

(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 Three Months Ended March 31, 2026 and 2025**

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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 March 31, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months then ended, as well as the changes in equity and cash flows for the three 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 \$3,072,799 thousand and \$3,074,032 thousand, constituting 6% of the consolidated total assets; and the total liabilities amounting to \$504,052 thousand and \$800,650 thousand, constituting 3% of the consolidated total liabilities as of March 31, 2026 and 2025, respectively; as well as the total comprehensive income (loss) amounting to \$68,497 thousand and \$74,620 thousand, all constituting 6% of the consolidated total comprehensive income for the three months ended March 31, 2026 and 2025, 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 \$175,282 thousand and \$142,854 thousand as of March 31, 2026 and 2025, respectively, and its equity in net earnings on these investee companies of \$4,406 thousand and \$3,306 thousand for the three months ended March 31, 2026 and 2025, 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 March 31, 2026 and 2025, and of its consolidated financial performance for the three months then ended, as well as its consolidated cash flows for the three 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 Jhang, Jhao-Wun and Kuo, Hsin-Yi.

KPMG

Taipei, Taiwan (Republic of China)
April 28, 2026

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

March 31, 2026, December 31, 2025, and March 31, 2025

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2026		December 31, 2025		March 31, 2025		Liabilities and equity		March 31, 2026		December 31, 2025		March 31, 2025	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(a))	\$ 1,294,546	3	1,267,035	3	2,127,224	4	2100	Short-term loans (Note 6(k))	\$ 5,329,132	10	6,149,312	12	8,644,992	16
1110	Current financial assets at fair value through profit or loss (Note 6(b))	8,666	-	111,606	-	135,324	-	2120	Current financial liabilities at fair value through profit or loss (Note 6(b))	-	-	158	-	-	-
1140	Current contract assets (Notes 6(t) and 7)	6,891,644	13	5,983,887	12	5,319,098	10	2130	Current contract liabilities (including to related parties) (Notes 6(t) and 7)	4,191,888	8	3,654,076	7	3,604,840	7
1150	Notes receivable, net (Notes 6(d) and (t))	154,191	-	101,051	-	60,363	-	2150	Notes payable	17,027	-	24,103	-	22,744	-
1170	Accounts receivable, net (including from related parties) (Notes 6(d), (t) and 7)	3,122,264	6	2,706,246	5	3,192,010	6	2170	Accounts payable (including to related parties) (Note 7)	2,334,551	5	2,427,431	5	2,586,732	5
1200	Other receivables (including from related parties) (Notes 6(e) and 7)	202,887	-	39,667	-	183,350	-	2200	Other payables (including to related parties) (Notes 6(r) and 7)	5,611,829	11	2,651,269	5	4,853,311	9
1310	Inventories (Note 6(f))	14,833,244	29	16,684,734	32	17,574,308	33	2230	Current tax liabilities	915,328	2	607,910	1	880,049	1
1410	Prepayments	674,306	1	327,756	1	589,216	1	2250	Current provisions (Note 6(o))	6,657	-	6,657	-	-	-
1470	Other current assets (Note 8)	1,205,877	3	1,245,323	2	1,185,437	2	2280	Current lease liabilities (Note 6(m))	69,068	-	50,850	-	41,491	-
	Total current assets	28,387,625	55	28,467,305	55	30,366,330	56	2322	Long-term loans, current portion (Note 6(l))	80,000	-	80,000	-	400,000	1
Non-current assets:								2399	Other current liabilities	13,449	-	11,120	-	18,014	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	695,183	1	725,766	1	623,456	1		Total current liabilities	18,568,929	36	15,662,886	30	21,052,173	39
1550	Investments accounted for using the equity method (Note 6(g))	1,442,949	3	1,534,974	3	1,387,947	3	Non-current liabilities:							
1600	Property, plant and equipment (Notes 6(h) and 7)	18,078,415	35	18,152,919	35	18,680,276	35	2540	Long-term loans (Note 6(l))	260,000	1	1,350,000	3	1,400,000	3
1755	Right-of-use assets (Note 6(i))	377,569	1	307,000	1	286,882	1	2570	Deferred tax liabilities	203,478	-	207,437	1	177,941	-
1760	Investment property, net (Notes 6(h) and (j))	1,976,815	4	1,977,879	4	1,978,594	4	2580	Non-current lease liabilities (Note 6(m))	192,245	-	140,349	-	117,686	-
1780	Intangible assets	157,795	-	156,779	-	166,870	-	2640	Net defined benefit liability, non-current	9,745	-	9,522	-	25,931	-
1840	Deferred tax assets	90,775	-	90,775	-	72,097	-	2645	Guarantee deposits received (Note 7)	7,201	-	7,281	-	8,551	-
1900	Other non-current assets (Note 8)	41,734	-	47,759	-	75,626	-	2550	Non-current provisions (Note 6(o))	163,889	-	157,388	-	144,370	-
1911	Natural resources	6,948	-	7,058	-	8,202	-		Total non-current liabilities	836,558	1	1,871,977	4	1,874,479	3
1915	Prepayments for equipment	342,000	1	178,990	-	111,141	-		Total liabilities	19,405,487	37	17,534,863	34	22,926,652	42
1920	Refundable deposits (Note 8)	239,726	-	243,861	1	191,529	-	Equity (Note 6(r)):							
1975	Net defined benefit asset, non-current	117,922	-	106,144	-	-	-	3100	Capital stock	7,302,138	14	7,302,138	14	7,302,138	14
	Total non-current assets	23,567,831	45	23,529,904	45	23,582,620	44	3200	Capital surplus	7,745,045	15	7,745,045	15	7,742,308	14
									Retained earnings:						
								3310	Legal reserve	6,061,645	12	6,061,645	12	5,600,943	11
								3320	Special reserve	527,593	1	527,593	1	614,156	1
								3350	Unappropriated retained earnings	11,185,757	22	13,113,694	25	9,808,681	18
									Total retained earnings	17,774,995	35	19,702,932	38	16,023,780	30
								3400	Other equity interest	(394,968)	(1)	(404,143)	(1)	(175,583)	-
									Total equity attributable to owners of the parent	32,427,210	63	34,345,972	66	30,892,643	58
								36XX	Non-controlling interests	122,759	-	116,374	-	129,655	-
									Total equity	32,549,969	63	34,462,346	66	31,022,298	58
									Total liabilities and equity	\$ 51,955,456	100	51,997,209	100	53,948,950	100
	Total assets	\$ 51,955,456	100	51,997,209	100	53,948,950	100								

