

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**TUNG HO STEEL ENTERPRISE CORPORATION AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2025 and 2024**

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Tung Ho Steel Enterprise Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Tung Ho Steel Enterprise Corporation ("the Company") and its subsidiaries ("the Consolidated Company") as of September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the changes in equity and cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. 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

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the 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 conducted in accordance with the Standards on Auditing of the Republic of China 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.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$3,001,197 thousand and \$3,104,522 thousand, constituting 6% and 6% of the consolidated total assets; and the total liabilities amounting to \$551,244 thousand and \$702,515 thousand, constituting 3% and 3% of the consolidated total liabilities as of September 30, 2025 and 2024, respectively; as well as the total comprehensive income (loss) amounting to \$62,429 thousand, \$3,352 thousand, \$84,863 thousand and \$31,370 thousand, all constituting 5%, 0%, 3% and 1% of the consolidated total comprehensive income for the three months and nine months ended September 30, 2025 and 2024, respectively.

Furthermore, as stated in Note 6(g), the other investments accounted for using the equity method of the Consolidated Company in its investee companies amounting to \$135,601 thousand and \$137,309 thousand as of September 30, 2025 and 2024, respectively, and its equity in net earnings on these investee companies of \$2,544 thousand, \$5,071 thousand, \$10,169 thousand and \$12,464 thousand for the three months and nine months ended September 30, 2025 and 2024, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Consolidated Company as of September 30, 2025 and 2024, and of its consolidated financial performance for the three months and nine months then ended, as well as its consolidated cash flows for the nine months then ended 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 Lee, Tzu-Hui and Jhang, Jhao-Wun.

KPMG

Taipei, Taiwan (Republic of China)
October 28, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors’ review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
September 30, 2025, December 31, 2024, and September 30, 2024
(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2025		December 31, 2024		September 30, 2024						September 30, 2025		December 31, 2024		September 30, 2024	
Assets		Amount	%	Amount	%	Amount	%			Liabilities and equity		Amount	%	Amount	%	Amount	%
Current assets:										Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 1,255,175	3	1,519,082	3	2,309,412	4	2100	Short-term loans (Note 6(k))	\$ 7,825,589	15	8,770,644	16	11,371,237	21		
1110	Current financial assets at fair value through profit or loss (Note 6(b))	130,869	-	109,204	-	119,531	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	-	-	3,855	-	14,018	-		
1140	Current contract assets (Note 6(t))	5,994,577	12	5,492,215	10	4,963,812	9	2130	Current contract liabilities (including to related parties) (Notes 6(t) and 7)	3,898,590	8	3,581,004	7	3,744,750	7		
1150	Notes receivable, net (Notes 6(d) and (t))	195,285	-	73,381	-	189,890	1	2150	Notes payable	18,952	-	249,352	-	197,488	-		
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (t) and 7)	2,689,199	5	3,361,617	6	2,841,729	5	2170	Accounts payable (including to related parties) (Note 7)	2,491,107	5	2,671,231	5	2,645,525	5		
1200	Other receivables (including from related parties) (Notes 6(e) and 7)	37,368	-	32,152	-	78,044	-	2200	Other payables (including to related parties) (Note 7)	2,218,159	4	2,461,096	5	1,883,896	3		
1310	Inventories (Note 6(f))	16,270,625	31	19,073,355	35	19,231,812	35	2230	Current tax liabilities	345,205	1	599,889	1	328,000	1		
1410	Prepayments	969,462	2	308,987	1	520,506	1	2250	Current provisions (Note 6(o))	5,555	-	920	-	924	-		
1470	Other current assets (Note 8)	<u>1,071,815</u>	<u>2</u>	<u>1,138,055</u>	<u>2</u>	<u>1,083,639</u>	<u>2</u>	2280	Current lease liabilities (Note 6(m))	51,786	-	39,209	-	43,011	-		
	Total current assets	<u>28,614,375</u>	<u>55</u>	<u>31,108,048</u>	<u>57</u>	<u>31,338,375</u>	<u>57</u>	2322	Long-term loans, current portion (Note 6(l))	80,000	-	304,846	1	200,000	-		
	Non-current assets:							2399	Other current liabilities, others	<u>10,749</u>	-	<u>13,436</u>	-	<u>14,684</u>	-		
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	726,067	1	619,100	1	680,110	1		Total current liabilities	<u>16,945,692</u>	<u>33</u>	<u>18,695,482</u>	<u>35</u>	<u>20,443,533</u>	<u>37</u>		
1550	Investments accounted for using the equity method (Note 6(g))	1,438,280	3	1,494,909	3	1,444,379	3	2540	Non-current liabilities:								
1600	Property, plant and equipment (Note 6(h))	17,923,334	35	18,782,636	34	18,826,149	34	2570	Long-term loans (Note 6(l))	1,450,000	3	2,941,324	5	2,640,381	5		
1755	Right-of-use assets (Note 6(i))	315,174	1	289,112	1	305,034	1	2580	Deferred tax liabilities	176,652	1	174,230	-	163,371	-		
1760	Investment property, net (Notes 6(h) and (j))	1,978,020	4	1,974,279	4	1,975,242	4	2640	Non-current lease liabilities (Note 6(m))	152,187	-	122,965	-	132,432	-		
1780	Intangible assets	152,746	-	164,019	-	168,627	-	2645	Net defined benefit liability, non-current	3,147	-	37,772	-	177,528	1		
1840	Deferred tax assets	71,893	-	72,075	-	84,931	-	2650	Guarantee deposits received (Note 7)	7,100	-	9,541	-	8,711	-		
1900	Other non-current assets (Note 8)	72,163	-	49,102	-	47,823	-	2550	Non-current provisions (Note 6(o))	<u>152,652</u>	-	<u>137,207</u>	-	<u>132,764</u>	-		
1911	Natural resources	7,065	-	8,342	-	8,289	-		Total non-current liabilities	<u>1,941,738</u>	<u>4</u>	<u>3,423,039</u>	<u>5</u>	<u>3,255,187</u>	<u>6</u>		
1915	Prepayments for equipment	230,165	1	125,243	-	148,803	-		Total liabilities	<u>18,887,430</u>	<u>37</u>	<u>22,118,521</u>	<u>40</u>	<u>23,698,720</u>	<u>43</u>		
1920	Refundable deposits (Note 8)	<u>214,978</u>	-	<u>193,752</u>	-	<u>263,072</u>	-	3100	Equity (Note 6(r)):								
	Total non-current assets	<u>23,129,885</u>	<u>45</u>	<u>23,772,569</u>	<u>43</u>	<u>23,952,459</u>	<u>43</u>	3200	Capital stock	<u>7,302,138</u>	<u>14</u>	<u>7,302,138</u>	<u>13</u>	<u>7,302,138</u>	<u>13</u>		
									Capital surplus	<u>7,742,308</u>	<u>15</u>	<u>7,742,308</u>	<u>14</u>	<u>7,739,750</u>	<u>14</u>		
									Retained earnings:								
								3310	Legal reserve	6,061,645	12	5,600,943	10	5,600,943	10		
								3320	Special reserve	527,593	1	614,156	1	614,156	1		
								3350	Unappropriated retained earnings	<u>11,643,121</u>	<u>22</u>	<u>11,636,693</u>	<u>22</u>	<u>10,365,965</u>	<u>19</u>		
									Total retained earnings	<u>18,232,359</u>	<u>35</u>	<u>17,851,792</u>	<u>33</u>	<u>16,581,064</u>	<u>30</u>		
								3400	Other equity interest	<u>(523,932)</u>	<u>(1)</u>	<u>(256,750)</u>	-	<u>(140,970)</u>	-		
									Total equity attributable to owners of the parent	32,752,873	63	32,639,488	60	31,481,982	57		
								36XX	Non-controlling interests	<u>103,957</u>	-	<u>122,608</u>	-	<u>110,132</u>	-		
									Total equity	<u>32,856,830</u>	<u>63</u>	<u>32,762,096</u>	<u>60</u>	<u>31,592,114</u>	<u>57</u>		
Total assets		<u>\$ 51,744,260</u>	<u>100</u>	<u>54,880,617</u>	<u>100</u>	<u>55,290,834</u>	<u>100</u>		Total liabilities and equity	<u>\$ 51,744,260</u>	<u>100</u>	<u>54,880,617</u>	<u>100</u>	<u>55,290,834</u>	<u>100</u>		

