YC Inox Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 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 June 30, 2026 and 2025, the related consolidated statements of comprehensive income for the three months ended June 30, 2026 and 2025 and for the six months ended June 30, 2026 and 2025, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 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 Financial 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 June 30, 2026 and 2025, its consolidated financial performance for the three months ended June 30, 2026 and 2025, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 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

August 7, 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)

	June 30, 2026		December 31, 2025		June 30, 2025	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash (Note 6)	$ 917,111	4	$ 994,084	5	$ 837,848	4
Financial assets at fair value through profit or loss - current (Note 7)	201,750	1	186,226	1	173,250	1
Notes receivable (Notes 9, 21 and 28)	35,782	-	28,737	-	44,727	-
Trade receivables (Notes 9, 21 and 28)	1,320,037	6	824,388	4	936,874	4
Other receivables (Note 9)	361,797	1	140,507	1	121,229	-
Inventories (Note 10)	6,273,764	26	4,898,136	22	5,286,783	24
Prepayments	2,240,557	9	2,247,508	10	2,326,779	11
Other current assets (Note 29)	11,370	-	5,639	-	8,653	-
Total current assets	11,362,168	47	9,325,225	43	9,736,143	44
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	899,710	4	1,039,873	5	1,046,155	5
Property, plant and equipment (Note 12)	10,489,853	44	10,320,841	47	8,759,370	40
Right-of-use assets (Note 13)	4,613	-	9,590	-	12,711	-
Computer software (Note 14)	4,686	-	4,922	-	6,568	-
Deferred tax assets (Note 4)	766,244	3	680,385	3	632,555	3
Prepayments for equipment	359,075	2	506,114	2	1,448,018	6
Other non-current assets (Note 15)	52,773	-	51,944	-	409,306	2
Total non-current assets	12,576,954	53	12,613,669	57	12,314,683	56
TOTAL	$ 23,939,122	100	$ 21,938,894	100	$ 22,050,826	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 16)	$ 8,097,412	34	$ 6,698,203	31	$ 6,752,025	31
Contract liabilities - current (Note 21)	403,700	2	338,213	2	280,053	1
Notes payable	127	-	154	-	395	-
Trade payables	317,529	1	90,063	-	368,123	2
Other payables (Note 18)	314,549	1	322,915	1	403,535	2
Dividends payable	528,996	2	-	-	523,548	2
Current tax liabilities (Note 4)	80,890	-	17,188	-	52,309	-
Lease liabilities - current (Note 13)	2,258	-	6,205	-	7,622	-
Current portion of long-term borrowings and bonds payable (Notes 16 and 17)	611,905	3	690,476	3	597,139	3
Other current liabilities	46,401	-	30,555	-	82,665	-
Total current liabilities	10,403,767	43	8,193,972	37	9,067,414	41
NON-CURRENT LIABILITIES						
Financial liabilities at fair value through profit or loss - non-current (Note 17)	14,400	-	9,600	-	13,000	-
Bonds payable (Note 17)	1,878,943	8	1,860,734	9	1,842,701	8
Long-term borrowings (Note 16)	2,315,476	10	1,865,476	9	2,102,381	10
Deferred tax liabilities (Note 4)	240,945	1	259,750	1	110,277	1
Lease liabilities - non-current (Note 13)	1,042	-	3,337	-	4,734	-
Net defined benefit liabilities - non-current (Note 4)	23,268	-	24,763	-	34,300	-
Guarantee deposits received	59,108	-	40,706	-	32,383	-
Total non-current liabilities	4,533,182	19	4,064,366	19	4,139,776	19
Total liabilities	14,936,949	62	12,258,338	56	13,207,190	60
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	5,289,956	22	5,235,529	24	5,235,005	24
Registered capital (pending change)	-	-	54,427	-	474	-
Capital surplus	1,601,590	7	2,024,787	9	1,969,765	9
Retained earnings						
Legal reserve	1,358,342	6	1,346,931	6	1,346,931	6
Unappropriated earnings (accumulated deficit)	101,412	-	145,738	1	(8,961)	-
Other equity	650,873	3	873,144	4	300,422	1
Total equity	9,002,173	38	9,680,556	44	8,843,636	40
TOTAL	$ 23,939,122	100	$ 21,938,894	100	$ 22,050,826	100

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 (Loss) Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 21 and 28)	$ 3,459,607	100	$ 3,327,052	100	$ 6,293,155	100	$ 6,959,839	100
OPERATING COSTS (Notes 10 and 22)	3,086,540	89	3,261,999	98	5,681,652	90	6,410,408	92
GROSS PROFIT	373,067	11	65,053	2	611,503	10	549,431	8
OPERATING EXPENSES (Note 22)								
Selling and marketing expenses	129,059	4	143,900	4	249,473	4	310,743	5
General and administrative expenses	80,600	2	64,702	2	162,720	3	160,570	2
Total operating expenses	209,659	6	208,602	6	412,193	7	471,313	7
PROFIT (LOSS) FROM OPERATIONS	163,408	5	(143,549)	(4)	199,310	3	78,118	1
NON-OPERATING INCOME AND EXPENSES								
Finance costs (Note 22)	(61,447)	(2)	(52,037)	(2)	(116,373)	(2)	(101,999)	(2)
Interest income	1,998	-	3,947	-	2,508	-	5,661	-
Other gains and losses, net (Notes 22 and 28)	(1,387)	-	2,336	-	3,947	-	5,896	-
Foreign exchange (loss) gain, net (Note 31)	(32,520)	(1)	(101,285)	(3)	(32,032)	-	(74,168)	(1)
Loss on disposal of property, plant and equipment	(2,639)	-	(10,693)	-	(9,949)	-	(21,453)	-
Net gain (loss) on fair value changes of financial instruments at fair value through profit or loss	13,700	-	(73,000)	(2)	20,024	-	40,959	1
Total non-operating income and expenses	(82,295)	(3)	(230,732)	(7)	(131,875)	(2)	(145,104)	(2)
PROFIT (LOSS) BEFORE INCOME TAX	81,113	2	(374,281)	(11)	67,435	1	(66,986)	(1)
INCOME TAX EXPENSE (BENEFITS) (Notes 4 and 23)	10,007	-	(72,058)	(2)	(5,449)	-	(26,397)	(1)
NET PROFIT (LOSS)	71,106	2	(302,223)	(9)	72,884	1	(40,589)	-