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 ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the three years ended March 31,			
		2026		2025	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(t) and 7)	\$ 13,602,390	100	14,500,033	100
5000	Operating costs (Notes 6(f), (h), (i), (j), (p) and 7)	(11,598,009)	(85)	(12,536,237)	(86)
5900	Gross profit from operations	<u>2,004,381</u>	<u>15</u>	<u>1,963,796</u>	<u>14</u>
6000	Operating expenses:				
6100	Selling expenses (Notes 6(h), (i), (j), (p), (u) and 7)	(258,411)	(2)	(294,818)	(2)
6200	Administrative expenses (Notes 6(h), (i), (j), (p), (u) and 7)	(355,932)	(3)	(342,835)	(3)
6450	Reversal of expected credit losses (Note 6(d))	724	-	9,927	-
6500	Total operating expenses	<u>(613,619)</u>	<u>(5)</u>	<u>(627,726)</u>	<u>(5)</u>
6900	Net operating income	<u>1,390,762</u>	<u>10</u>	<u>1,336,070</u>	<u>9</u>
7000	Non-operating income and expenses:				
7100	Interest income (Note 6(v))	7,720	-	4,772	-
7010	Other income (Notes 6(v) and 7)	39,435	-	21,813	-
7020	Other gains and losses (Notes 6(v) and 7)	94,272	1	57,196	-
7050	Finance costs (Notes 6(m) and (v))	(38,555)	-	(65,296)	-
7060	Share of profit of associates accounted for using the equity method (Note 6(g))	27,500	-	33,360	-
	Total non-operating income and expenses	<u>130,372</u>	<u>1</u>	<u>51,845</u>	<u>-</u>
7900	Profit before income tax	1,521,134	11	1,387,915	9
7950	Less: income tax expenses (Note 6(q))	302,993	2	287,865	2
8200	Profit	<u>1,218,141</u>	<u>9</u>	<u>1,100,050</u>	<u>7</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	(30,583)	-	4,356	-
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	<u>(30,583)</u>	<u>-</u>	<u>4,356</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	39,984	-	76,651	1
8399	Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Total items that may be reclassified subsequently to profit or loss	<u>39,984</u>	<u>-</u>	<u>76,651</u>	<u>1</u>
8300	Other comprehensive income	9,401	-	81,007	1
8500	Total comprehensive income	<u>\$ 1,227,542</u>	<u>9</u>	<u>1,181,057</u>	<u>8</u>
8600	Profit attributable to:				
8610	Owners of the parent	\$ 1,211,982	9	1,092,843	7
8620	Non-controlling interests	6,159	-	7,207	-
		<u>\$ 1,218,141</u>	<u>9</u>	<u>1,100,050</u>	<u>7</u>
8700	Comprehensive income attributable to:				
8710	Owners of the parent	\$ 1,221,157	9	1,174,010	8
8720	Non-controlling interests	6,385	-	7,047	-
		<u>\$ 1,227,542</u>	<u>9</u>	<u>1,181,057</u>	<u>8</u>
9750	Basic earnings per share (in dollars) (Note 6(s))	<u>\$ 1.66</u>		<u>1.50</u>	
9850	Diluted earnings per share (in dollars) (Note 6(s))	<u>\$ 1.66</u>		<u>1.49</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 three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Retained earnings					Other equity interest					Non-controlling interests	Total equity
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent		
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		
Profit for the period	-	-	-	-	1,092,843	1,092,843	-	-	-	1,092,843	7,207	1,100,050
Other comprehensive income for the period	-	-	-	-	-	-	76,811	4,356	81,167	81,167	(160)	81,007
Total comprehensive income for the period	-	-	-	-	1,092,843	1,092,843	76,811	4,356	81,167	1,174,010	7,047	1,181,057
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(2,920,855)	(2,920,855)	-	-	-	(2,920,855)	-	(2,920,855)
Balance as of March 31, 2025	\$ 7,302,138	7,742,308	5,600,943	614,156	9,808,681	16,023,780	(485,937)	310,354	(175,583)	30,892,643	129,655	31,022,298
Balance as of January 1, 2026	\$ 7,302,138	7,745,045	6,061,645	527,593	13,113,694	19,702,932	(731,627)	327,484	(404,143)	34,345,972	116,374	34,462,346
Profit for the period	-	-	-	-	1,211,982	1,211,982	-	-	-	1,211,982	6,159	1,218,141
Other comprehensive income for the period	-	-	-	-	-	-	39,758	(30,583)	9,175	9,175	226	9,401
Total comprehensive income for the period	-	-	-	-	1,211,982	1,211,982	39,758	(30,583)	9,175	1,221,157	6,385	1,227,542
Appropriation and distribution of retained earnings:												
Cash dividends of ordinary share	-	-	-	-	(3,139,919)	(3,139,919)	-	-	-	(3,139,919)	-	(3,139,919)
Balance as of March 31, 2026	\$ 7,302,138	7,745,045	6,061,645	527,593	11,185,757	17,774,995	(691,869)	296,901	(394,968)	32,427,210	122,759	32,549,969