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	For the three months ended September 30,				For the nine months ended September 30,			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (Notes 6(t) and 7)	\$ 13,848,817	100	14,869,594	100	44,023,554	100	45,150,606	100
5000 Operating costs (Notes 6(f), (h), (i), (j), (p), 7 and 12(a))	<u>(11,907,249)</u>	<u>(86)</u>	<u>(12,853,666)</u>	<u>(86)</u>	<u>(37,650,894)</u>	<u>(86)</u>	<u>(38,893,570)</u>	<u>(86)</u>
5900 Gross profit from operations	<u>1,941,568</u>	<u>14</u>	<u>2,015,928</u>	<u>14</u>	<u>6,372,660</u>	<u>14</u>	<u>6,257,036</u>	<u>14</u>
6000 Operating expenses:								
6100 Selling expenses (Notes 6(h), (i), (j), (p), (u), 7 and 12(a))	(276,011)	(2)	(278,193)	(2)	(887,797)	(2)	(837,713)	(2)
6200 Administrative expenses (Notes 6(h), (i), (j), (p), (u), 7 and 12(a))	(424,239)	(3)	(378,674)	(3)	(1,125,076)	(2)	(1,115,254)	(2)
6450 Expected credit reversal of impairment losses (impairment losses) (Note 6(d))	<u>(20,330)</u>	<u>-</u>	<u>963</u>	<u>-</u>	<u>(10,597)</u>	<u>-</u>	<u>2,159</u>	<u>-</u>
6500 Total operating expenses	<u>(720,580)</u>	<u>(5)</u>	<u>(655,904)</u>	<u>(5)</u>	<u>(2,023,470)</u>	<u>(4)</u>	<u>(1,950,808)</u>	<u>(4)</u>
6900 Net operating income	<u>1,220,988</u>	<u>9</u>	<u>1,360,024</u>	<u>9</u>	<u>4,349,190</u>	<u>10</u>	<u>4,306,228</u>	<u>10</u>
7000 Non-operating income and expenses:								
7100 Interest income (Note 6(v))	6,702	-	8,195	-	20,446	-	22,493	-
7010 Other income (Notes 6(v) and 7)	61,850	-	46,948	-	149,787	-	125,683	-
7020 Other gains and losses (Notes 6(v) and 7)	122,075	1	(26,487)	1	(192,246)	-	55,960	1
7050 Finance costs (Notes 6(m) and (v))	(57,754)	-	(81,684)	(1)	(190,615)	-	(272,031)	(1)
7060 Share of profit of associates accounted for using the equity method (Note 6(g))	<u>34,590</u>	<u>-</u>	<u>11,849</u>	<u>-</u>	<u>121,987</u>	<u>-</u>	<u>41,987</u>	<u>-</u>
Total non-operating income and expenses	<u>167,463</u>	<u>1</u>	<u>(41,179)</u>	<u>-</u>	<u>(90,641)</u>	<u>-</u>	<u>(25,908)</u>	<u>-</u>
7900 Profit before income tax	1,388,451	10	1,318,845	9	4,258,549	10	4,280,320	10
7950 Less: income tax expenses (Note 6(q))	<u>255,566</u>	<u>2</u>	<u>225,142</u>	<u>2</u>	<u>910,646</u>	<u>2</u>	<u>910,867</u>	<u>2</u>
8200 Profit	<u>1,132,885</u>	<u>8</u>	<u>1,093,703</u>	<u>7</u>	<u>3,347,903</u>	<u>8</u>	<u>3,369,453</u>	<u>8</u>
8300 Other comprehensive income (loss):								
8310 Items that will not be reclassified subsequently to profit or loss								
8316 Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6,655	-	22,998	-	300	-	47,623	-
8349 Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that will not be reclassified subsequently to profit or loss	<u>6,655</u>	<u>-</u>	<u>22,998</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>47,623</u>	<u>-</u>
8360 Items that may be reclassified subsequently to profit or loss								
8361 Exchange differences on translation of foreign financial statements	52,019	1	73,228	1	(290,249)	(1)	117,273	-
8399 Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total items that may be reclassified subsequently to profit or loss	<u>52,019</u>	<u>1</u>	<u>73,228</u>	<u>1</u>	<u>(290,249)</u>	<u>(1)</u>	<u>117,273</u>	<u>-</u>
8300 Other comprehensive income	<u>58,674</u>	<u>1</u>	<u>96,226</u>	<u>1</u>	<u>(289,949)</u>	<u>(1)</u>	<u>164,896</u>	<u>-</u>
8500 Total comprehensive income	<u>\$ 1,191,559</u>	<u>9</u>	<u>1,189,929</u>	<u>8</u>	<u>3,057,954</u>	<u>7</u>	<u>3,534,349</u>	<u>8</u>
8600 Profit attributable to:								
8610 Owners of the parent	\$ 1,125,735	8	1,080,289	7	3,323,001	8	3,335,858	8
8620 Non-controlling interests	<u>7,150</u>	<u>-</u>	<u>13,414</u>	<u>-</u>	<u>24,902</u>	<u>-</u>	<u>33,595</u>	<u>-</u>
	<u>\$ 1,132,885</u>	<u>8</u>	<u>1,093,703</u>	<u>7</u>	<u>3,347,903</u>	<u>8</u>	<u>3,369,453</u>	<u>8</u>
8700 Comprehensive income attributable to:								
8710 Owners of the parent	\$ 1,184,102	9	1,176,648	8	3,034,240	7	3,500,600	8
8720 Non-controlling interests	<u>7,457</u>	<u>-</u>	<u>13,281</u>	<u>-</u>	<u>23,714</u>	<u>-</u>	<u>33,749</u>	<u>-</u>
	<u>\$ 1,191,559</u>	<u>9</u>	<u>1,189,929</u>	<u>8</u>	<u>3,057,954</u>	<u>7</u>	<u>3,534,349</u>	<u>8</u>
9750 Basic earnings per share (in dollars) (Note 6(s))	<u>\$ 1.54</u>		<u>1.48</u>		<u>4.55</u>		<u>4.57</u>	
9850 Diluted earnings per share (in dollars) (Note 6(s))	<u>\$ 1.54</u>		<u>1.48</u>		<u>4.54</u>		<u>4.56</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Other equity interest					
	Retained earnings					Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
	Capitall stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings							
Balance as of January 1, 2024	\$ 7,302,138	7,739,750	5,127,305	486,844	10,697,520	16,311,669	(625,168)	319,891	(305,277)	31,048,280	112,898	31,161,178
Profit for the period	-	-	-	-	3,335,858	3,335,858	-	-	-	3,335,858	33,595	3,369,453
Other comprehensive income for the period	-	-	-	-	-	-	117,121	47,621	164,742	164,742	154	164,896
Total comprehensive income for the period	-	-	-	-	3,335,858	3,335,858	117,121	47,621	164,742	3,500,600	33,749	3,534,349
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	473,638	-	(473,638)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	127,312	(127,312)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(3,066,898)	(3,066,898)	-	-	-	(3,066,898)	-	(3,066,898)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	435	435	-	(435)	(435)	-	-	-
Cach dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(36,515)	(36,515)
Balance as of September 30, 2024	<u>\$ 7,302,138</u>	<u>7,739,750</u>	<u>5,600,943</u>	<u>614,156</u>	<u>10,365,965</u>	<u>16,581,064</u>	<u>(508,047)</u>	<u>367,077</u>	<u>(140,970)</u>	<u>31,481,982</u>	<u>110,132</u>	<u>31,592,114</u>
Balance as of January 1, 2025	\$ 7,302,138	7,742,308	5,600,943	614,156	11,636,693	17,851,792	(562,748)	305,998	(256,750)	32,639,488	122,608	32,762,096
Profit for the period	-	-	-	-	3,323,001	3,323,001	-	-	-	3,323,001	24,902	3,347,903
Other comprehensive income for the period	-	-	-	-	-	-	(289,061)	300	(288,761)	(288,761)	(1,188)	(289,949)
Total comprehensive income for the period	-	-	-	-	3,323,001	3,323,001	(289,061)	300	(288,761)	3,034,240	23,714	3,057,954
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	460,702	-	(460,702)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(86,563)	86,563	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(2,920,855)	(2,920,855)	-	-	-	(2,920,855)	-	(2,920,855)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(21,579)	(21,579)	-	21,579	21,579	-	-	-
Cach dividends paid to non-controlling interests by subsidiaries	-	-	-	-	-	-	-	-	-	-	(42,365)	(42,365)
Balance as of September 30, 2025	<u>\$ 7,302,138</u>	<u>7,742,308</u>	<u>6,061,645</u>	<u>527,593</u>	<u>11,643,121</u>	<u>18,232,359</u>	<u>(851,809)</u>	<u>327,877</u>	<u>(523,932)</u>	<u>32,752,873</u>	<u>103,957</u>	<u>32,856,830</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2025	2024
Cash flows from operating activities:		
Profit before tax	\$ 4,258,549	4,280,320
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,169,980	1,160,626
Amortization expense	40,147	42,212
Expected credit impairment losses (reversal of impairment losses)	10,597	(2,159)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	79,475	(103,218)
Interest expense	190,615	272,031
Interest income	(20,446)	(22,493)
Dividend income	(36,491)	(39,803)
Share of profit of associates accounted for using the equity method	(121,987)	(41,987)
Losses (gains) on disposal of property, plant and equipment	54,584	(2,195)
Gains on lease modification	(3)	-
(Reversal of impairment losses) impairment losses on financial assets	(2,079)	16,069
Unrealized foreign exchange losses (gains)	1,720	(2,646)
Property, plant and equipment transferred to expense	-	3,750
Total adjustments to reconcile profit or loss	1,366,112	1,280,187
Changes in operating assets and liabilities:		
(Increase) decrease in financial assets mandatorily measured at fair value through profit or loss	(104,995)	81,461
Increase in contract assets	(502,362)	(537,109)
(Increase) decrease in notes receivable	(122,296)	23,280
Decrease in accounts receivable (including overdue receivable)	662,487	1,347,816
Increase in other receivables	(6,976)	(32,116)
Decrease in inventories	2,802,730	661,683
Increase in prepayments	(659,834)	(205,298)
Decrease in other current assets	70,760	37,689
Increase in other operating assets	(9,419)	(4,489)
Total changes in operating assets	2,130,095	1,372,917
Increase in contract liabilities	317,586	753,082
(Decrease) increase in notes payable	(230,400)	179,681
Decrease in accounts payable	(180,124)	(339,987)
Decrease in other payables	(178,290)	(335,048)
Increase in provisions	20,080	11,745
(Decrease)increase in other current liabilities	(2,687)	1,692
Decrease in net defined benefit liability	(34,625)	(33,532)
Total changes in operating liabilities	(288,460)	237,633
Total net changes in operating assets and liabilities	1,841,635	1,610,550
Total adjustments	3,207,747	2,890,737

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the three months and nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2025	2024
Cash inflow generated from operations	\$ 7,466,296	7,171,057
Interest received	22,221	24,503
Dividends received	199,581	160,684
Interest paid	(197,120)	(285,627)
Income taxes paid	(1,161,439)	(1,299,162)
Net cash flows from operating activities	6,329,539	5,771,455
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(116,090)	(3,858)
Proceeds from disposal of financial assets at fair value through other comprehensive income	317	2,318
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	9,108	5,400
Proceeds from disposal of subsidiary	2,079	180,841
Acquisition of property, plant and equipment	(610,485)	(810,107)
Proceeds from disposal of property, plant and equipment	4,332	2,177
(Increase) decrease in refundable deposits	(21,226)	49,384
Acquisition of investment property	(7,319)	(55,765)
Decrease (Increase) in other financial assets	(24,720)	195
Increase in prepayments for equipment	(166,023)	(120,313)
Net cash flows used in investing activities	(930,027)	(749,728)
Cash flows from (used in) financing activities:		
Increase in short-term loans	61,991,434	66,035,963
Decrease in short-term loans	(62,774,528)	(68,703,701)
Increase in short-term notes and bills payable	-	1,120,000
Decrease in short-term notes and bills payable	-	(1,120,000)
Proceeds from long-term loans	5,300,000	3,500,000
Repayments of long-term loans	(7,016,170)	(2,308,857)
(Decrease) increase in guarantee deposits received	(2,441)	1,695
Payment of lease liabilities	(40,262)	(37,134)
Cash dividends paid	(2,920,855)	(3,066,898)
Change in non-controlling interests	(42,365)	(36,362)
Net cash flows used in financing activities	(5,505,187)	(4,615,294)
Effect of exchange rate changes on cash and cash equivalents	(158,232)	170,312
Net (decrease) increase in cash and cash equivalents	(263,907)	576,745
Cash and cash equivalents at beginning of period	1,519,082	1,732,667
Cash and cash equivalents at end of period	\$ 1,255,175	2,309,412

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Tung Ho Steel Enterprise Corporation (the “Company”) was incorporated in May, 1962, as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 6F., No. 9, Sec. 1, Chang An E. Rd., Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (the “Consolidated Company”) are primarily involved in manufacturing and selling Re-Bar, Section, and Plate.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements for the nine months ended September 30, 2025 and 2024 were approved and authorized for issuance by the Board of Directors on October 28, 2025.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Consolidated Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Consolidated Company's anticipated adoption of the new amendments beginning on January 1, 2026, are expected to have the following impacts:

- (i) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7

These amendments clarify that financial assets and financial liabilities can only be derecognized upon settlement and introduce specific requirements for the derecognition of financial liabilities settled through electronic payment systems. When settling a financial liability (or part of a financial liability) in cash using an electronic payment system, the Consolidated Company is permitted to deem the financial liability (or part of it) to be discharged before the settlement date only if, and only if, the Consolidated Company has initiated a payment instruction that results in all of the following: (a) the Consolidated Company having no practical ability to withdraw, stop or cancel the payment instruction; (b) the Consolidated Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and (c) the settlement risk associated with the electronic payment system being insignificant. The Consolidated Company shall apply this derecognition exception consistently to all settlements made through the same electronic payment system.

The Consolidated Company is required to reassess the timing of derecognition of financial assets and financial liabilities and is continually evaluating the impact of its initial adoption of the amendments on its consolidated financial statements.

- (ii) Other amendments

The following amendments are not expected to have a significant impact on the Consolidated Company's financial statements.

- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 "Insurance Contracts"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Consolidated Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	<p>January 1, 2027 note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Consolidated Company is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

The Consolidated Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

(4) Summary of material policies

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the material accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2024.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements :

Investor	The name of subsidiaries	Business activity	Percentage of ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Tung Yuan International Corp.	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	Tung Kang Steel Structure Corp.	Steel structure engineering construction	97.48 %	97.48 %	97.48 %	Note1
The Company	Goldham Development Ltd.	Investment activities	100.00 %	100.00 %	100.00 %	
The Company	Katec Creative Resources Corporation	Waste recycling	99.02 %	99.02 %	99.02 %	
The Company	Tung Kang Wind Power Corp.	Development, generation, transmission, distribution, and sale of Wind Power Electricity	100.00 %	100.00 %	100.00 %	
The Company	Tung Ho Steel Vietnam Corp., Ltd. (THSVC)	Steel industry	100.00 %	100.00 %	100.00 %	Note1
Tung Yuan International Corp.	3 Oceans International Inc.	Investment activities	66.51 %	66.51 %	66.51 %	
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Quicklime manufacturing	96.00 %	96.00 %	96.00 %	

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Investor	The name of subsidiaries	Business activity	Percentage of ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Civil engineering	100.00 %	100.00 %	100.00 %	
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Quicklime manufacturing	2.71 %	2.71 %	2.71 %	
THSVC	Duc Hoa International J.S.C.	Quicklime manufacturing	1.29 %	1.29 %	1.29 %	

Note 1: Financial Statement of THSVC and Tung Kang Steel Structure Corp. were reviewed by an independent auditor, while financial statement of other non-significant subsidiaries were not.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Provisions

A provision is recognized if, as a result of a past event, the Consolidated Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Carbon fees

Carbon fees levied in accordance with Taiwan's Climate Change Response Act and Regulations Governing the Collection of Carbon Fees are recognized when the annual greenhouse gas emissions are probably to exceed the threshold, and the amount is estimated based on the proportion of greenhouse gas emissions that have occurred as of the reporting date divided by the total annual greenhouse gas emissions.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34 “Interim Financial Reporting” endorsed by the FSC requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2024.

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand	\$ 3,380	2,646	3,727
Checking and demand deposits	774,010	911,082	881,912
Term deposits	460,974	385,771	1,086,475
Cash equivalents	16,811	219,583	337,298
Cash and cash equivalents in the statement of cash flows	<u>\$ 1,255,175</u>	<u>1,519,082</u>	<u>2,309,412</u>

(i) Please refer to Note 6(w) for interest rate risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.

(ii) As of September 30, 2025, December 31 and September 30, 2024, certain term deposits were pledged as collateral of performance guarantee, and such term deposits were reclassified to refundable deposits and other current or non-current assets. Please refer to Note 8 for details.