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2026		2025		2026		2025	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	$ 39,829	1	$ (84,656)	(3)	$ (140,163)	(2)	$ (246,769)	(4)
Income tax related to items that will not be reclassified subsequently to profit or loss	189	-	4,659	-	(503)	-	4,155	-
	40,018	1	(79,997)	(3)	(140,666)	(2)	(242,614)	(4)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	(225,484)	(6)	(1,295,941)	(39)	(102,006)	(1)	(1,163,520)	(17)
Income tax related to items that may be reclassified subsequently to profit or loss	45,097	1	259,188	8	20,401	-	232,704	4
	(180,387)	(5)	(1,036,753)	(31)	(81,605)	(1)	(930,816)	(13)
Other comprehensive income (loss) for the period, net of income tax	(140,369)	(4)	(1,116,750)	(34)	(222,271)	(3)	(1,173,430)	(17)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	$ (69,263)	(2)	$ (1,418,973)	(43)	$ (149,387)	(2)	$ (1,214,019)	(17)
EARNINGS (LOSS) PER SHARE (Note 24)								
Basic	$ 0.13		$ (0.58)		$ 0.14		$ (0.08)	
Diluted	$ 0.13		$ (0.58)		$ 0.14		$ (0.08)	

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 SIX MONTHS ENDED JUNE 30, 2026 AND 2025
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 20)			Retained Earnings (Note 20)		Other Equity		
	Capital Stock Ordinary Shares	Registered Capital Pending Change	Capital Surplus (Note 20)	Legal Reserve	Unappropriated Earnings (Accumulated Deficit)	Exchange Differences on Translating of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE ON JANUARY 1, 2025	$ 5,202,256	$ -	$ 2,456,895	$ 1,346,931	$ 31,628	$ 1,361,469	$ 112,383	$ 10,511,562
Issuance of cash dividends from capital surplus	-	-	(523,548)	-	-	-	-	(523,548)
Net loss for the six months ended June 30, 2025	-	-	-	-	(40,589)	-	-	(40,589)
Other comprehensive income (loss) for the six months ended June 30, 2025, net of income tax	-	-	-	-	-	(930,816)	(242,614)	(1,173,430)
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	(40,589)	(930,816)	(242,614)	(1,214,019)
Convertible bonds converted to ordinary shares	32,749	474	36,418	-	-	-	-	69,641
BALANCE ON JUNE 30, 2025	$ 5,235,005	$ 474	$ 1,969,765	$ 1,346,931	$ (8,961)	$ 430,653	$ (130,231)	$ 8,843,636
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
Appropriation of 2025 earnings								
Legal reserve	-	-	-	11,411	(11,411)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(105,799)	-	-	(105,799)
Issuance of cash dividends from capital surplus	-	-	(423,197)	-	-	-	-	(423,197)
Net profit for the six months ended June 30, 2026	-	-	-	-	72,884	-	-	72,884
Other comprehensive income (loss) for the six months ended June 30, 2026, net of income tax	-	-	-	-	-	(81,605)	(140,666)	(222,271)
Total comprehensive income (loss) for the six months ended June 30, 2026	-	-	-	-	72,884	(81,605)	(140,666)	(149,387)
Convertible bonds converted to ordinary shares	54,427	(54,427)	-	-	-	-	-	-
BALANCE ON JUNE 30, 2026	$ 5,289,956	$ -	$ 1,601,590	$ 1,358,342	$ 101,412	$ 929,714	$ (278,841)	$ 9,002,173

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 Six Months Ended June 30	
	2026	**2025**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 67,435	$ (66,986)
Adjustments for:		
Depreciation expense	290,959	233,695
Amortization expense	2,670	2,810
Gain on financial instruments at fair value through profit or loss	(20,024)	(40,959)
Finance costs, net	116,373	101,999
Interest income	(2,508)	(5,661)
Loss on disposal of property, plant and equipment	9,949	21,453
(Reversal) write-down of inventories	(17,320)	217,251
(Gain) loss on unrealized foreign currency exchange, net	(1,963)	23,149
(Gain) loss on lease modification	(97)	254
Changes in operating assets and liabilities:		
Notes receivable	(7,045)	(11,992)
Trade receivables	(486,550)	160,739
Other receivables	(220,688)	(7,292)
Inventories	(1,331,728)	(802,402)
Prepayments	28,760	(188,999)
Other current assets	(5,663)	999
Contract liabilities	64,892	(350,304)
Notes payable	(27)	(126)
Trade payables	227,373	88,834
Other payables	(1,783)	(52,131)
Other current liabilities	15,427	40,296
Net defined benefit liabilities	(1,495)	(1,605)
Cash used in operations	(1,273,053)	(636,978)
Interest received	2,500	5,661
Interest paid	(96,188)	(82,686)
Income tax paid	(14,848)	(56,205)
Net cash used in operating activities	(1,381,589)	(770,208)
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	(177,058)	(402,203)
Proceeds from disposal of property, plant and equipment	27,543	27,425
Increase in refundable deposits	(482)	-
Decrease in refundable deposits	-	439
Acquisition of computer software	(2,424)	(4,312)
Increase in other non-current assets	(327)	(14,937)
Increase in prepayments for equipment	(107,845)	(218,440)
Net cash used in investing activities	(251,293)	(612,028)

