -
Trade receivables	Other related parties	<u>499</u>	<u>122</u>	<u>757</u>
		<u>\$ 499</u>	<u>\$ 355</u>	<u>\$ 757</u>

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

d. Other income

	For the Three Months Ended March 31	
	2026	2025
Other related parties	\$ <u>8</u>	\$ <u>8</u>

e. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2026	2025
Short-term employee benefits	\$ 8,310	\$ 17,285
Post-employment benefits	<u>75</u>	<u>76</u>
	<u>\$ 8,385</u>	<u>\$ 17,361</u>

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for usage of natural gas and construction, as well as bank deposits with restricted use due to local foreign exchange controls:

	March 31, 2026	December 31, 2025	March 31, 2025
Pledged bank deposits (classified as other current assets)	<u>\$ 6,598</u>	<u>\$ 2,100</u>	<u>\$ 2,549</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of March 31, 2026 and 2025 were as follows:

- a. As of March 31, 2026, December 31, 2025 and March 31, 2025, unused letters of credit for purchases of raw materials amounted to \$439,738 thousand, \$261,551 thousand and \$458,167 thousand, respectively.
- b. As of March 31, 2026, December 31, 2025 and March 31, 2025, unpaid contracts for purchases of raw materials and equipment amounted to \$939,856 thousand, \$749,275 thousand and \$1,754,524 thousand, respectively.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the entities in the Group and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2026		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>			
Financial assets			
USD	\$ 25,150	31.995(USD/NTD)	\$ 804,661
Financial liabilities			
USD	143	31.995(USD/NTD)	4,568
	December 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>			
Financial assets			
USD	\$ 29,422	31.430(USD/NTD)	\$ 924,733
Financial liabilities			
USD	3,130	31.430(USD/NTD)	98,362
	March 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
<u>Monetary items</u>			
Financial assets			
USD	\$ 22,338	33.205(USD/NTD)	\$ 741,748
Financial liabilities			
USD	61	33.205(USD/NTD)	2,010

Realized and unrealized net foreign exchange gains (losses) were \$488 thousand and \$27,117 thousand for the three months ended March 31, 2026 and 2025, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 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 (Table 3)
- 6) Other: Intercompany relationships and significant intercompany transactions (Table 4)

b. Information on investees (Table 5)

c. Information on investments in mainland China (None)

33. 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. Specifically, the Group's reportable segments were as stainless steel tubes/pipes, stainless steel sheets/coils, and others.

Segment revenue and operating results

	For the Three Months Ended March 31			
	Segment Revenue		Segment Profit or Loss	
	2026	2025	2026	2025
Stainless steel tubes/pipes	\$ 1,976,560	\$ 2,178,043	\$ 49,847	\$ 169,404
Stainless steel sheets/coils	805,941	1,395,870	(28,721)	46,316
Others	51,047	58,874	14,776	5,947
Total	<u>\$ 2,833,548</u>	<u>\$ 3,632,787</u>	35,902	221,667
Finance costs			(57,299)	(49,962)
Interest income			510	1,714
Other gains and losses, net			7,707	3,560
Net foreign exchange gain			488	27,117

(Continued)

For the Three Months Ended March 31			
Segment Revenue		Segment Profit or Loss	
2026	2025	2026	2025
Net gain on financial instruments at FVTPL		\$ 6,324	\$ 113,959
Loss on disposal of property, plant and equipment		<u>(7,310)</u>	<u>(10,760)</u>
(Loss) profit before income tax		<u>\$ (13,678)</u>	<u>\$ 307,295</u> (Concluded)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the three months ended March 31, 2026 and 2025.

Segment profit represents the gains and losses earned by each segment excluding finance costs, interest income, net other gains and losses, foreign exchange gains, net gain on financial instruments at FVTPL, loss on disposal 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.

TABLE 1

YC INOX CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2026
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	YC INOX TR Company	Other receivables-related party	Y	\$ 1,599,750 (USD 50,000)	\$ 1,599,750 (USD 50,000)	\$ 319,950 (USD 10,000)	8%	Short-term financing	\$ -	Operation	\$ -	-	\$ -	\$ 1,920,086	\$ 3,840,172	

Note 1: 0 represents the parent company.

Note 2: The financing limit for each borrower and total aggregate financing limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

YC INOX CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD
MARCH 31, 2026
(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2026			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	<u>Ordinary Shares</u>						
	Ta Chen Stainless Pipe Co., Ltd.	None	Financial assets at FVTPL - current	5,000	\$ 184,250	0.19	\$ 184,250
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	66,640	9.30	66,640
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,910	514,121	6.20	514,121
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	123,168	23	123,168
Chi Mao Company	<u>Ordinary Shares</u>						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	3,377	0.47	3,377
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	871	56,607	0.68	56,607
	<u>Preference Shares</u>						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	95,968	4.74	95,968

YC INOX CO., LTD AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2026
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	YC INOX TR Company	Subsidiary	Other receivables (Note 2) \$ 336,710 USD (10,524)	-	\$ -	-	\$ -	\$ -

Note 1: Eliminated.

Note 2: It includes loans provided to others and interest receivable.

YC INOX CO., LTD. AND SUBSIDIARIES

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	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount (Note)	Payment Terms	
0	The Company	YC INOX TR Company	Subsidiary	Other receivables	\$ 336,710	-	1

Note: Eliminated.

TABLE 5

YC INOX CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		Ending Balance			Net Income (Loss) of the Investee	Share of Profit (Loss)
				March 31, 2026	December 31, 2025	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Shijou Township, Chang-Hwa County, Taiwan	Investment	\$ 100,120	\$ 100,120	10,000,000	100	\$ 89,045	\$ (453)	\$ (453)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	11,912,895	11,912,895	8,380	100	10,423,783	(192,730)	(192,730)

Note: Eliminated.