(b) Financial assets and liabilities at fair value through profit or loss

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ 10,229	-	-
Over-the-counter contract	152	-	-
Non-derivative financial assets			
Listed common shares	120,488	109,204	119,531
Total	<u>\$ 130,869</u>	<u>109,204</u>	<u>119,531</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ <u>-</u>	<u>3,855</u>	<u>14,018</u>

The Consolidated Company holds derivative financial instruments to hedge certain foreign exchange and price risk exposures arising from its operating, financing, and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as held-for-trading financial assets:

(i) Foreign exchange forward contracts

<u>September 30, 2025</u>			
	<u>Nominal amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD <u>32,915</u>	Buy USD/Sell NTD	2025.10.01~2025.12.10
<u>December 31, 2024</u>			
	<u>Nominal amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD <u>21,292</u>	Buy USD/Sell NTD	2025.01.02~2025.02.27
Forward exchange sold	USD <u>12,000</u>	Sell USD/Buy NTD	2025.01.17~2025.04.15
<u>September 30, 2024</u>			
	<u>Nominal amount (in thousands)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward exchange purchased	USD <u>64,416</u>	Buy USD/Sell NTD	2024.10.02~2025.01.17

(ii) Over-the-counter contract:

The Consolidated Company signed an over-the-counter derivatives contracts with another company, wherein both parties agreed to settle the price differences, in order to hedge certain price risk from raw materials. The following derivative instruments, without the application of hedge accounting, were classified as financial assets:

			<u>September 30, 2025</u>
	<u>Nominal quantity (in tons)</u>	<u>Price exchange (in thousands of USD)</u>	<u>Maturity dates</u>
Steel billet	<u>5,000</u>	\$ 0.454	2026.03.26

None of the financial assets at fair value through profit or loss was pledged as collateral as of September 30, 2025, December 31 and September 30, 2024, respectively.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Financial assets at fair value through other comprehensive income

	September 30, 2025	December 31, 2024	September 30, 2024
Equity investments at fair value through other comprehensive income:			
Listed common shares	\$ 424,168	432,618	492,258
Unlisted common shares	<u>301,899</u>	<u>186,482</u>	<u>187,852</u>
Total	<u><u>\$ 726,067</u></u>	<u><u>619,100</u></u>	<u><u>680,110</u></u>

(i) The Consolidated Company designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Consolidated Company intends to hold for long-term for strategic purposes.

(ii) For market risk, please refer to Note 6(w).

(iii) None of the financial assets were pledged.

(d) Notes and accounts receivable

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable	\$ 195,864	73,568	190,600
Accounts receivable	2,704,391	3,376,597	2,856,114
Accounts receivable-related parties	690	1,706	580
Overdue receivables	68,682	57,673	47,993
Less: allowance for impairment	<u>(85,143)</u>	<u>(74,546)</u>	<u>(63,668)</u>
	<u><u>\$ 2,884,484</u></u>	<u><u>3,434,998</u></u>	<u><u>3,031,619</u></u>

The Consolidated Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision of the Domestic Steel Segment and Steel Structure Department were determined as follows:

	Gross carrying amount	September 30, 2025 Weighted-average loss rate	Loss allowance provision
With low risk	\$ 463,564	0%~0.30%	9,012
With moderate risk	2,332,102	0.32%~0.80%	7,424
With financial difficulties	<u>68,682</u>	100%	<u>68,682</u>
	<u><u>\$ 2,864,348</u></u>		<u><u>85,118</u></u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	\$ 641,498	0%~0.30%	6,415
With moderate risk	2,688,840	0.68%~0.80%	20,113
With financial difficulties	47,993	100%	47,993
	\$ 3,378,331		74,521

	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	\$ 751,331	0%~0.30%	7,768
With moderate risk	2,232,121	0.35%~0.80%	7,875
With financial difficulties	48,000	100%	48,000
	\$ 3,031,452		63,643

The aging analysis of Domestic Steel Department and Steel Structure Department were determined as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ 2,802,633	3,304,539	2,970,370
1 to 60 days past due	13,541	824	13,082
61 to 364 days past due	130	24,963	-
More than 365 days past due	48,044	48,005	48,000
	\$ 2,864,348	3,378,331	3,031,452

The loss allowance provision of notes and accounts receivable from Foreign Departments and Other Departments were determined as follows:

	September 30, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 105,279	0%~0.02%	25

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 131,213	0.019%	25

	September 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 63,835	0.039%	25

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the allowance for notes and accounts receivable were as follows:

	For the nine months ended September 30,	
	2025	2024
Balance at January 1	\$ 74,546	67,273
Impairment losses recognized	10,597	483
Amounts written off	-	(996)
Impairment losses reversed	-	(2,642)
Recovery from the amount written off	-	(450)
Balance at September 30	<u><u>\$ 85,143</u></u>	<u><u>63,668</u></u>

For credit risk, please refer to Note 6(w).

(e) Other receivables

	September 30, 2025	December 31, 2024	September 30, 2024
Receivables from disposal of subsidiary	\$ 17,231	20,794	33,011
Tax refund receivable	3,851	3,630	-
Receivables from governments subsidy	-	-	22,905
Other receivables-related parties	-	1	1
Others	33,517	28,521	38,607
Less: allowance for impairment	<u>(17,231)</u>	<u>(20,794)</u>	<u>(16,480)</u>
	<u><u>\$ 37,368</u></u>	<u><u>32,152</u></u>	<u><u>78,044</u></u>

Receivable from disposal of subsidiary was provided for as loss allowance due to the inspection of the tax compensation and stamp duty from the State Taxation Administration in China on September 30, 2025, December 31 and September 30, 2024, in the amounts of \$17,231 thousand (CNY4,144 thousand), \$20,794 thousand (CNY4,644 thousand), and \$16,480 thousand (CNY3,644 thousand), respectively. Subsequently, the Company recovered the amount of \$2,079 thousand (CNY500 thousand), which was reclassified from loss allowance to other gains and losses in September 2025.

(f) Inventories

	September 30, 2025	December 31, 2024	September 30, 2024
Finished goods (including consigned goods)	\$ 3,240,980	3,618,814	3,684,771
Work in process (including consigned goods and goods in transit)	3,988,458	3,772,977	3,958,007
Raw materials (including goods in transit)	6,865,678	9,146,739	9,105,387
Material (including consigned goods and goods in transit)	<u>2,175,509</u>	<u>2,534,825</u>	<u>2,483,647</u>
Inventories, net	<u><u>\$ 16,270,625</u></u>	<u><u>19,073,355</u></u>	<u><u>19,231,812</u></u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Collateral

None of the inventory was pledged as collateral as of September 30, 2025, December 31 and September 30, 2024, respectively.

(ii) Operating costs

For the three months ended September 30, 2025 and 2024 and nine months ended September 30, 2025 and 2024, cost of sales recognized was as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 9,214,967	10,621,022	30,431,154	32,274,144
Loss on the decline (gain from recovery) of inventory market price	749	18,180	(16,045)	22,970
Unallocated production overheads — capacity variance	57,999	53,040	125,603	134,817
Revenue from sales of materials and scrap	(56,088)	(51,880)	(157,651)	(181,319)
Total	<u>\$ 9,217,627</u>	<u>10,640,362</u>	<u>30,383,061</u>	<u>32,250,612</u>

For the nine months ended September 30, 2025, the inventory experienced a reversal of the previously recognized impairment losses due to an increase in the net realizable value. This increase was primarily attributed to the rising prices of international raw materials such as iron ore, coking coal, and steel scrap, which resulted in higher market selling prices for the inventory.

The Consolidated Company's processing costs recognized for providing services for the three months ended September 30, 2025 and 2024 and nine months ended September 30, 2025 and 2024, consisted of the following:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Processing costs	<u>\$ 149,385</u>	<u>108,557</u>	<u>414,470</u>	<u>329,381</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Investments accounted for using the equity method

- (i) The Consolidated Company's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

		<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Carrying amount of individually insignificant associates' equity		<u>\$ 1,438,280</u>	<u>1,494,909</u>	<u>1,444,379</u>
		<u>For the three months ended September 30,</u>	<u>For the nine months ended September 30,</u>	
		<u>2025</u>	<u>2025</u>	<u>2024</u>
Attributable to the Consolidated Company:				
Net income from continuing operations	\$	34,590	11,849	121,987
Other comprehensive income		<u>2,033</u>	<u>16,051</u>	<u>10,122</u>
Total	\$	<u>36,623</u>	<u>27,900</u>	<u>46,735</u>

(ii) Collateral

None of the investments accounted for using the equity method was pledged as collateral as of September 30, 2025, December 31 and September 30, 2024.

(iii) The unreviewed financial statements of investments accounted for using the equity method

Except for Taiwan Steel Union Co., Ltd., which were reviewed by other auditors, investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(h) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Consolidated Company for the nine months ended September 30, 2025 and 2024 were as follows:

	<u>Land</u>	<u>Land improvements</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Miscellaneous equipment</u>	<u>Other assets</u>	<u>Construction in progress</u>	<u>Total</u>
Cost or deemed cost:								
Balance as of January 1, 2025	\$	5,545,585	29,828	10,044,757	31,352,949	482,111	391,402	48,124,729
Additions		-	3,657	15,025	370,826	12,649	-	554,886
Reclassification in (out)		-	-	14,024	71,543	9,002	-	59,087
Disposals		-	-	(72,648)	(77,007)	(8,220)	-	(157,875)
Effects of exchange rates and others		-	-	(164,141)	(351,403)	(7,720)	-	(525,193)
Balance as of September 30, 2025	\$	<u><u>5,545,585</u></u>	<u><u>33,485</u></u>	<u><u>9,837,017</u></u>	<u><u>31,366,908</u></u>	<u><u>487,822</u></u>	<u><u>391,402</u></u>	<u><u>48,055,634</u></u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Land improvements</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Miscellaneous equipment</u>	<u>Other assets</u>	<u>Construction in progress</u>	<u>Total</u>
Balance as of January 1, 2024	\$ 5,549,555	27,241	9,948,920	30,179,089	470,089	380,288	393,765	46,948,947
Additions	-	-	12,359	587,039	19,879	6,336	170,657	796,270
Reclassification in (out)	(3,970)	-	16,460	324,273	-	3,969	(342,161)	(1,429)
Disposals	-	-	(4,825)	(73,955)	(5,206)	-	-	(83,986)
Effects of exchange rates and others	-	-	92,835	130,413	2,210	-	601	226,059
Balance as of September 30, 2024	<u>\$ 5,545,585</u>	<u>27,241</u>	<u>10,065,749</u>	<u>31,146,859</u>	<u>486,972</u>	<u>390,593</u>	<u>222,862</u>	<u>47,885,861</u>
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2025	\$ -	5,272	4,999,121	23,987,610	350,090	-	-	29,342,093
Depreciation for the period	-	2,484	194,297	897,042	28,650	-	-	1,122,473
Disposals	-	-	(14,842)	(75,897)	(8,220)	-	-	(98,959)
Effects of exchange rates and others	-	-	(46,139)	(182,491)	(4,677)	-	-	(233,307)
Balance as of September 30, 2025	<u>\$ -</u>	<u>7,756</u>	<u>5,132,437</u>	<u>24,626,264</u>	<u>365,843</u>	<u>-</u>	<u>-</u>	<u>30,132,300</u>
Balance as of January 1, 2024	\$ -	2,548	4,707,599	22,863,712	322,843	-	-	27,896,702
Depreciation for the period	-	2,043	202,901	881,392	29,596	-	-	1,115,932
Disposals	-	-	(4,591)	(73,685)	(5,206)	-	-	(83,482)
Effects of exchange rates and others	-	-	35,879	93,486	1,195	-	-	130,560
Balance as of September 30, 2024	<u>\$ -</u>	<u>4,591</u>	<u>4,941,788</u>	<u>23,764,905</u>	<u>348,428</u>	<u>-</u>	<u>-</u>	<u>29,059,712</u>
Carrying value								
Balance as of September 30, 2025	<u>\$ 5,545,585</u>	<u>25,729</u>	<u>4,704,580</u>	<u>6,740,644</u>	<u>121,979</u>	<u>391,402</u>	<u>393,415</u>	<u>17,923,334</u>
Balance as of December 31, 2024	<u>\$ 5,545,585</u>	<u>24,556</u>	<u>5,045,636</u>	<u>7,365,339</u>	<u>132,021</u>	<u>391,402</u>	<u>278,097</u>	<u>18,782,636</u>
Balance as of September 30, 2024	<u>\$ 5,545,585</u>	<u>22,650</u>	<u>5,123,961</u>	<u>7,381,954</u>	<u>138,544</u>	<u>390,593</u>	<u>222,862</u>	<u>18,826,149</u>

(i) Land borrowed name registration and trust registration

Several agricultural lands of the Consolidated Company were temporarily registered under other individuals' names due to the restrictions imposed on Agricultural Development Act article 33. In order to preserve the rights and obligations of both parties and its ownership of the land, the Consolidated Company changed the registration procedures for some of its agricultural lands to trust registration method, except for certain parcels of land, which are still being registered under other individuals' names due to specific reasons. All relevant registration procedures had been completed as of December 31, 2023, with details as follows:

<u>Accounts</u>	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Property, plant and equipment	\$ 391,402	391,402	390,593
Investment property	71,952	553,564	553,564
	<u>\$ 463,354</u>	<u>944,966</u>	<u>944,157</u>

(ii) Work in Progress – Plant and equipment

For the nine months ended September 30, 2025 and 2024, the capitalized interest incurred by the consolidated company during the construction of plant and equipment amounted to \$4,075 thousand and \$2,587 thousand, respectively. The capitalization rates ranged applied were 1.79%~1.82% and 1.61%~1.74%, respectively.