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YC INOX CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2026	**2025**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 11,501,934	$ 10,459,826
Repayments of short-term borrowings	(10,103,911)	(9,142,685)
Proceeds from long-term borrowings	800,000	300,000
Repayments of long-term borrowings	(428,571)	(301,191)
Increase in guarantee deposits received	18,402	7,988
Repayments of the principal portion of lease liabilities	(4,567)	(3,751)
Net cash generated from financing activities	1,783,287	1,320,187
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(227,378)	(42,652)
NET DECREASE IN CASH	(76,973)	(104,701)
CASH AT THE BEGINNING OF THE PERIOD	994,084	942,549
CASH AT THE END OF THE PERIOD	$ 917,111	$ 837,848

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

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 August 7, 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 FSC

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies:

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.

The Group has elected not to restate prior reporting periods for the initial application of the above amendments.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2027

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 1)
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
Amendments to IAS 28 "Amendments to the Fair Value Option for Investments in Associates and Joint Ventures"	January 1, 2027 (Note 2)

Note 1: IFRS 18 will take effect starting from January 1, 2028 for domestic entities. Earlier application is permitted.

Note 2: An entity shall apply the amendments when it applies IFRS 18.

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.

The Group has decided not to apply IFRS 18 and consequential amendments earlier.

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 the amendments on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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)
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 20 "Regulatory Assets and Regulatory Liabilities"	January 1, 2029

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

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 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 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 percentages of ownership and main businesses).

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

	June 30, 2026	December 31, 2025	June 30, 2025
Cash on hand	$ 1,284	$ 1,229	$ 1,038
Checking accounts and demand deposits	915,827	992,855	836,810
	$ 917,111	$ 994,084	$ 837,848

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

	June 30, 2026	December 31, 2025	June 30, 2025
Current			
Financial assets mandatorily measured at FVTPL			
Domestic listed shares	$ 201,750	$ 186,226	$ 173,250

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

	June 30, 2026	December 31, 2025	June 30, 2025
Investments in equity instruments			
Foreign investments			
Unlisted shares	$ 287,714	$ 283,878	$ 264,697
Domestic investments			
Listed shares	611,996	755,995	781,458
	$ 899,710	$ 1,039,873	$ 1,046,155

These investments in equity instruments are held for long-term strategic purposes. Accordingly, 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

	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable			
At amortized cost			
Gross carrying amount	$ 35,782	$ 28,737	$ 44,727
Less: Allowance for impairment loss	-	-	-
	$ 35,782	$ 28,737	$ 44,727
Trade receivables			
At amortized cost			
Gross carrying amount	$ 1,305,301	$ 753,137	$ 899,796
Less: Allowance for impairment loss	(2,242)	(2,242)	(2,242)
	1,303,059	750,895	897,554
At FVTOCI	16,978	73,493	39,320
	$ 1,320,037	$ 824,388	$ 936,874
Other receivables			
Business tax receivable	$ 157,487	$ 99,680	$ 54,842
Assignment of receivables without recourse	193,491	33,428	44,568
Others	10,819	7,399	21,819
	$ 361,797	$ 140,507	$ 121,229

a. Notes receivable

The aging of notes receivable was as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Not past due	$ 35,782	$ 28,737	$ 44,727

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 180 Days	Total
June 30, 2026						
Expected credit loss rate (%)	0	0	0	0.00-4.35	100	
Gross carrying amount	$ 1,186,208	$ 118,586	$ 507	$ -	$ -	$ 1,305,301
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	$ 1,186,208	$ 116,344	$ 507	$ -	$ -	$ 1,303,059

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2025						
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	$ 682,193	$ 65,306	$ 1,202	$ 1,495	$ 699	$ 750,895
June 30, 2025						
Expected credit loss rate (%)	0	0.00-0.05	0.00-16.18	0.00-15.12	100	
Gross carrying amount	$ 798,199	$ 100,422	$ 911	$ 264	$ -	$ 899,796
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	$ 798,199	$ 98,180	$ 911	$ 264	$ -	$ 897,554

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 June 30, 2026, December 31, 2025 and June 30, 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

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	$ 2,555,656	$ 1,742,108	$ 2,380,998
Work in progress	427,004	335,116	293,437
Semi-finished goods	775,320	622,993	563,681
Finished goods	2,504,761	2,187,397	2,039,577
Merchandise	11,023	10,522	9,090
	$ 6,273,764	$ 4,898,136	$ 5,286,783