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 three months ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2026	2025
Cash flows from operating activities:		
Profit before tax	\$ 1,521,134	1,387,915
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	420,980	390,822
Amortization expense	17,501	15,591
Reversal of expected credit losses	(724)	(9,927)
Net gains on financial assets or liabilities at fair value through profit or loss	(49,025)	(36,770)
Interest expense	38,555	65,296
Interest income	(7,720)	(4,772)
Dividend income	(23,381)	-
Share of profit of associates accounted for using the equity method	(27,500)	(33,360)
Gain from disposal of property, plant and equipment	-	(227)
Unrealized foreign exchange gain	(3,290)	(3,165)
Prepayments for equipment transferred to expense	1,350	-
Total adjustments to reconcile profit or loss	366,746	383,488
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	12,848	6,795
Contract assets	(907,757)	173,116
Notes receivable	(53,842)	12,960
Accounts receivable (including overdue receivable)	(414,592)	180,705
Other receivables (including related parties)	(7,947)	(4,943)
Inventories	1,851,490	1,499,047
Prepayments	(338,467)	(280,229)
Other current assets	94,694	(41,482)
Net defined benefit assets	(63,456)	-
Other operating assets	(922)	-
Total changes in operating assets	172,049	1,545,969
Contract liabilities	537,812	23,836
Notes payable	(7,076)	(226,608)
Accounts payable	(92,880)	(84,499)
Other payables	(106,317)	(521,616)
Provisions	6,501	6,243
Other current liabilities	2,329	4,578
Net defined benefit liability	223	(11,841)
Total changes in operating liabilities	340,592	(809,907)
Total net changes in operating assets and liabilities	512,641	736,062
Total adjustments	879,387	1,119,550