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) The assessment of the useful life and the residual value

Property, plant and equipment is depreciated using the straight-line method. The Company periodically evaluates the useful life and the residual value of property, plant, and equipment; if there is any significant change in relevant estimates, adjustments will be made in the period the change occurs and in the future periods.

(iv) Collateral

None of the property, plant and equipment was pledged as collateral as of September 30, 2025, December 31 and September 30, 2024.

(i) Right-of-use assets

The Consolidated Company leases many assets including land, building and structures, machinery and equipment, transportation equipment and office equipment. Information about leases for which the Consolidated Company as a lessee is presented below:

	<u>Land</u>	<u>Building and structures</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Total</u>
Cost:						
Balance at January 1, 2025	\$ 322,681	55,904	89,086	33,589	7,179	508,439
Additions	3,737	67,856	525	10,895	2,083	85,096
Disposal	(1,935)	(41,074)	(2,471)	(4,208)	(2,456)	(52,144)
Effect of exchange rates	(14,509)	(1,093)	(7,875)	-	-	(23,477)
Balance at September 30, 2025	<u>\$ 309,974</u>	<u>81,593</u>	<u>79,265</u>	<u>40,276</u>	<u>6,806</u>	<u>517,914</u>
Balance at January 1, 2024	\$ 315,654	50,075	88,402	31,207	5,607	490,945
Additions	5,422	16,388	-	4,433	1,618	27,861
Disposal	-	(6,208)	-	(2,099)	-	(8,307)
Effect of exchange rates	4,416	259	2,397	-	-	7,072
Balance at September 30, 2024	<u>\$ 325,492</u>	<u>60,514</u>	<u>90,799</u>	<u>33,541</u>	<u>7,225</u>	<u>517,571</u>
Accumulated depreciation:						
Balance at January 1, 2025	\$ 94,907	41,864	62,308	16,591	3,657	219,327
Depreciation for the period	14,348	14,103	7,413	7,209	856	43,929
Disposal	(1,935)	(41,074)	(2,471)	(4,208)	(2,341)	(52,029)
Effect of exchange rates	(2,466)	(267)	(5,754)	-	-	(8,487)
Balance at September 30, 2025	<u>\$ 104,854</u>	<u>14,626</u>	<u>61,496</u>	<u>19,592</u>	<u>2,172</u>	<u>202,740</u>
Balance at January 1, 2024	\$ 75,495	36,920	51,470	10,558	2,973	177,416
Depreciation for the period	14,419	11,567	7,867	6,342	866	41,061
Disposal	-	(6,207)	-	(1,969)	-	(8,176)
Effect of exchange rates	641	100	1,495	-	-	2,236
Balance at September 30, 2024	<u>\$ 90,555</u>	<u>42,380</u>	<u>60,832</u>	<u>14,931</u>	<u>3,839</u>	<u>212,537</u>
Carrying amount:						
Balance at September 30, 2025	<u>\$ 205,120</u>	<u>66,967</u>	<u>17,769</u>	<u>20,684</u>	<u>4,634</u>	<u>315,174</u>
Balance at December 31, 2024	<u>\$ 227,774</u>	<u>14,040</u>	<u>26,778</u>	<u>16,998</u>	<u>3,522</u>	<u>289,112</u>
Balance at September 30, 2024	<u>\$ 234,937</u>	<u>18,134</u>	<u>29,967</u>	<u>18,610</u>	<u>3,386</u>	<u>305,034</u>

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Investment property

	Land and improvements	Building and structures	Total
Cost or deemed cost:			
Balance as of January 1, 2025	\$ 1,924,255	269,585	2,193,840
Additions	<u>6,189</u>	<u>1,130</u>	<u>7,319</u>
Balance as of September 30, 2025	<u><u>\$ 1,930,444</u></u>	<u><u>270,715</u></u>	<u><u>2,201,159</u></u>
Balance as of January 1, 2024	\$ 1,868,243	269,585	2,137,828
Additions	<u>55,765</u>	<u>-</u>	<u>55,765</u>
Balance as of September 30, 2024	<u><u>\$ 1,924,008</u></u>	<u><u>269,585</u></u>	<u><u>2,193,593</u></u>
Accumulated depreciation :			
Balance as of January 1, 2025	\$ -	219,561	219,561
Depreciation for the period	<u>-</u>	<u>3,578</u>	<u>3,578</u>
Balance as of September 30, 2025	<u><u>\$ -</u></u>	<u><u>223,139</u></u>	<u><u>223,139</u></u>
Balance as of January 1, 2024	\$ -	214,718	214,718
Depreciation for the period	<u>-</u>	<u>3,633</u>	<u>3,633</u>
Balance as of September 30, 2024	<u><u>\$ -</u></u>	<u><u>218,351</u></u>	<u><u>218,351</u></u>
Carrying amount:			
Balance as of September 30, 2025	<u><u>\$ 1,930,444</u></u>	<u><u>47,576</u></u>	<u><u>1,978,020</u></u>
Balance as of December 31, 2024	<u><u>\$ 1,924,255</u></u>	<u><u>50,024</u></u>	<u><u>1,974,279</u></u>
Balance as of September 30, 2024	<u><u>\$ 1,924,008</u></u>	<u><u>51,234</u></u>	<u><u>1,975,242</u></u>

- (i) Investment property includes the investment in Kuo Kong Section, Houlong town, Miaoli County, and several construction sites and factories leased to others; leased objects mentioned above are the factory in Cianjhen District of Kaohsiung, the factory in Bade City of Taoyuan, the building in Taichung, and the office in Taipei.
- (ii) The investment in Kuo Kong Section, Houlong Town, Miaoli County is within the general industrial zone. The Consolidated Company has established five wind turbines sets to improve the efficiency of the use of the land. Currently, the purpose of usage and owning the land is to obtain the capital appreciation in the future. As of September 30, 2025, December 31 and September 30, 2024, the carrying value is \$974,120 thousand, respectively.
- (iii) There were no significant changes in the fair value of the Investment Property as of September 30, 2025. Please refer to Note 6(k) of the consolidated financial statement of 2024.
- (iv) Please refer to Note 6(h) for relevant information on investment property acquired under the ownership of others.
- (v) None of the investment property was for pledged as collateral as of September 30, 2025, December 31 and September 30, 2024.

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Short-term loans

(i) The details of the Consolidated Company's short-term loans were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Letters of credits	\$ 6,383	17,439	13,014
Unsecured bank loans	7,819,206	8,753,205	11,358,223
	<u>\$ 7,825,589</u>	<u>8,770,644</u>	<u>11,371,237</u>
Unused short-term credit lines (including notes and bills payable)	<u>\$ 32,183,284</u>	<u>33,425,615</u>	<u>31,520,755</u>
Range of interest rates	<u>1.73%~4.93%</u>	<u>1.71%~5.56%</u>	<u>1.62%~6.36%</u>

(ii) Issuance and repayment of short-term loans

	Total
Balance as of January 1, 2025	\$ 8,770,644
Issuances during the period (Maturity date: April 2025 to March 2026)	61,991,434
Repayments during the period	(62,774,528)
Effects of exchange rates	(161,961)
Balance as of September 30, 2025	<u>\$ 7,825,589</u>
Interest rates range of the issuance during the period	<u>1.73%~4.93%</u>

	Total
Balance as of January 1, 2024	\$ 13,884,659
Issuances during the period (Maturity date: January 2024 to June 2025)	66,035,963
Repayments during the period	(68,703,701)
Effects of exchange rates	154,316
Balance as of September 30, 2024	<u>\$ 11,371,237</u>
Interest rates range of the issuance during the period	<u>1.58%~6.48%</u>

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Long-term loans

(i) The details of the Consolidated Company's long-term loans were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	\$ 1,530,000	3,246,170	2,840,381
Less: current portion	(80,000)	(304,846)	(200,000)
Total	<u>\$ 1,450,000</u>	<u>2,941,324</u>	<u>2,640,381</u>
Unused long-term credit lines	<u>\$ 3,075,000</u>	<u>2,681,209</u>	<u>2,664,269</u>
Range of interest rates	<u>1.77%~1.81%</u>	<u>1.79%~2.11%</u>	<u>1.73%~2.00%</u>
Maturity date	<u>2025.12~2030.6</u>	<u>2025.6~2026.11</u>	<u>2025.04~2026.11</u>

(ii) Issuance and repayment of long-term loans (including current portion)

	Total
Balance as of January 1, 2025	\$ 3,246,170
Issuances during the period (Maturity date: April 2026 to June 2030)	5,300,000
Repayments during the period	(7,016,170)
Balance as of September 30, 2025	<u>\$ 1,530,000</u>
Interest rates range of the issuance during the period	<u>1.77%~1.81%</u>
	Total
Balance as of January 1, 2024	\$ 1,611,926
Issuances during the period (Maturity date: April 2025 to May 2026)	3,500,000
Repayments during the period	(2,308,857)
Effects of exchange rates	37,312
Balance as of September 30, 2024	<u>\$ 2,840,381</u>
Interest rates range of the issuance during the period	<u>1.73%~1.85%</u>

(m) Lease liabilities

The details of the Consolidated Company's lease liabilities were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	<u>\$ 51,786</u>	<u>39,209</u>	<u>43,011</u>
Non-current	<u>\$ 152,187</u>	<u>122,965</u>	<u>132,432</u>

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest on lease liabilities	\$ <u>899</u>	<u>760</u>	<u>2,543</u>	<u>2,359</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>31</u>	<u>-</u>	<u>239</u>	<u>-</u>
Income from sub-leasing right-of-use assets	\$ <u>116</u>	<u>108</u>	<u>330</u>	<u>325</u>
Expenses relating to short-term leases	\$ <u>7,100</u>	<u>7,070</u>	<u>19,716</u>	<u>20,274</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,674</u>	<u>800</u>	<u>4,780</u>	<u>3,037</u>

The amounts recognized in the statement of cash flows by the Consolidated Company were as follows:

	For the nine months ended September 30,	
	2025	2024
Total cash outflow for leases	\$ <u>67,210</u>	<u>62,479</u>

(i) Real estate leases

The Consolidated Company leases land and buildings for its office space and storage locations. The leases for office space and storage locations typically run for a period of 2 to 3 years ; and for land in Vietnam is 50 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Certain leases contain extension or cancellation options exercisable by the Consolidated Company. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Consolidated Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other leases

The Consolidated Company leases machinery equipment and transportation equipment, with lease terms of 2 to 5 years. In some cases, the Consolidated Company has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Consolidated Company also leases transportation, IT equipment and machinery with contract terms of 1 to 3 years. These leases are short-term or leases of low-value items. The Consolidated Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(n) Operating lease

There were no significant changes in operating lease for the years ended September 30, 2025, December 31 and September 30, 2024. Please refer to Note 6(o) to the consolidated financial statements for the year ended December 31, 2024.

(o) Provision

	September 30, 2025	December 31, 2024	September 30, 2024
Warranty provisions — current	\$ 5	920	924
Warranty provisions — non-current	152,652	137,207	132,764
Carbon fees	5,550	-	-
	<u>\$ 158,207</u>	<u>138,127</u>	<u>133,688</u>

In accordance with the Climate Change Response Act, the Ministry of Environment of the Republic of China (Taiwan) promulgated the Regulations Governing the Collection of Carbon Fees and relevant supporting measures in 2024. Starting from January 2025, carbon fees will be levied on greenhouse gas (GHG) emissions from specific entities. Under these regulations, entities that submit a self-initiated GHG reduction plan, obtain approval, and achieve the specified annual reduction targets may be eligible for a preferential carbon fee rate. If the entity qualifies as a high carbon leakage entity, its emissions can still be calculated based on the adjustment factor. Otherwise, the carbon fee will be levied on the actual emissions of the year according to the standard rate.

The Consolidated Company is subject to the domestic carbon fee regulations and, as of the reporting date, the management has resolved to submit a self-initiated reduction plan to the competent authority. The plan was submitted in March 2025. Based on internal and external information, including the ongoing GHG emissions inventory and the reduction tracking, the Consolidated Company assessed that it is highly probable that the plan will be approved and the annual reduction target will be met, thereby qualifying for the preferential rate.

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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Accordingly, for the period from January 1 to September 30, 2025, the Consolidated Company recognized a provision for carbon fee liabilities in the amount of \$5,550 thousand, which was calculated using the preferential rate of NTD50 per metric ton of CO₂ equivalent and applying the applicable emission adjustment factor. If the plan is subsequently not approved or it is assessed that the reduction target is unlikely to be achieved, the related amount will be remeasured using the standard rate of NTD300 per metric ton of CO₂ equivalent, which may result in an adjustment to the provision. The liability is expected to be settled in cash in May 2026 by the delivery of cash to the Government.