The nature of the cost of goods sold is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Cost of inventories sold	$ 3,123,950	$ 3,009,883	$ 5,689,366	$ 6,184,621
Inventories write-downs (reversed)	(42,213)	247,866	(17,320)	217,251
Cost of electricity sold	4,803	4,250	9,606	8,536
	$ 3,086,540	$ 3,261,999	$ 5,681,652	$ 6,410,408

For the three and six months ended June 30, 2026, 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		
		June 30, 2026	December 31, 2025	June 30, 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 Six Months Ended June 30, 2026					
	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Beginning balance January 1, 2026	$ 2,784,189	$ 4,558,676	$ 5,297,744	$ 1,750,731	$ 19,002	$ 14,410,342
Additions	-	1,399	50,104	71,516	36,190	159,209
Disposals	-	(4,665)	(167,324)	(78,103)	-	(250,092)
Reclassification	-	943	215,660	44,037	(1,973)	258,667
Effects of foreign currency exchange differences	10,053	40,266	31,233	2,566	239	84,357
Ending balance June 30, 2026	$ 2,794,242	$ 4,596,619	$ 5,427,417	$ 1,790,747	$ 53,458	$ 14,662,483
Accumulated depreciation						
Beginning balance January 1, 2026	$ -	$ 987,084	$ 2,327,491	$ 774,926	$ -	$ 4,089,501
Additions	-	65,844	158,987	62,716	-	287,547
Disposals	-	(3,073)	(158,750)	(50,777)	-	(212,600)
Effects of foreign currency exchange differences	-	1,714	5,661	807	-	8,182
Ending balance June 30, 2026	$ -	$ 1,051,569	$ 2,333,389	$ 787,672	$ -	$ 4,172,630
Ending carrying amount	$ 2,794,242	$ 3,545,050	$ 3,094,028	$ 1,003,075	$ 53,458	$ 10,489,853
Ending carrying amount on December 31, 2025 and January 1, 2026	$ 2,784,189	$ 3,571,592	$ 2,970,253	$ 975,805	$ 19,002	$ 10,320,841

	For the Six Months Ended June 30, 2025					
	Land	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress	Total
Cost						
Beginning balance January 1, 2025	$ 2,419,927	$ 2,858,851	$ 4,315,526	$ 1,534,191	$ 1,736,384	$ 12,864,879
Additions	-	908	311,489	69,281	79,624	461,302
Disposals	-	-	(121,647)	(53,598)	-	(175,245)
Reclassification	-	-	49,847	13,330	-	63,177
Effects of foreign currency exchange differences	(42,948)	(140,297)	(167,797)	(11,895)	(191,511)	(554,448)
Ending balance June 30, 2025	$ 2,376,979	$ 2,719,462	$ 4,387,418	$ 1,551,309	$ 1,624,497	$ 12,659,665
Accumulated depreciation						
Beginning balance January 1, 2025	$ -	$ 857,757	$ 2,304,573	$ 674,769	$ -	$ 3,837,099
Additions	-	49,020	124,599	56,473	-	230,092
Disposals	-	-	(110,155)	(16,212)	-	(126,367)
Effects of foreign currency exchange differences	-	(6,686)	(29,482)	(4,361)	-	(40,529)
Ending balance June 30, 2025	$ -	$ 900,091	$ 2,289,535	$ 710,669	$ -	$ 3,900,295
Ending carrying amount	$ 2,376,979	$ 1,819,371	$ 2,097,883	$ 840,640	$ 1,624,497	$ 8,759,370

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. 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 six months ended June 30, 2026 and 2025 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2026	December 31, 2025	June 30, 2025
Right-of-use assets carrying amount			
Land	$ -	$ 1,639	$ 1,803
Buildings	1,369	1,565	1,760
Transportation equipment	2,758	4,443	5,748
Other equipment	486	1,943	3,400
	$ 4,613	$ 9,590	$ 12,711

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Additions to right-of-use assets			$ -	$ 3,554
Depreciation of right-of-use assets				
Land	$ -	$ 82	$ 27	$ 164
Buildings	98	98	196	196
Transportation equipment	866	843	1,732	1,786
Other equipment	728	728	1,457	1,457
	$ 1,692	$ 1,751	$ 3,412	$ 3,603

The Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2026 and 2025.

b. Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Lease liabilities carrying amount			
Current	$ 2,258	$ 6,205	$ 7,622
Non-current	1,042	3,337	4,734
	$ 3,300	$ 9,542	$ 12,356

Discount rates for lease liabilities were as follows:

	June 30, 2026	December 31, 2025	June 30, 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 June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Expenses relating to short-term leases	$ 196	$ 45	$ 422	$ 95
Expenses relating to low value asset leases	$ 951	$ 873	$ 1,590	$ 1,194
Total cash outflow for leases			$ 6,858	$ 6,340

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

	June 30, 2026	December 31, 2025	June 30, 2025
Computer software	$ 4,686	$ 4,922	$ 6,568

Except for amortization recognized, the Group did not have significant addition, disposal, or impairment of other intangible assets during the six months ended June 30 of 2026 and 2025. The Group's computer software is amortized on a straight-line basis over its estimated useful life of 1 to 5 years.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
An analysis of amortization by function	$ 74	$ 133	$ 164	$ 262
Operating costs	1,348	1,308	2,506	2,548
General and administrative expenses	$ 1,422	$ 1,441	$ 2,670	$ 2,810