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 ended March 31, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2026	2025
Cash inflow generated from operations	\$ 2,400,521	2,507,465
Interest received	7,422	3,890
Interest paid	(43,487)	(66,700)
Income taxes refunded (paid)	465	(660)
Net cash flows from operating activities	2,364,921	2,443,995
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets designated at fair value through profit or loss	138,959	-
Acquisition of property, plant and equipment	(325,209)	(161,070)
Proceeds from disposal of property, plant and equipment	-	465
Decrease in refundable deposits	4,135	2,223
Acquisition of investment property	-	(5,496)
Increase in other financial assets	(3,570)	(15,899)
Increase in prepayments for land and equipment	(222,525)	(27,663)
Net cash flows used in investing activities	(408,210)	(207,440)
Cash flows from (used in) financing activities:		
Increase in short-term loans	20,535,889	17,931,183
Decrease in short-term loans	(21,367,582)	(18,112,842)
Proceeds from long-term loans	300,000	1,728,000
Repayments of long-term loans	(1,390,000)	(3,174,170)
Decrease in guarantee deposits received	(80)	(990)
Payment of lease liabilities	(13,736)	(12,244)
Net cash flows used in financing activities	(1,935,509)	(1,641,063)
Effect of exchange rate changes on cash and cash equivalents	6,309	12,650
Net increase in cash and cash equivalents	27,511	608,142
Cash and cash equivalents at beginning of period	1,267,035	1,519,082
Cash and cash equivalents at end of period	\$ 1,294,546	2,127,224

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

March 31, 2026 and 2025

(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 three months ended March 31, 2026 and 2025 were approved and authorized for issuance by the Board of Directors on April 28, 2026.

(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, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- 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

- (b) 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:

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
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</p> <p>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>

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TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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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”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(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, 2025. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2025.

(b) Basis of consolidation

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

Investor	The name of subsidiaries	Business activity	Percentage of ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
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 %	Note 1
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 %	Note 1
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.(Duc Hoa)	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
			March 31, 2026	December 31, 2025	March 31, 2025	
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Civil engineering	100.00 %	100.00 %	100.00 %	
Katec Creative Resources Corporation	Duc Hoa	Quicklime manufacturing	2.71 %	2.71 %	2.71 %	
THSVC	Duc Hoa	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) 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.

(d) 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.

(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, 2025. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2025.

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

(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, 2025. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2025.

(a) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand	\$ 2,537	2,841	2,851
Checking and demand deposits	804,722	844,266	1,030,854
Term deposits	467,336	419,928	609,519
Repurchase agreement	19,951	-	484,000
Cash and cash equivalents in the statement of cash flows	<u>\$ 1,294,546</u>	<u>1,267,035</u>	<u>2,127,224</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 March 31, 2026, December 31 and March 31, 2025, 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

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets at fair value through profit or loss:			
Derivative instruments not used for hedging			
Foreign exchange forward contracts	\$ 4,189	3,590	9,673
Over-the-counter contract	1,999	-	-
Non-derivative financial assets			
Listed common shares	2,478	108,016	125,651
Total	<u>\$ 8,666</u>	<u>111,606</u>	<u>135,324</u>

	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities at fair value through profit or loss:			
Derivative instruments not used for hedging			
Over-the-counter contract	\$ -	158	-

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

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 and liabilities.