(p) Employee benefits

(i) Defined benefit plan

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

The expenses recognized in profit or loss for the Consolidated Company were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Operating costs	\$ 1,063	2,277	3,549	6,843
Selling expenses	46	100	155	297
Administrative expenses	181	467	647	1,400
	\$ 1,290	2,844	4,351	8,540

(ii) Defined contribution plan

The Consolidated Company expenses for the pension plan contributions to the Bureau of Labor Insurance and Bureau of Society Insurance were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Operating costs	\$ 16,973	15,502	50,046	48,753
Selling expenses	1,044	992	3,007	2,969
Administrative expenses	4,071	3,622	12,051	11,219
	\$ 22,088	20,116	65,104	62,941

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Income tax

Income tax expenses for the period are best estimated by multiplying the pretax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

(i) The details of income tax expense were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Income tax expense for the period				
Current tax expense incurred during the period	\$ 254,831	280,320	928,505	955,896
Adjustment for prior periods	-	(36,440)	(20,281)	(38,969)
	<u>254,831</u>	<u>243,880</u>	<u>908,224</u>	<u>916,927</u>
Deferred tax expenses				
The origination and reversal of temporary differences	735	(18,738)	2,422	(6,060)
Income tax expenses	<u>\$ 255,566</u>	<u>225,142</u>	<u>910,646</u>	<u>910,867</u>

(ii) The Company's income tax return had been examined by the ROC tax authorities through 2022.

(r) Capital and other equity

(i) Capital Stock

As of September 30, 2025, December 31 and September 30, 2024, the Company's government-registered total authorized capital amounted to \$15,000,000 thousand, with par value per share of \$10 (in dollars), and total issued ordinary shares amounted to 730,214 thousand shares. All issued shares were paid up upon issuance.

On September 22, 1994, the Company issued 6,000 thousand Global Depositary Receipts (GDRs), in the Multilateral Trading Facility (MTF) market of the Luxembourg Stock Exchange (LSE) (one GDRs represents 10 ordinary shares). The details of total issued shares and outstanding shares were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
(in shares)			
Total issued shares	<u>66,187,923</u>	<u>66,187,923</u>	<u>66,187,923</u>
Outstanding shares	<u>4,919,192</u>	<u>4,919,192</u>	<u>4,919,192</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Additional paid-in capital	\$ 2,289,734	2,289,734	2,289,734
Conversion of bonds	5,014,194	5,014,194	5,014,194
Treasury stock transactions	59,036	59,036	59,036
Difference between the acquiring value and the carrying value of subsidiaries	21,511	21,511	21,511
Changes in equity of associates accounted for using the equity method	190,496	190,496	190,496
Others	<u>167,337</u>	<u>167,337</u>	<u>164,779</u>
	<u>\$ 7,742,308</u>	<u>7,742,308</u>	<u>7,739,750</u>

(iii) Retained earnings

Based on the Company's articles of incorporation, the Company's annual earnings should first be used to provide for income tax and to cover accumulated deficits, before being set aside 10% as a legal reserve, or if necessary, a special reserve. The remainder, along with accumulated earnings, are distributed in cash under the authorized resolution by the Board of Directors attended by two-thirds of the directors and more than half of the attended directors agree, and then report to the meeting of shareholders. However, if they are distributed not only in cash, then they should be distributed as dividends and earnings distribution under the stockholders' resolution.

The Company is at a stable and mature stage, so the dividend plan is that the percentages of cash dividends and stock dividends shall not be less than 80% and more than 20%, respectively, of the total distribution.

1) Legal reserve

According to the Company Act, the Company is required to allocate ten percent of the post-tax net profit as legal reserve, until it equals to the total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

By choosing to apply exemptions granted under IFRSs 1 First-time Adoption of IFRSs during the Company's first-time adoption of the IFRSs as approved by the FSC, unrealized revaluation gains recognized under shareholders' equity and cumulative translation adjustments (gains) shall be reclassified as investment property at the adoption date. According to regulations, retained earnings would be increased by \$333,057 thousand, by recognizing the fair value on the adoption date as deemed cost. The increase in retained earnings occurring before the adoption date due to the first-time adoption of the IFRSs amounted to \$149,309 thousand. In accordance with Ruling by the FSC, an increase in retained earnings due to the first-time adoption of the IFRSs shall be reclassified as a special earnings reserve during earnings distribution, and when the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to \$149,309 thousand on September 30, 2025.

In accordance with Ruling by the FSC, a portion of current-period earnings and unappropriated prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of unappropriated prior period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

To promote climate change adaptation and mitigation, actively manage carbon risks, reduce operational impacts, the Company stipulates "Appropriation and use of special reserve in response to climate change adaptation and mitigation", and in accordance with the method sets aside a special reserve. This reserve is used for climate change adaptation and mitigation projects or plans, such as energy-saving equipment or upgrading equipment energy efficiency updates, research and development of energy-saving technologies, and low-carbon product development technology. The Company passed the stockholders' resolution to set aside "special reserve for climate change adaptation and mitigation" amounting to \$38,036 thousand on May 20, 2025, respectively. As of September 30, 2025, the balance of the special surplus reserve was \$270,843 thousand.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

The amounts of cash dividends on the 2024 and 2023 earnings distribution had been approved during the Company's Board of Directors on February 25, 2025 and February 26, 2024, respectively. The relevant dividend distributions to shareholders were as follows :

	2024		2023	
	Amount per share (in dollars)	Total amount	Amount per share (in dollars)	Total amount
Cash dividends distributed to ordinary shareholders	\$ 4.00	<u>2,920,855</u>	4.20	<u>3,066,898</u>

Related information can be found through the Market Observation Post System website.

(iv) Other equity interest, (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2025	\$ (562,748)	305,998	(256,750)
Exchange differences on translation:			
The Consolidated Company	(289,061)	-	(289,061)
Disposal of investments in equity instruments designated at fair value through other comprehensive income			
The Consolidated Company	-	21,579	21,579
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	300	300
Balance as of September 30, 2025	<u>\$ (851,809)</u>	<u>327,877</u>	<u>(523,932)</u>
Balance as of January 1, 2024	\$ (625,168)	319,891	(305,277)
Exchange differences on translation:			
The Consolidated Company	117,121	-	117,121
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	-	47,621	47,621
Others:			
The Consolidated Company	-	(435)	(435)
Balance as of September 30, 2024	<u>\$ (508,047)</u>	<u>367,077</u>	<u>(140,970)</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Earnings per share

The Company's earnings per share were calculated as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Basic earnings per share (in dollars)	<u>\$ 1.54</u>	<u>1.48</u>	<u>4.55</u>	<u>4.57</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,125,735</u>	<u>1,080,289</u>	<u>3,323,001</u>	<u>3,335,858</u>
Weighted-average number of outstanding ordinary shares (in thousands)	<u>730,214</u>	<u>730,214</u>	<u>730,214</u>	<u>730,214</u>
Diluted earnings per share (in dollars)	<u>\$ 1.54</u>	<u>1.48</u>	<u>4.54</u>	<u>4.56</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 1,125,735</u>	<u>1,080,289</u>	<u>3,323,001</u>	<u>3,335,858</u>
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214	730,214	730,214
Effect of dilutive potential ordinary shares				
Effect of employee share bonus	1,717	1,296	2,098	1,716
Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares)	<u>731,931</u>	<u>731,510</u>	<u>732,312</u>	<u>731,930</u>

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 30, 2025			
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 9,108,562	3,632,061	183,017	12,923,640
The United States	62,386	-	-	62,386
Asia	597,434	-	105	597,539
Others	264,763	-	489	265,252
	<u>\$ 10,033,145</u>	<u>3,632,061</u>	<u>183,611</u>	<u>13,848,817</u>
Main product/service line:				
Re-Bar	\$ 7,215,470	-	-	7,215,470
Section	2,811,020	-	-	2,811,020
Rendering of services	-	-	183,611	183,611
Metal structure	-	3,384,650	-	3,384,650
Civil engineering	-	247,411	-	247,411
Others	6,655	-	-	6,655
	<u>\$ 10,033,145</u>	<u>3,632,061</u>	<u>183,611</u>	<u>13,848,817</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended September 30, 2024				
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 9,858,758	3,295,812	141,601	13,296,171
The United States	11,233	-	-	11,233
Asia	731,242	-	384	731,626
Others	830,036	-	528	830,564
	\$ 11,431,269	3,295,812	142,513	14,869,594
Main product/service line:				
Re-Bar	\$ 7,731,011	-	-	7,731,011
Section	3,673,488	-	-	3,673,488
Rendering of services	-	-	142,513	142,513
Metal structure	-	3,131,092	-	3,131,092
Civil engineering	-	164,720	-	164,720
Others	26,770	-	-	26,770
	\$ 11,431,269	3,295,812	142,513	14,869,594
For the nine months ended September 30, 2025				
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 29,283,769	11,085,019	513,576	40,882,364
The United States	204,491	-	-	204,491
Asia	1,839,635	-	651	1,840,286
Others	1,094,928	-	1,485	1,096,413
	\$ 32,422,823	11,085,019	515,712	44,023,554
Main products/service lines:				
Re-Bar	\$ 22,544,327	-	-	22,544,327
Section	9,845,464	-	-	9,845,464
Rendering of services	-	-	515,712	515,712
Metal structure	-	10,439,981	-	10,439,981
Civil engineering	-	645,038	-	645,038
Others	33,032	-	-	33,032
	\$ 32,422,823	11,085,019	515,712	44,023,554

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2024				
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 30,600,930	10,002,620	438,000	41,041,550
The United States	65,589	-	-	65,589
Asia	2,252,089	-	1,048	2,253,137
Others	1,788,497	-	1,833	1,790,330
	\$ 34,707,105	10,002,620	440,881	45,150,606
Main products/service lines:				
Re-Bar	\$ 23,987,797	-	-	23,987,797
Section	10,608,328	-	-	10,608,328
Billet	3,165	-	-	3,165
Rendering of services	-	-	440,881	440,881
Metal structure	-	9,364,384	-	9,364,384
Civil engineering	-	638,236	-	638,236
Others	107,815	-	-	107,815
	\$ 34,707,105	10,002,620	440,881	45,150,606

(ii) Contract balances

	September 30, 2025	December 31, 2024	September 30, 2024
Notes receivable	\$ 195,864	73,568	190,600
Accounts receivable	2,705,081	3,378,303	2,856,694
Overdue receivables	68,682	57,673	47,993
Less: allowance for impairment	(85,143)	(74,546)	(63,668)
Total	\$ 2,884,484	3,434,998	3,031,619
Contract assets — construction contract	\$ 5,994,577	5,492,215	4,963,812
Contract liabilities — advance receipts	\$ 1,504,488	2,186,719	2,311,058
Contract liabilities — construction contract	2,394,102	1,394,285	1,433,692
Total	\$ 3,898,590	3,581,004	3,744,750

For details on accounts receivable and allowance for impairment, please refer to Note 6(d).

The amounts of revenue recognized for the nine months ended September 30, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$2,186,719 thousand and \$1,737,086 thousand, respectively.

The major changes in the balance of the contract assets and contract liabilities is the difference between the timing in the performance obligation to be satisfied and the payment to be received.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Remunerations to employees and directors

In accordance with the amended Articles of Incorporation approved in the shareholders' meeting held on May 20, 2025, if the Company has profit for the year, no less than 2.5% of the profit shall be allocated as employee compensation (including entry-level employees), and no more than 2% shall be allocated as remuneration of directors. However, if the Company has accumulated deficits, the profit shall be reserved in advance to offset the deficits.

For the three months ended September 30, 2025 and 2024 and nine months ended September 30, 2025 and 2024, the employee compensation and directors' remuneration were calculated based on the Company's profit before income tax excluding the employee benefits and directors' remuneration of the period and the earnings allocation method as stated under the Company's articles of incorporation and recognized as operating expense for the period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as a change in accounting estimates and will be reflected in profit or loss in the following year. Details of the abovementioned expenses were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Remuneration to employees	\$ 34,350	30,957	104,196	102,678
Remuneration to directors	27,479	24,766	83,356	82,143
	<u>\$ 61,829</u>	<u>55,723</u>	<u>187,552</u>	<u>184,821</u>

For the years ended December 31, 2024 and 2023, the estimated remunerations to employees and directors were the same. Related information can be found through the Market Observation Post System website.