15. OTHER ASSETS

	June 30, 2026	December 31, 2025	June 30, 2025
Non-current			
Prepayments for land	$ -	$ -	$ 356,229
Refundable deposits	1,885	1,385	1,634
Others	50,888	50,559	51,443
	$ 52,773	$ 51,944	$ 409,306

16. BORROWINGS

a. Short-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Letter of credit borrowings and export bills	$ 2,768,162	$ 1,928,203	$ 2,982,025
Line of credit borrowings	5,329,250	4,770,000	3,770,000
	$ 8,097,412	$ 6,698,203	$ 6,752,025
Annual interest rate range (%)			
Letter of credit borrowings and export bills	1.95-5.15	1.95-1.99	1.95-5.58
Line of credit borrowings	1.66-9.10	1.65-2.52	1.65-2.52

b. Long-term borrowings

	June 30, 2026	December 31, 2025	June 30, 2025
Unsecured borrowings			
Line of credit borrowings	$ 2,927,381	$ 2,555,952	$ 2,542,857
Less: Current portion	(611,905)	(690,476)	(440,476)
Long-term borrowings	$ 2,315,476	$ 1,865,476	$ 2,102,381
Annual interest rate range (%)	1.78-1.98	1.78-1.93	1.78-1.93

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 July 2026 to June 2031.

17. BONDS PAYABLE

	June 30, 2026	December 31, 2025	June 30, 2025
Domestic unsecured convertible bonds (a)	$ -	$ -	$ 156,663
Domestic unsecured convertible bonds (b)	1,878,943	1,860,734	1,842,701
	1,878,943	1,860,734	1,999,364
Less: Current portion	-	-	(156,663)
	$ 1,878,943	$ 1,860,734	$ 1,842,701

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 June 30, 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 June 30, 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 Six Months Ended June 30	
	2026	2025
Balance on January 1	$ 1,860,734	$ 2,050,269
Amortization of discount this period	18,209	18,736
Converted into ordinary shares this period	-	(69,641)
Balance on June 30	$ 1,878,943	$ 1,999,364

	For the Six Months Ended June 30	
Derivative instruments - put options (financial liabilities)	**2026**	**2025**
Balance on January 1	$ 9,600	$ 31,959
Changes in fair value for current period	4,800	(18,959)
Balance on June 30	$ 14,400	$ 13,000

18. OTHER PAYABLES

	June 30, 2026	December 31, 2025	June 30, 2025
Payables for salaries and bonuses	$ 81,495	$ 120,183	$ 75,301
Payables for acquisition of equipment	56,921	74,106	209,411
Payables for compensation of employees and remuneration of directors	4,695	4,690	-
Payables for commission	1,683	1,813	1,864
Others	169,755	122,123	116,959
	$ 314,549	$ 322,915	$ 403,535

19. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2026 and 2025, the pension expenses of defined benefit plans were $127 thousand and $156 thousand, respectively, and for the six months ended June 30, 2026 and 2025, the pension expenses of defined benefit plans were $226 thousand and $313 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

	June 30, 2026	December 31, 2025	June 30, 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	523,501
Issued capital	$ 5,289,956	$ 5,235,529	$ 5,235,005
Registered capital (pending change)	$ -	$ 54,427	$ 474

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.

The convertible bondholders requested conversion of $54,427 thousand and $474 thousand, resulting in the issuance of 5,443 thousand and 47 thousand ordinary shares. The Board of Directors resolved to set January 30, 2026 and August 8, 2025 as the record date for the capital increase.

b. Capital surplus

	June 30, 2026	December 31, 2025	June 30, 2025
May be used to offset a deficit, distributed as cash dividends, or transferred to capital			
Additional paid-in capital	$ 501,285	$ 924,482	$ 922,527
Issuance of convertible bonds	923,209	923,209	863,706
Interest premium payable on convertible bonds	5,239	5,239	5,239
May not be used for any purpose			
Share warrants of convertible bonds	171,857	171,857	178,293
	$ 1,601,590	$ 2,024,787	$ 1,969,765

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' meetings in June 2025.

At the annual general shareholders' meeting held on June 16, 2026, the shareholders approved the appropriation of earnings for 2025 as follows:

	Appropriation of Earnings	**Cash dividends per share (NT$)**
Legal reserve appropriated	$ 11,411	
Cash dividends	$ 105,799	$ 0.2

The Company's shareholders also resolved in the shareholders' meetings in June 2026 and June 2025 to issue cash dividends of $423,197 thousand and $523,548 thousand from the capital surplus, respectively.

21. NET REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Revenue from contracts with customers				
Revenue from the sale of goods	$3,442,119	$3,311,952	$6,259,677	$6,933,647
Other operating revenue				
Revenue from the sale of electricity	17,488	15,100	33,478	26,192
	$3,459,607	$3,327,052	$6,293,155	$6,959,839

Contract balance

	June 30, 2026	December 31, 2025	June 30, 2025	January 1, 2025
Notes and trade receivables	$1,355,819	$ 853,125	$ 981,601	$1,185,171
Contract liabilities				
Sale of goods	$ 403,700	$ 338,213	$ 280,053	$ 633,101

22. NET PROFIT

a. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Interest on borrowings	$ 52,302	$ 42,299	$ 97,885	$ 81,609
Interest on short-term bills payable	-	221	-	354
Interest on lease liabilities	18	201	279	1,300
Interest on bonds payable	9,127	9,316	18,209	18,736
	$ 61,447	$ 52,037	$ 116,373	$ 101,999