	2024	2023
Remuneration to employees	\$ 136,813	149,342
Remuneration to directors	109,450	119,474
	<u>\$ 246,263</u>	<u>268,816</u>

(v) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest income from bank deposits	\$ 5,858	7,460	18,153	17,770
Other interest income	844	735	2,293	4,723
	<u>\$ 6,702</u>	<u>8,195</u>	<u>20,446</u>	<u>22,493</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Rent income	\$ 13,323	15,393	41,500	46,127
Remuneration income of directors and supervisors	272	228	51,695	33,871
Dividend income	35,831	29,799	36,491	39,803
Scrap income	12,424	1,528	20,101	5,882
	\$ 61,850	46,948	149,787	125,683

(iii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
(Losses) gains on disposal of property, plant and equipment	\$ 1,903	2,364	(54,584)	2,195
Foreign exchange gains(losses)	76,108	13,056	(81,269)	(58,009)
Gains (losses) on financial assets /liabilities at fair value through profit or loss	33,541	(43,173)	(79,475)	103,218
Impairment gains (losses)	2,079	(66)	2,079	(16,069)
Gain on lease modification	-	-	3	-
Compensation income	534	239	6,610	3,427
Others	7,910	1,093	14,390	21,198
	\$ 122,075	(26,487)	(192,246)	55,960

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest Expense				
Bank loans	\$ 58,298	81,765	192,147	270,539
Interest on domestic commercial papers	-	46	-	1,720
Lease liabilities	899	760	2,543	2,359
Less: interest capitalization	(1,443)	(887)	(4,075)	(2,587)
	<u>\$ 57,754</u>	<u>81,684</u>	<u>190,615</u>	<u>272,031</u>

(w) Financial instruments

Except as mentioned below, there was no significant change in the fair value of the Consolidated Company's financial instruments and degree of exposure to credit risk, liquidity risk, and market risk arising from financial instruments. For related information, please refer to Note 6(x) of the consolidated financial statements for the year ended December 31, 2024.

(i) Credit risk

Credit risk, which is mainly generated from operating activities, is the risk that counterparties default. The Consolidated Company only deals with counterparties that are reputable. Therefore, it is not expected to generate any material credit risk. Moreover, the Consolidated Company has numerous clients and does not make any concentrative transactions with any single client. Therefore, there is no concentration of credit risk for account receivables.

(ii) Exchange rate risk

1) Exposure to exchange rate risk

The Consolidated Company's financial assets and liabilities exposed to significant exchange rate risk were as follows:

	September 30, 2025			December 31, 2024			September 30, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 78,582	30.45	2,392,822	61,291	32.79	2,009,732	62,417	31.65	1,975,498
CNY	3,714	4.271	15,862	2,709	4.478	12,131	3,670	4.523	16,599
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 76,329	30.45	2,324,218	54,024	32.79	1,771,447	50,940	31.65	1,612,251
CNY	-	4.271	-	27	4.478	121	477	4.523	2,157

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange (losses) gains on monetary items is disclosed by total amount. For the nine months ended September 30, 2025 and 2024, the foreign exchange losses (including realized and unrealized portions) amounted to \$81,269 thousand and \$58,009 thousand, respectively.

2) Sensitivity analysis

The Consolidated Company's exposure to exchange rate risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivable and loans, which were denominated in different foreign currencies. The overall effects to net income for the nine months ended September 30, 2025 and 2024 assuming the NTD appreciate or depreciate by 1% against the USD and CNY, while other factors remain constant, as of September 30, 2025 and 2024 were as follows:

	<u>Effect of appreciation on profit after tax</u>	<u>Effect of depreciation on profit after tax</u>
September 30, 2025		
USD	\$ 549	(549)
CNY	<u>127</u>	<u>(127)</u>
	<u>\$ 676</u>	<u>(676)</u>
	<u>Effect of appreciation on profit after tax</u>	<u>Effect of depreciation on profit after tax</u>
September 30, 2024		
USD	\$ 2,906	(2,906)
CNY	<u>116</u>	<u>(116)</u>
	<u>\$ 3,022</u>	<u>(3,022)</u>

(iii) Interest rate analysis

Please refer to the notes on liquidity risk management about interest rate exposure of the Consolidated Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates of the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the liabilities bearing variable interest rates are outstanding for the whole year. A 1% increase in interest rate is assessed by management to be a reasonably possible change in interest rate.

If the interest rate increases by 1%, the Consolidate Company's net profit after tax will decrease by \$74,845 thousand and \$113,693 thousand for the nine months ended September 30, 2025 and 2024 respectively, assuming all other variable factors remain constant.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Other market price risk

For the nine months ended September 30, 2025 and 2024, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for profit or loss as illustrated below:

Prices of securities at the reporting date	For the nine months ended September 30,			
	2025		2024	
	Other comprehensive income after tax	Net income after tax	Other comprehensive income after tax	Net income after tax
Increasing 1%	\$ 4,242	1,205	4,923	1,195
Decreasing 1%	\$ (4,242)	(1,205)	(4,923)	(1,195)

(v) Fair value of financial instruments

1) Types and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Consolidated Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	September 30, 2025				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets—foreign exchange forward contracts	\$ 10,229	-	10,229	-	10,229
Derivative financial assets-exchange contract	152	-	152	-	152
Non-derivative financial assets—Stocks listed on domestic stocks	120,488	120,488	-	-	120,488
Subtotal	130,869	120,488	10,381	-	130,869
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	424,168	424,168	-	-	424,168
Unquoted equity instruments measured at fair value	301,899	-	-	301,899	301,899
Subtotal	726,067	424,168	-	301,899	726,067
Financial assets measured at amortized cost					
Cash and cash equivalents	1,255,175	-	-	-	-
Notes and accounts receivable	2,884,484	-	-	-	-
Other receivables	37,368	-	-	-	-
Refundable deposits and pledged deposits	403,473	-	-	-	-
Subtotal	4,580,500	-	-	-	-
Total	\$ 5,437,436	544,656	10,381	301,899	856,936

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

September 30, 2025					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost					
Short-term loans	\$ 7,825,589	-	-	-	-
Long-term loans (including current portion)	1,530,000	-	-	-	-
Notes and accounts payable	2,510,059	-	-	-	-
Other payables	2,218,159	-	-	-	-
Lease liabilities (including current portion)	203,973	-	-	-	-
Guarantee deposits received	7,100	-	-	-	-
Subtotal	<u>14,294,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 14,294,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2024					
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets — stocks listed on domestic stocks	\$ 109,204	109,204	-	-	109,204
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	432,618	432,618	-	-	432,618
Unquoted equity instruments measured at fair value	<u>186,482</u>	<u>-</u>	<u>-</u>	<u>186,482</u>	<u>186,482</u>
Subtotal	<u>619,100</u>	<u>432,618</u>	<u>-</u>	<u>186,482</u>	<u>619,100</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	1,519,082	-	-	-	-
Notes and accounts receivable	3,434,998	-	-	-	-
Other receivables	32,152	-	-	-	-
Refundable deposits and pledged deposits	357,556	-	-	-	-
Subtotal	<u>5,343,788</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,072,092</u>	<u>541,822</u>	<u>-</u>	<u>186,482</u>	<u>728,304</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities — foreign exchange forward contracts	\$ 3,855	-	3,855	-	3,855
Financial liabilities measured at amortized cost					
Short-term loans	8,770,644	-	-	-	-
Long-term loans (including current portion)	3,246,170	-	-	-	-
Notes and accounts payable	2,920,583	-	-	-	-
Other payables	2,461,096	-	-	-	-
Lease liabilities (including current portion)	162,174	-	-	-	-
Guarantee deposits received	9,541	-	-	-	-
Subtotal	<u>17,570,208</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 17,574,063</u>	<u>-</u>	<u>3,855</u>	<u>-</u>	<u>3,855</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2024				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets — stocks listed on domestic stocks	\$ 119,531	119,531	-	-	119,531
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	492,258	492,258	-	-	492,258
Unquoted equity instruments measured at fair value	187,852	-	-	187,852	187,852
Subtotal	680,110	492,258	-	187,852	680,110
Financial assets measured at amortized cost					
Cash and cash equivalents	2,309,412	-	-	-	-
Notes and accounts receivable	3,031,619	-	-	-	-
Other receivables	78,044	-	-	-	-
Refundable deposits and pledged deposits	267,421	-	-	-	-
Subtotal	5,686,496	-	-	-	-
Total	<u>\$ 6,486,137</u>	<u>611,789</u>	<u>-</u>	<u>187,852</u>	<u>799,641</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities — exchange contract	\$ 14,018	-	14,018	-	14,018
Financial liabilities measured at amortized cost					
Short-term loans	11,371,237	-	-	-	-
Long-term loans (including current portion)	2,840,381	-	-	-	-
Notes and accounts payable	2,843,013	-	-	-	-
Other payables	1,883,896	-	-	-	-
Lease liabilities (including current portion)	175,443	-	-	-	-
Guarantee deposits received	8,711	-	-	-	-
Subtotal	19,122,681	-	-	-	-
Total	<u>\$ 19,136,699</u>	<u>-</u>	<u>14,018</u>	<u>-</u>	<u>14,018</u>

2) Technique for fair value evaluation of financial instruments measured at fair value

a) Non-derivative financial instrument

If a financial instrument is quoted in an active market, the quoted price is its fair value. Announced prices at major exchanges and market prices of popular government bonds at the Taipei Exchange are bases of fair value for listed equity instruments and other debt investments with an active market.

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency. If this condition is not met, the market is not active. Generally, if bid-ask spreads are very wide, the spread is increasing, or the transaction volume is low, the market is not active.

Fair value of the Consolidated Company's financial instruments that have an active market is displayed by category and attributed as follows:

- Listed stocks are financial assets and liabilities with standard transaction terms and conditions, and are traded on an active market. The fair value of such items is determined in reference to the quoted market price.

Except for the abovementioned financial instruments with an active market price, the fair value of other financial instruments is measured using the valuation techniques. The fair value obtained through valuation techniques can be used as a reference to the current fair value, discounted cash flow, or other valuation techniques for other financial instruments with substantially similar properties and conditions. Fair value calculated using the valuation models and the available market information on the balance sheet date are also accepted by the market.

The fair value and the attributes of a financial instrument without an active market held by the Consolidated Company is listed as follows:

- Equity instruments without an open quoted price: The fair value is estimated using either the market comparable company approach or the asset-based approach. Under the market comparable company approach, the main assumptions are based on the estimated EBITDA of the investee and the earnings multiple derived from the market quotations of comparable listed companies. The estimated value has been adjusted for the discount due to the lack of market liquidity of the equity securities. Under the asset-based approach, fair value is measured based on the net asset value assessed by an independent institution.

b) Derivative financial instruments

Such items are valued using the valuation models which are widely accepted by the market. Foreign exchange forward contracts normally are valued using the current forward exchange rates. Over-the-counter contracts are valued based on the PLATTS Billet CFR Southeast Asia price as of the contract date.

3) Transfers between Level 1 and Level 2

There were no transfers in either direction in the nine months ended September 30, 2025 and 2024.

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income Unquoted equity instruments
January 1, 2025	\$ 186,482
Purchased	116,090
Total gains recognized in other comprehensive income	8,752
Capital reduction and return of shares	(9,108)
Disposals	<u>(317)</u>
September 30, 2025	<u>\$ 301,899</u>
January 1, 2024	\$ 199,411
Purchased	3,858
Total losses recognized in other comprehensive income	(7,699)
Capital reduction and return of shares	(5,400)
Disposals	<u>(2,318)</u>
September 30, 2024	<u>\$ 187,852</u>

For the nine months ended September 30, 2025 and 2024, total gains or losses that were included in “unrealized gains and losses on financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Total gains (losses) recognized in other comprehensive income (Note)	<u>\$ 25,957</u>	<u>(6,647)</u>	<u>17,005</u>	<u>(7,752)</u>

Note: Total gains recognized in other comprehensive income presented in unrealized gains and losses from financial assets at fair value through other comprehensive income.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Consolidated Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – equity investments”.

Multiple unobservable inputs exist with the fair value of the Consolidated Company’s investments in equity instruments. Since the significant unobservable inputs are independent of each other, no interrelationship exists.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follow:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income — equity investments without an active market	· Market comparable companies	· Multiplier of P/E ratio (1.16~1.39 、 0.95~2.69 and 1.30~2.96 as of September 30, 2025, December 31 and September 30, 2024) · Discount rate for lack of marketability (22.68%~27.97%, 21.16%~35.84% and 24.66%~35.99%, as of September 30, 2025, December 31 and September 30, 2024)	· The higher the multiplier, the higher the fair value · The higher the discount rate lack of marketability, the lower the fair value
	· Asset method	· Net asset value · Discount rate for lack of marketability (8.76%~28.85% 、 8.74%~29.20% and 8.86%~29.56%, as of September 30, 2025, December 31 and September 30, 2024)	· The higher the net assets, the higher the fair value · The higher the discount rate lack of marketability, the lower the fair value

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The measurement of fair value by the Consolidated Company is considerably reasonable. However, if a different valuation model or assumption is adopted, the result can differ. For fair value measurements in Level 3, changes in the assumptions would have the following effects:

			Changes in fair value reflected in other comprehensive income		
			Changes in assumptions	Favorable	Unfavorable
			Input		
September 30, 2025					
Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Discount rate circulation 8.76%~28.85%	5%	\$	18,880	(18,880)
December 31, 2024					
Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Discount rate circulation 8.74%~35.84%	5%		11,370	(11,370)
September 30, 2024					
Financial assets at fair value through other comprehensive income					
Equity investments without an active market	Discount rate circulation 8.86%~35.99%	5%		11,515	(11,515)

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(x) Financial risk management

Except for the following disclosures, there were no significant changes in the Consolidated Company's financial risk management and policies as disclosed in Note 6(y) to the consolidated financial statements for the year ended December 31, 2024.