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Rental income	$ 7	$ 7	$ 15	$ 15
Others	(1,394)	2,329	3,932	5,881
	$ (1,387)	$ 2,336	$ 3,947	$ 5,896

c. Employee benefits expense, depreciation expense and amortization expense

	For the Three Months Ended June 30					
	2026			2025		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	$ 179,599	$ 49,313	$ 228,912	$ 154,951	$ 37,552	$ 192,503
Post-employment benefits						
Defined contribution plans	8,959	2,213	11,172	7,192	2,047	9,239
Defined benefit plans	77	50	127	104	52	156
Remuneration of directors	-	2,379	2,379	-	(2,834)	(2,834)
Labor and health insurance expense	18,887	4,228	23,115	16,323	4,106	20,429
Other employee benefits	17,322	3,930	21,252	16,202	3,563	19,765
Depreciation expense	134,594	11,175	145,769	109,006	10,187	119,193
Amortization expense	74	1,348	1,422	133	1,308	1,441

	For the Six Months Ended June 30					
	2026			2025		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	$ 358,322	$ 96,836	$ 455,158	$ 328,414	$ 96,595	$ 425,009
Post-employment benefits						
Defined contribution plans	17,452	4,440	21,892	14,508	4,204	18,712
Defined benefit plans	126	100	226	209	104	313
Remuneration of directors	-	4,737	4,737	-	4,502	4,502
Labor and health insurance expense	37,357	9,155	46,512	33,503	9,072	42,575
Other employee benefits	33,967	7,714	41,681	31,713	6,839	38,552
Depreciation expense	269,117	21,842	290,959	212,635	21,060	233,695
Amortization expense	164	2,506	2,670	262	2,548	2,810

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 and six months ended June 30, 2026 and 2025 were estimated as follows:

	For the Three Months Ended June 30			
	2026		2025	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	5%	$ 4,502	-	$ (16,157)
Remuneration of directors	-	-	-	(5,262)

	For the Six Months Ended June 30			
	2026		2025	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	5%	$ 4,695	-	$ -
Remuneration of directors	-	-	-	-

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 EXPENSE (BENEFIT)

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	**2025**	**2026**	**2025**
Current tax				
In respect of the current period	$ 48,425	$ 3,256	$ 81,125	$ 52,860
Adjustment for prior years	(2,575)	(17,268)	(2,575)	(17,268)
	45,850	(14,012)	78,550	35,592
Deferred tax				
In respect of the current period	(35,843)	(58,046)	(82,603)	(61,989)
Adjustments for prior years	-	-	(1,396)	-
	(35,843)	(58,046)	(83,999)	(61,989)
Income tax expense (benefit) recognized in profit or loss	$ 10,007	$ (72,058)	$ (5,449)	$ (26,397)

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 (LOSS) PER SHARE

	Net Profit (Loss) Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT$)
For the Three Months Ended June 30, 2026			
Basic earnings per share			
Net income for the period attributable to owners of the Company	$ 71,106	528,995	$ 0.13
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	233	
Convertible bonds	-	-	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 71,106	529,228	$ 0.13
For the Three Months Ended June 30, 2025			
Basic and diluted loss per share			
Net loss for the period attributable to owners of the Company	$ (302,223)	523,547	$(0.58)
For the Six Months Ended June 30, 2026			
Basic earnings per share			
Net income for the period attributable to owners of the Company	$ 72,884	528,123	$ 0.14
Effect of potentially dilutive ordinary shares:			
Compensation of employees	-	324	
Convertible bonds	-	-	
Diluted earnings per share			
Net income for the period attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 72,884	528,447	$ 0.14
For the Six Months Ended June 30, 2025			
Basic and diluted loss per share			
Net loss for the period attributable to owners of the Company	$ (40,589)	522,339	$(0.08)

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, and the six months ended June 30, 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 six months ended June 30, 2026 and 2025:

The amount of cash paid for the acquisition of property, plant and equipment during the six months ended June 30, 2026 and 2025, respectively, was as follows:

	For the Six Months Ended June 30	
	2026	**2025**
Purchase of property, plant and equipment	$ 159,209	$ 461,302
Net changes in payables for acquisition of equipment	17,185	(37,873)
Foreign exchange movements	664	(21,226)
Cash payments for property, plant and equipment	$ 177,058	$ 402,203

As of June 30, 2026, there were the unsettled payments for the distribution of cash dividends approved in the shareholders' meeting (refer to Note 20).

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2026

	Beginning Balance	Cash Flows	Non-cash Changes: Discount Amortization	Non-cash Changes: Increasing in Leasing	Non-cash Changes: Change in Exchange Rate	Ending Balance
Short-term bank borrowings	$ 6,698,203	$ 1,398,023	$ -	$ -	$ 1,186	$ 8,097,412
Bonds payable (including current portion)	1,860,734	-	18,209	-	-	1,878,943
Long-term bank borrowings (including current portion)	2,555,952	371,429	-	-	-	2,927,381
Guarantee deposits received	40,706	18,402	-	-	-	59,108
Lease liabilities	9,542	(4,567)	-	(1,709)	34	3,300
	$ 11,165,137	$ 1,783,287	$ 18,209	$ (1,709)	$ 1,220	$ 12,966,144