(y) Capital management

Management believes that the objectives, policies and processes of capital management of the Consolidated Company has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Consolidated Company's capital management information as disclosed for the year ended December 31, 2024. Please refer to Note 6(z) of the consolidated financial statements for the year ended December 31, 2024 for further details.

(z) The investing and financing activities of non-cash transactions

The cash flow of non-cash investing and financing transactions for the nine months ended September 30, 2025 and 2024, were as follows:

	For the nine months ended September 30,	
	2025	2024
Reclassification of prepayment of land and equipment to property, plant and equipment	\$ 60,644	17,802
Changes in unrealized (losses) gains on financial instruments	\$ 300	47,623
Foreign exchange differences arising from foreign operations	\$ (290,249)	117,121
Increase in property, plant and equipment	\$ 554,886	796,270
Add: Payable for equipment as of January 1	252,299	24,185
Less: payable for equipment, September 30	(196,700)	(10,348)
Cash paid	\$ 610,485	810,107

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Reconciliation of liabilities arising from financing activities were as follows:

		<u>Cash flows</u>		<u>Non-cash changes</u>		
	<u>January 1, 2025</u>	<u>Acquisition</u>	<u>Repayment</u>	<u>Effect of exchange rates</u>	<u>Other</u>	<u>September 30, 2025</u>
Short-term loans	\$ 8,770,644	61,991,434	(62,774,528)	(161,961)	-	7,825,589
Long-term loans (including current portion)	3,246,170	5,300,000	(7,016,170)	-	-	1,530,000
Deposits received	9,541	-	(2,441)	-	-	7,100
Lease liabilities	162,174	-	(40,262)	(3,035)	85,096	203,973
Total liabilities from financing activities	<u>\$ 12,188,529</u>	<u>67,291,434</u>	<u>(69,833,401)</u>	<u>(164,996)</u>	<u>85,096</u>	<u>9,566,662</u>

		<u>Cash flows</u>		<u>Non-cash changes</u>		
	<u>January 1, 2024</u>	<u>Acquisition</u>	<u>Repayment</u>	<u>Effect of exchange rates</u>	<u>Other</u>	<u>September 30, 2024</u>
Short-term loans	\$ 13,884,659	66,035,963	(68,703,701)	154,316	-	11,371,237
Long-term loans (including current portion)	1,611,926	3,500,000	(2,308,857)	37,312	-	2,840,381
Short-term notes and bills payable	-	1,120,000	(1,120,000)	-	-	-
Deposits received	7,016	1,695	-	-	-	8,711
Lease liabilities	183,855	-	(37,134)	861	27,861	175,443
Total liabilities from financing activities	<u>\$ 15,687,456</u>	<u>70,657,658</u>	<u>(72,169,692)</u>	<u>192,489</u>	<u>27,861</u>	<u>14,395,772</u>

(7) Related-party transactions

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
Katec R&D Corp.	An associate
Taiwan Steel Union Co., Ltd.	An associate
Fujian Sino-Japan Metal Corp.	An associate
Tung Sugar Energy Service Co., Ltd.	An associate
Far East Steel Enterprise Corp.	The entity's chairman is the same as the Company
Shen Yuan Investment Co., Ltd.	The entity's chairman is the same as the Company
Hop Tsuen Co., Ltd.	The entity's chairman is the same as the Company
Anyao Co., Ltd.	The entity's chairman is the same as the Company
Tung Ho Steel Foundation	The entity's principal is the spouse of the chairman of the Company
Eternity Corp.	The entity's chairman is the same as the Company
Directors, general manager and vice general manager of the Consolidated Company	

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Significant related-party transactions

(i) Sales from related parties

The amounts of significant sales by the Consolidated Company to related parties and the balance of outstanding accounts receivable were as follows:

	Sales				Accounts receivable		
	For the three months ended		For the nine months ended		September 30,	December 31,	September 30,
	September 30,		September 30,		2025	2024	2024
	2025	2024	2025	2024			
Associates	\$ 1,139	1,304	2,555	2,692	690	1,706	580

The selling price and credit terms for sales to related parties are not significantly different from those to other customers.

(ii) Purchases from related parties

The amounts of significant purchases by the Consolidated Company from related parties and the balance of outstanding accounts payable were as follows:

	Purchases				Accounts payable		
	For the three months ended		For the nine months ended		September 30,	December 31,	September 30,
	September 30,		September 30,		2025	2024	2024
	2025	2024	2025	2024			
Associates	\$ 35	-	112	-	26	10	-
Other related parties	-	-	940	-	-	294	-
	\$ 35	-	1,052	-	26	304	-

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms were no different from the payment terms given by other vendors.

(iii) Guarantees and endorsement

The details of regarding balances of financing endorsement were as follows:

Expressed in thousands of USD

	September 30, 2025					
	Highest balance for		Ending amount		Actual amount usage	
	the period		(Note)			
Associates	USD\$	43,925	USD	43,925	USD	27,074
	December 31, 2024					
	Highest balance for		Ending amount		Actual amount usage	
	the period		(Note)			
Associates	USD\$	10,500	USD	10,500	USD	5,250
	September 30, 2024					
	Highest balance for		Ending amount		Actual amount usage	
	the period		(Note)			
Associates	USD\$	5,250	USD	5,250	USD	5,250

Note: The credit limit approved by the Board of Directors.

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Others

Rental income				
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Associates	\$ 817	817	2,451	2,451
Other related parties	395	1,142	2,546	3,448
	<u>\$ 1,212</u>	<u>1,959</u>	<u>4,997</u>	<u>5,899</u>
Miscellaneous revenue				
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Associates	\$ -	660	-	660
Operating expenses				
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Associates	\$ 294	917	1,145	1,973
Donations				
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Other related parties- Tung Ho Steel Foundation	\$ 6,000	124	6,000	5,624
Manufacturing expenses				
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2025	2024	2025	2024
Associates	\$ 7,172	17,336	30,045	40,172

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Relationship	Other receivables			Other payables		
	September 30, 2025	December 31, 2024	September 30, 2024	September 30, 2025	December 31, 2024	September 30, 2024
Associates	\$ -	-	-	698	1,201	12,255
Other related parties	-	1	1	-	-	-
	<u>\$ -</u>	<u>1</u>	<u>1</u>	<u>698</u>	<u>1,201</u>	<u>12,255</u>

Relationship	Contract liabilities			Deposits received		
	September 30, 2025	December 31, 2024	September 30, 2024	September 30, 2025	December 31, 2024	September 30, 2024
Associates	\$ 6	-	154	304	304	304
Other related parties	11	-	-	-	-	-
	<u>\$ 17</u>	<u>-</u>	<u>154</u>	<u>304</u>	<u>304</u>	<u>304</u>

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 10,108	13,784	37,655	44,481
Post-employment benefits	272	446	1,094	1,472
	<u>\$ 10,380</u>	<u>14,230</u>	<u>38,749</u>	<u>45,953</u>

As of nine months ended September 30, 2025 and 2024, the Consolidated Company provided two vehicles at an aggregate cost of \$7,640 thousand and \$5,840 thousand, respectively, for the key management personnel.

(8) Pledged assets

The details of the Consolidated Company's pledged assets were as follows:

Pledged assets	Pledged to secure	September 30, 2025	December 31, 2024	September 30, 2024
Other current assets	Performance guarantee	\$ 167,574	163,055	53,849
Other non-current assets	Performance guarantee	20,700	500	500
Non-current refundable deposits	Customs guarantee and performance guarantee	144,102	123,849	148,125
		<u>\$ 332,376</u>	<u>287,404</u>	<u>202,474</u>

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies

(a) Unrecognized contractual commitments

(i) Guarantees securities

The guarantees were mainly for securing loans and gave rise to potential off-balance-sheet credit risk, which represents the risk of loss incurred by the default of counterparties or by the devaluation of collateral provided by the counterparties. The Consolidated Company did not ask counterparties for collateral as secure guarantees. The amounts of the Consolidated Company's guarantees were as following:

	September 30, 2025	December 31, 2024	September 30, 2024
Guarantees securities amounts	<u>\$ 1,337,517</u>	<u>344,295</u>	<u>166,163</u>

(ii) The amounts of guaranteed notes issued by the Consolidated Company were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Bank credit limit	\$ 20,297,953	19,240,147	22,568,456
Leases	-	200	200
Guaranteed payment for purchases of raw materials	<u>90,600</u>	<u>90,600</u>	<u>79,300</u>
	<u>\$ 20,388,553</u>	<u>19,330,947</u>	<u>22,647,956</u>

(iii) Others:

	September 30, 2025	December 31, 2024	September 30, 2024
Unused outstanding letters of credit	<u>\$ 1,125,101</u>	<u>1,324,932</u>	<u>1,919,846</u>
Provide customer with a guarantee letter from the bank for the performance guarantee	<u>\$ 1,047,666</u>	<u>1,394,054</u>	<u>1,595,938</u>

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, was as follows:

	For the three months ended September 30, 2025			For the three months ended September 30, 2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	542,169	258,688	800,857	530,152	223,077	753,229
Labor and health insurance	47,792	14,202	61,994	46,381	13,279	59,660
Pension expenses	18,036	5,342	23,378	17,779	5,181	22,960
Remuneration of directors	-	27,479	27,479	-	24,766	24,766
Other personnel expenses	20,368	29,487	49,855	17,588	4,003	21,591
Depreciation expenses	359,408	30,480	389,888	363,517	29,031	392,548
Amortization expenses	9,423	2,830	12,253	8,911	2,428	11,339

	For the nine months ended September 30, 2025			For the nine months ended September 30, 2024		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	1,592,956	679,935	2,272,891	1,568,529	672,938	2,241,467
Labor and health insurance	150,996	43,277	194,273	143,645	43,103	186,748
Pension expenses	53,595	15,860	69,455	55,596	15,885	71,481
Remuneration of directors	-	83,356	83,356	-	82,143	82,143
Other personnel expenses	60,830	39,004	99,834	51,976	11,854	63,830
Depreciation expense	1,079,902	90,078	1,169,980	1,074,258	86,368	1,160,626
Amortization expense	32,510	7,637	40,147	34,550	7,662	42,212

(b) Seasonality of Operations

The Consolidated Company's operations were not affected by seasonality or cyclicity factors.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions

The followings were the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Consolidated Company for the nine months ended September 30, 2025:

(i) Lending to other parties:

(In thousands of NTD/USD)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance during the period (Note 3)	Actual usage amount during the period (Note 4 ~ 5)	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	THSVC	Other receivables	Yes	2,892,750 (USD 95,000)	2,283,750 (USD 75,000)	2,283,750 (USD 75,000)	1.869%~1.911%	2	-	Operating capital	-		-	3,275,287	6,550,575

Note 1: Financing to an individual party should not exceed 10% of the net equity on its latest financial statements. The maximum amount allowed for financing should not exceed 20% of the net equity on its latest financial statements.

Note 2: Reasons for short-term financing were as follows:

(1) Those with business contact please fill in 1.

(2) Those necessary for short-term fund circulation please fill in 2.

Note 3: The valid quota of financing to other parties as of September 30, 2025.

Note 4: The actual amount of loan within the financing quota.

Note 5: The transactions have already been written off in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/USD/CNY)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 7)	Actual usage amount during the period (Note 8)	Property pledged for guarantees and endorsements (amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 1)										
0	The Company (Note 2, 3, 6)	THSVC	2	16,376,437	14,616,000 (USD480,000)	12,941,250 (USD 425,000)	1,053,814 (USD 34,608)	-	39.51 %	16,376,437	Y	N	N
0	The Company (Note 2, 3, 6)	Fujian Sino-Japan Metal Corp.	6	16,376,437	1,177,654 (USD 38,675)	1,177,654 (USD 38,675)	664,541 (USD 21,824)	-	3.60 %	16,376,437	N	N	Y
1	Tung Yuan International Corp. (Note 4, 5)	Fujian Sino-Japan Metal Corp.	6	302,038 (USD 9,919)	159,863 (USD 5,250)	159,863 (USD 5,250)	159,863 (USD 5,250)	-	26.46 %	604,077 (USD19,838))	N	N	Y

Note 1: The Company may provide guarantees or endorsements for its receiving parties under the following conditions:

1. The Company has business with the receiving parties.

2. The Company holds directly more than 50% of the ordinary stock of the subsidiaries.

3. The Company and its subsidiaries hold more than 50% of the investee.

4. The Company holds, directly or indirectly, through its subsidiaries, more than 50% of the investee.

5. The Company is required to make guarantees or endorsements for the construction project based on the contract.

6. The stockholders of the Company may provide guarantees or endorsements for the investee in proportion to their stockholding percentage.