For the six months ended June 30, 2025

	Beginning Balance	Cash Flows	Non-cash Changes: Exercise of Conversion Option	Non-cash Changes: Discount Amortization	Non-cash Changes: Increasing in Leasing	Non-cash Changes: Change in Exchange Rate	Ending Balance
Short-term bank borrowings	$ 5,434,262	$ 1,317,141	$ -	$ -	$ -	$ 622	$ 6,752,025
Bonds payable (including current portion)	2,050,269	-	(69,641)	18,736	-	-	1,999,364
Long-term bank borrowings (including current portion)	2,544,048	(1,191)	-	-	-	-	2,542,857
Guarantee deposits received	24,395	7,988	-	-	-	-	32,383
Lease liabilities	13,243	(3,751)	-	-	3,554	(690)	12,356
	$ 10,066,217	$ 1,320,187	$ (69,641)	$ 18,736	$ 3,554	$ (68)	$ 11,338,985

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
June 30, 2026				
Financial assets at FVTPL				
Domestic listed shares	$ 201,750	$ -	$ -	$ 201,750
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	611,996	-	-	611,996
Domestic and foreign unlisted shares	-	-	287,714	287,714
Investments in debt instruments				
Trade receivables	-	-	16,978	16,978
	$ 813,746	$ -	$ 304,692	$ 1,118,438
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 14,400	$ 14,400

(Continued)

	Level 1	Level 2	Level 3	Total
December 31, 2025				
Financial assets at FVTPL				
Domestic listed shares	$ 186,226	$ -	$ -	$ 186,226
Financial assets at FVTOCI				
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
	$ 942,221	$ -	$ 357,371	$ 1,299,592
December 31, 2025				
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 9,600	$ 9,600
June 30, 2025				
Financial assets at FVTPL				
Domestic listed shares	$ 173,250	$ -	$ -	$ 173,250
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares	781,458	-	-	781,458
Domestic and foreign unlisted shares	-	-	264,697	264,697
Investments in debt instruments				
Trade receivables	-	-	39,320	39,320
	$ 954,708	$ -	$ 304,017	$ 1,258,725
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 13,000	$ 13,000

(Concluded)

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2026 and 2025.

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

For the six months ended June 30, 2026

Financial Assets	Financial Assets at FVTOCI: Equity Instruments	Financial Assets at FVTOCI: Debt Instruments	Total
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)	3,836	-	3,836
Net decrease in trade receivables	-	(33,009)	(33,009)
Factored trade receivables	-	(23,506)	(23,506)
Balance on June 30, 2026	$ 287,714	$ 16,978	$ 304,692

For the six months ended June 30, 2025

Financial Assets	Financial Assets at FVTOCI: Equity Instruments	Financial Assets at FVTOCI: Debt Instruments	Total
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)	(31,648)	-	(31,648)
Net increase in trade receivables	-	40,711	40,711
Factored trade receivables	-	(24,232)	(24,232)
Balance on June 30, 2025	$ 264,697	$ 39,320	$ 304,017

Financial Liabilities at FVTPL	For the Six Months Ended June 30: 2026	2025
Derivatives		
Balance on January 1	$ 9,600	$ 31,959
Recognized in profit or loss (included in other gains and losses)	4,800	(18,959)
Balance on June 30	$ 14,400	$ 13,000

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.
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

	June 30, 2026	December 31, 2025	June 30, 2025
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ 201,750	$ 186,226	$ 173,250
Amortized cost	2,625,514	1,917,708	1,908,442
FVTOCI			
Equity instruments	899,710	1,039,873	1,046,155
Trade receivables	16,978	73,493	39,320
Financial liabilities			
Amortized cost	13,508,859	11,443,854	12,023,381
FVTPL			
Derivatives	14,400	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, bonds payable, 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 Six Months Ended June 30	
	2026	2025
USD/NTD	$ 15,395	$ 5,882

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Fair value interest rate risk			
Financial assets	$ 4,909	$ 2,100	$ 2,100
Financial liabilities	1,882,243	1,870,276	2,011,720
Cash flow interest rate risk			
Financial assets	574,231	553,266	611,073
Financial liabilities	11,024,793	9,254,155	9,294,882

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 six months ended June 30, 2026 and 2025 would have changed by $5,225 thousand and $4,342 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 been 1% higher or lower, pre-tax profit (loss) for the six months ended June 30, 2026 and 2025 would have changed by $2,018 thousand and $1,733 thousand, respectively , as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income (loss) for the six months ended June 30, 2026 and 2025 would have changed by $8,997 thousand and $10,462 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 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 June 30, 2026, December 31, 2025 and June 30, 2025, the amount of unused financing facilities was as follows:

	June 30, 2026	**December 31, 2025**	**June 30, 2025**
Amount of unused bank financing facilities	$ 13,365,714	$ 14,563,180	$ 14,072,113

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
June 30, 2026		
Non-interest bearing liabilities	$ 1,075,011	$ 59,108
Lease liabilities	2,300	1,086
Floating interest rate liabilities	8,763,167	2,431,700
Fixed interest rate liabilities	-	2,000,000
	$ 9,840,478	$ 4,491,894
December 31, 2025		
Non-interest bearing liabilities	$ 288,259	$ 40,706
Lease liabilities	6,537	3,459
Floating interest rate liabilities	7,427,399	1,956,286
Fixed interest rate liabilities	-	2,000,000
	$ 7,722,195	$ 4,000,451
June 30, 2025		
Non-interest bearing liabilities	$ 1,220,300	$ 32,383
Lease liabilities	8,180	4,895
Floating interest rate liabilities	7,230,337	2,192,258
Fixed interest rate liabilities	157,300	2,000,000
	$ 8,616,117	$ 4,229,536