7. The companies in the same industry provide, among themselves, joint and several securities for a performance guarantee on sales contracts for pre- construction homes pursuant to the Consumer Protection Act for each other.

Note 2: Guarantees and endorsements for an individual company should not exceed 50% of the net equity of the latest financial statements.

Note 3: The total amount of guarantees and endorsements should not exceed 50% of the net equity of the latest financial statements.

Note 4: Guarantees and endorsements for an individual company should not exceed 50% of the total amount of guarantees and endorsements.

Note 5: The total amount of guarantees and endorsements should not exceed the Company’s net worth on its latest financial statements. The amount limited for the current period is USD19,838 thousand.

Note 6: Guarantees and endorsements for an individual company should not exceed 50% of the Company’s net worth on its latest financial statements. Moreover, according to the Company’s policy, the total amount of guarantees and endorsements made by the Company and subsidiaries should not exceed 50% of the Company’s latest financial statement (limit for the current period: \$16,376,437 thousand); the total amount of guarantees and endorsements on an individual company should not exceed 50% of the Company’s net worth of its latest financial statements (limit for the current period: \$16,376,437 thousand.)

Note 7: The amount approved by the Board of Directors.

Note 8: The actual amount used by the endorsed and guaranteed companies within their limited amount of guarantees and endorsements.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

(In thousands of NTD)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Stock—Zenitron Corporation	-	(a)	3,825,000	120,488	1.61 %	120,488	None
The Company	Stock—Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	15,185	19.87 %	15,185	None
The Company	Stock—Overseas Investment & Development Corp.	-	(b)	1,000,000	12,093	1.11 %	12,093	None
The Company	Stock—PoweWorld Capital Management Corp.	One of its directors	(b)	304,760	7,440	5.68 %	7,440	None
The Company	Stock—Power World Fund, Inc.	One of its directors	(b)	390,778	8,652	4.76 %	8,652	None
The Company	Stock—Tung Jiang Investment Corp.	One of its directors	(b)	-	36,581	9.11 %	36,581	None
The Company	Stock—Taiwan Aerospace Corp.	-	(b)	1,621,441	70,970	1.20 %	70,970	None
The Company	Stock—Universal Venture Capital Investment Corp.	-	(b)	2,800,000	28,026	2.33 %	28,026	None
The Company	Stock—IBT	-	(b)	1,312,993	8,523	4.17 %	8,523	None
The Company	Stock—Taiwan Smart Electricity & Energy Co., Ltd.	One of its directors	(b)	11,250,000	114,429	7.14 %	114,429	None
The Company	Stock—Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	370,402	8.90 %	370,402	None
The Company	Stock—Taiwan High Speed Rail Corporation	-	(b)	1,913,376	53,766	0.03 %	53,766	None

The account titles were as follows:

(a) Financial assets at fair value through profit or loss — current

(b) Financial assets at fair value through other comprehensive income — non-current

(iv) Information regarding related-party purchases and sales exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of NTD)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Tung Kang Steel Structure Corp.	Subsidiary	Sale	(2,903,649)	(8.69)%	60 days end of month	-	-	398,197	12.90%	
The Company	THSVC	Subsidiary	Purchase	3,757,222	18.16%	Payment within 30 days from signing the contract	-	-	-	-%	
The Company	Duc Hoa International J.S.C.	Subsidiary	Purchase	144,736	0.70%	10 days after B/L	-	-	(5,516)	(0.43)%	
Tung Kang Wind Power Corp.	The Company	Parent Company	Sale	(195,607)	(99.56)%	60 days end of month	-	-	11,894	99.19%	
Tung Kang Steel Structure Corp.	The Company	Parent Company	Purchase	2,903,649	57.31%	60 days end of month	-	-	(398,197)	(25.88)%	
THSVC	The Company	Parent Company	Sale	(3,757,222)	(66.19)%	Payment within 30 days from signing the contract	-	-	-	-%	
Duc Hoa International J.S.C.	The Company	Parent Company	Sale	(144,736)	(77.20)%	10 days after B/L	-	-	5,516	57.38%	

Note : The transactions have already been written off in the consolidated financial statements.

(v) Information regarding receivables from related parties exceeding 100 million or 20% of the Company's paid-in capital:

(In thousands of NTD)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	THSVC	Subsidiary	2,287,258(Other receivables—related parties)	-	-		460,258	-
The Company	Tung Kang Steel Structure Corp.	Subsidiary	398,197(Accounts receivable—related parties)	19.45	-		-	-

Note : The transactions have already been written off in the consolidated financial statements.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(vi) Significant transactions and business relationship between the parent company and its subsidiaries for the nine months ended September 30, 2025:

(In thousands of NTD)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Sales	2,917,573	General conditions	6.63%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Accounts receivable	407,714	60 days end of month	0.79%
0	The Company	THSVC	1	Other receivables	2,287,258	General conditions	4.42%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Sales	42,293	General conditions	0.10%
1	Tung Kang Steel Structure Corp. and its subsidiaries	The Company	2	Accounts receivable	3,746	60 days end of month	0.01%
2	THSVC	The Company	2	Sales	3,757,222	Payment within 30 days from signing the contract	8.53%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Sales	144,736	General conditions	0.33%
3	Tung Yuan International Corp. and subsidiaries	The Company	2	Accounts receivable	5,516	General conditions	0.01%
4	Tung Kang Wind Power Corp.	The Company	2	Sales	195,607	General conditions	0.44%
4	Tung Kang Wind Power Corp.	The Company	2	Accounts receivable	11,894	General conditions	0.02%

Note 1 : The numbers represent the following:

- 1. 0 represents the parent company.
- 2. Subsidiaries are numbered from 1.

Note 2 : Transactions are categorized as follows :

- 1. Parent company to subsidiary.
- 2. Subsidiary to parent company.
- 3. Subsidiary to subsidiary.

For significant intercompany transactions, only information regarding sales, funding and finances, and accounts receivables were disclosed; the opposing items of the transactions were not disclosed.

Note 3 : The transactions have already been written off in the consolidated financial statements.

(b) Information on investments:

The following is the information on investments for the nine months ended September 30, 2025 (excluding information on investees in Mainland China) :

(In thousands of NTD/VND/USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
The Company	Tung Yuan International Corp.	British Virgin Islands	Investment activities	827,722 (USD27,183)	827,722 (USD27,183)	82	100.00 %	607,591	(1,726)	(1,726)	Subsidiary
The Company	Tung Kang Steel Structure Corp.	Taiwan	Metal structure and building component construction.	1,775,138	1,775,138	201,121,339	97.48 %	3,633,606	955,499	930,417	Subsidiary
The Company	Katec R&D Corp.	Taiwan	Waste recycling	35,352	35,352	5,646,398	46.19 %	93,980	29,983	13,849	Associate
The Company	Goldham Development Ltd.	British Virgin Islands	Investment activities	38,793 (USD1,274)	38,793 (USD1,274)	1,274,000	100.00 %	17,069	4,604	4,604	Subsidiary
The Company	Taiwan Steel Union Co., Ltd.	Taiwan	Waste disposal	113,291	113,291	24,829,009	22.31 %	958,007	495,620	110,600	Associate
The Company	Katec Creative Resources Corporation	Taiwan	Waste recycling	914,478	914,478	61,391,933	99.02 %	679,127	53,919	53,389	Subsidiary
The Company	Tung Kang Wind Power Corp.	Taiwan	Development, production, transmission and distribution of wind power generation	655,000	655,000	65,500,000	100.00 %	721,990	61,217	61,242	Subsidiary
The Company	Tung Ho Steel Vietnam Corp., Ltd.	Vietnam	Steel industry	6,407,467	6,407,467	-	100.00 %	2,410,394	(79,846)	(79,846)	Subsidiary
The Company	Tung Sugar Energy Service Co.,Ltd.	Taiwan	Fertilizer producing and self-used equipment of renewable electric power	54,000	54,000	5,400,000	36.00 %	41,621	(10,222)	(3,680)	Associate
Tung Yuan International Corp.	3 Oceans International Inc.	Samoa	Investment activities	45,980 (USD1,510)	45,980 (USD1,510)	572,000	66.51 %	10,722	880	585	Subsidiary

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of September 30, 2025			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	114,766 (USD3,769)	114,766 (USD3,769)	8,154,419	96.00 %	118,699	(7,365)	(7,070)	Subsidiary
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Taiwan	Civil engineering	359,340	359,340	25,000,000	100.00 %	288,434	8,030	8,030	Subsidiary
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	3,823	3,823	230,335	2.71 %	4,257	(7,365)	(200)	Subsidiary
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	1,251 (VND 1,094,467)	1,251 (VND1,094,467)	109,446	1.29 %	1,458	(7,365)	(95)	Subsidiary

1 USD = 30.45NTD

1 VND= 0.001143NTD

Note: The tansactions were written off in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In thousands of NTD/USD)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2025	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 3)	Book value (Note 2)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Fujian Sino-Japan Metal Corp.	Tin-coated plate	1,583,400 (USD 52,000)	(2)	559,275 (USD 18,367)	-	-	559,275 (USD 18,367)	3,481	35.00%	1,218	344,672	-

Note 1: List of the method of investment

- (1) Direct investment
- (2) Indirect investment
- (3) Others

Note 2: On September 30, 2025, 1 USD = 30.45 NTD.

Note 3: For the nine months ended September 30, 2025, 1 USD = 31.22 NTD.

(ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)

Accumulated Investment in Mainland China as of September 30, 2025	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 1)
559,275 (USD18,367)	559,275 (USD18,367)	19,651,724

Note1: 60% of net equity.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information

- (a) The Consolidated Company has two reportable segments:
- (i) Steel Segment: Including the Taipei Headquarters, Taoyuan Processing Center, Taoyuan Plant, Taichung Port Logistics Center, Miaoli Plant, Kaohsiung Plant and THSVC, mainly engaged in the manufacture and sale of steel products.
 - (ii) Steel Structure Segment: Including Tung Kang Steel Structure Corp., Tung Kang Engineering & Construction Corp., mainly engaged in steel structure processing, steel structure engineering and civil construction engineering.
- (b) The Consolidated Company's operating segment information and reconciliation were as follows:

For the three months ended September 30, 2025					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 10,034,610	3,672,371	141,836	-	13,848,817
Inter-segment revenue	1,728,608	16,493	98,855	(1,843,956)	-
Total revenues	\$ 11,763,218	3,688,864	240,691	(1,843,956)	13,848,817
Reportable segment profit or loss	\$ 1,328,140	342,945	28,955	(311,589)	1,388,451
For the three months ended September 30, 2024					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 11,412,570	3,319,147	137,877	-	14,869,594
Inter-segment revenue	1,600,878	42,806	91,766	(1,735,450)	-
Total revenues	\$ 13,013,448	3,361,953	229,643	(1,735,450)	14,869,594
Reportable segment profit or loss	\$ 1,095,395	651,983	(2,141)	(426,392)	1,318,845
For the nine months ended September 30, 2025					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 32,414,298	11,221,924	387,332	-	44,023,554
Inter-segment revenue	6,674,847	65,184	383,579	(7,123,610)	-
Total revenue	\$ 39,089,145	11,287,108	770,911	(7,123,610)	44,023,554
Reportable segment profit or loss	\$ 3,900,329	1,198,225	128,759	(968,764)	4,258,549
For the nine months ended September 30, 2024					
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 34,627,018	10,099,311	424,277	-	45,150,606
Inter-segment revenue	5,672,251	114,744	302,865	(6,089,860)	-
Total revenue	\$ 40,299,269	10,214,055	727,142	(6,089,860)	45,150,606
Reportable segment profit or loss	\$ 3,615,767	1,603,653	24,735	(963,835)	4,280,320

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment assets					
September 30, 2025	\$ <u>50,621,165</u>	<u>9,051,344</u>	<u>3,059,031</u>	<u>(10,987,280)</u>	<u>51,744,260</u>
December 31, 2024	\$ <u>54,347,473</u>	<u>8,370,764</u>	<u>3,251,239</u>	<u>(11,088,859)</u>	<u>54,880,617</u>
September 30, 2024	\$ <u>54,601,941</u>	<u>7,964,247</u>	<u>3,255,120</u>	<u>(10,530,474)</u>	<u>55,290,834</u>
	<u>Steel Segment</u>	<u>Steel Structure</u>	<u>Others</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
Reportable segment liabilities					
September 30, 2025	\$ <u>16,182,253</u>	<u>5,150,629</u>	<u>309,320</u>	<u>(2,754,772)</u>	<u>18,887,430</u>
December 31, 2024	\$ <u>19,689,158</u>	<u>3,778,588</u>	<u>452,883</u>	<u>(1,802,108)</u>	<u>22,118,521</u>
September 30, 2024	\$ <u>20,954,784</u>	<u>3,850,084</u>	<u>507,968</u>	<u>(1,614,116)</u>	<u>23,698,720</u>