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)
June 30, 2026					
Fubon Bank	$ 345,537 (USD 10,311) (EUR 472)	$ 193,491 (USD 5,788) (EUR 252)	$ 158,938 (USD 4,757) (EUR 204)	$ 152,046 (USD 4,523) (EUR 220)	2M TAIFX3 +0.25% 1M EURIBOR +0.25%

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
December 31, 2025					
Fubon Bank	$ 332,387 (USD 9,897) (EUR 578)	$ 33,428 (USD 995) (EUR 58)	$ 189 (USD 6) -	$ 298,959 (USD 8,902) (EUR 520)	2M TAIFX3 +0.25% 1M EURIBOR +0.25%
June 30, 2025					
Fubon Bank	$ 443,016 (USD 15,120)	$ 44,568 (USD 1,521)	$ 266 (USD 9)	$ 398,448 (USD 13,599)	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

Related Party	Relationship with the Company
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 June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Other related parties	$ 650	$ 508	$ 1,156	$ 1,560

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

c. Receivables from related parties

Line Item	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Notes receivable	Other related parties	$ -	$ 233	$ -
Trade receivables	Other related parties	410	122	328
		$ 410	$ 355	$ 328

The outstanding trade receivables from related parties are unsecured. For the six months ended June 30, 2026 and 2025, no impairment loss was recognized for trade receivables from related parties.

d. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Other related parties	$ 7	$ 7	$ 15	$ 15

e. Remuneration of key management personnel was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2026	2025	2026	2025
Short-term employee benefits	$ 8,967	$ 289	$ 17,277	$ 17,574
Post-employment benefits	79	100	154	176
	$ 9,046	$ 389	$ 17,431	$ 17,750

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:

	June 30, 2026	December 31, 2025	June 30, 2025
Pledged bank deposits (classified as other current assets)	$ 5,880	$ 2,100	$ 5,450

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of June 30, 2026 and 2025 were as follows:

a. As of June 30, 2026, December 31, 2025 and June 30, 2025, unused letters of credit for purchases of raw materials amounted to $319,282 thousand, $261,551 thousand and $134,514 thousand, respectively.

b. As of June 30, 2026, December 31, 2025 and June 30, 2025, unpaid contracts for purchases of raw materials and equipment amounted to $868,734 thousand, $749,275 thousand and $462,518 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:

	June 30, 2026		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items			
Financial assets			
USD	$ 48,419	31.85(USD/NTD)	$ 1,542,138
Financial liabilities			
USD	84	31.85(USD/NTD)	2,671

	December 31, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items			
Financial assets			
USD	$ 29,422	31.43(USD/NTD)	$ 924,733
Financial liabilities			
USD	3,130	31.43(USD/NTD)	98,362

	June 30, 2025		
	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items			
Financial assets			
USD	$ 25,350	29.30(USD/NTD)	$ 742,748
Financial liabilities			
USD	5,275	29.30(USD/NTD)	154,572

Realized and unrealized net foreign exchange gains (losses) were $(32,520) thousand, $(101,285) thousand, $(32,032) thousand, and $(74,168) thousand for the three and six months ended June 30, 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 Six Months Ended June 30			
	Segment Revenue		Segment Profit or Loss	
	2026	2025	2026	2025
Stainless steel tubes/pipes	$ 4,334,779	$ 4,374,486	$ 170,144	$ 96,305
Stainless steel sheets/coils	1,858,072	2,480,764	(354)	(26,000)
Others	100,304	104,589	29,520	7,813
Total	$ 6,293,155	$ 6,959,839	199,310	78,118
Finance costs			(116,373)	(101,999)
Interest income			2,508	5,661
Other gains and losses, net			3,947	5,896
Net foreign exchange loss			(32,032)	(74,168)
Loss on disposal of property, plant and equipment			(9,949)	(21,453)
Net gain on financial instruments at FVTPL			20,024	40,959
Profit (loss) before income tax			$ 67,435	$ (66,986)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the six months ended June 30, 2026 and 2025.

Segment profit represents the gains and losses earned by each segment excluding finance costs, interest income, net other gains and losses, net foreign exchange (loss) gains, net loss 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.

YC INOX CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 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)	$ 955,500 (USD 30,000)	$ 700,700 (USD 22,000)	8%	Short-term financing	$ -	Operation	$ -	-	$ -	$ 1,800,434	$ 3,600,869	

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
JUNE 30, 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	June 30, 2026			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary Shares						
	Ta Chen Stainless Pipe Co., Ltd.	None	Financial assets at FVTPL - current	5,000	$ 201,750	0.20	$ 201,750
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	66,309	9.30	66,309
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,910	551,296	6.20	551,296
	Preference Shares						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	122,555	23	122,555
Chi Mao Company	Ordinary Shares						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	3,360	0.47	3,360
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	871	60,700	0.68	60,700
	Preference Shares						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	95,490	4.74	95,490

YC INOX CO., LTD AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 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) $ 726,878 USD (22,822)	-	$ -	-	$ 298,810	$ -

Note 1: Eliminated.

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

TABLE 4

YC INOX CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(Amounts 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	$ 726,878	-	3

Note: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2026
(In Thousands of New Taiwan Dollars, Unless Stated 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)
				June 30, 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	$ 92,187	$ (910)	$ (910)
	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	10,071,364	(319,952)	(319,952)

Note: Eliminated.