(i) Foreign exchange forward contracts

March 31, 2026			
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD <u>16,334</u>	Buy USD/Sell NTD	2026.04.02~2026.06.30
December 31, 2025			
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD <u>17,299</u>	Buy USD/Sell NTD	2026.01.02~2026.06.27
March 31, 2025			
	Nominal amount (in thousands)	Currency	Maturity dates
Forward exchange purchased	USD <u>55,664</u>	Buy USD/Sell NTD	2025.04.01~2025.06.04
Forward exchange sold	USD <u>12,000</u>	Buy USD/Sell NTD	2025.04.15~2025.04.22

(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 billet. The following derivative instruments, without the application of hedge accounting, were classified as financial assets:

March 31, 2026			
	Nominal quantity (in tons)	Price exchange (in thousands of USD)	Maturity dates
Billet	<u>5,000</u>	\$ 0.455~0.499	2026.04.08~2026.10.14
December 31, 2025			
	Nominal quantity (in tons)	Price exchange (in thousands of USD)	Maturity dates
Billet	<u>10,000</u>	\$ 0.454~0.455	2026.03.06~2026.04.08

None of the financial assets at fair value through profit or loss was pledged as collateral as of March 31, 2026, December 31 and March 31, 2025, respectively.

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

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

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Equity investments at fair value through other comprehensive income:			
Listed common shares	\$ 403,181	411,260	451,843
Unlisted common shares	<u>292,002</u>	<u>314,506</u>	<u>171,613</u>
Total	<u>\$ 695,183</u>	<u>725,766</u>	<u>623,456</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

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Notes receivable	\$ 155,288	101,446	60,608
Accounts receivable	3,183,155	2,768,974	3,207,607
Accounts receivable-related parties	749	338	784
Overdue receivables	47,993	47,993	47,993
Less: loss allowance	<u>(110,730)</u>	<u>(111,454)</u>	<u>(64,619)</u>
	<u>\$ 3,276,455</u>	<u>2,807,297</u>	<u>3,252,373</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:

	<u>March 31, 2026</u>		
	<u>Gross carrying amount</u>	<u>Weighted-average loss rate</u>	<u>Loss allowance provision</u>
With low risk	\$ 687,010	0%~0.30%	9,753
With moderate risk	2,502,604	0.37%~3.17%	52,959
With financial difficulties	<u>47,993</u>	100%	<u>47,993</u>
	<u>\$ 3,237,607</u>		<u>110,705</u>

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

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	\$ 315,176	0%~0.30%	6,571
With moderate risk	2,411,037	0.32%~6.11%	56,865
With financial difficulties	<u>47,993</u>	100%	<u>47,993</u>
	<u>\$ 2,774,206</u>		<u>111,429</u>

	March 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
With low risk	\$ 448,352	0%~0.30%	8,193
With moderate risk	2,724,615	0.31%~0.80%	8,408
With financial difficulties	<u>47,993</u>	100%	<u>47,993</u>
	<u>\$ 3,220,960</u>		<u>64,594</u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
Current	\$ 3,187,674	2,716,539	3,145,576
1 to 60 days past due	471	8,814	19,771
61 to 364 days past due	1,405	803	7,583
More than 365 days past due	<u>48,057</u>	<u>48,050</u>	<u>48,030</u>
	<u>\$ 3,237,607</u>	<u>2,774,206</u>	<u>3,220,960</u>

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

	March 31, 2026		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	<u>\$ 149,578</u>	0%~0.014%	<u>25</u>

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	<u>\$ 144,545</u>	0%~0.014%	<u>25</u>

	March 31, 2025		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	<u>\$ 96,032</u>	0%~0.019%	<u>25</u>

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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 three months ended March 31,	
	2026	2025
Balance at January 1	\$ 111,454	74,546
Impairment losses reversed	(724)	(9,927)
Balance at December 31	\$ 110,730	64,619

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

(ii) As of March 31, 2026, December 31 and March 31, 2025, the Consolidated Company did not provide any notes and accounts receivable as collateral.

(e) Other receivables

	March 31, 2026	December 31, 2025	March 31, 2025
Dividends receivable	\$ 154,975	-	148,974
Receivables from disposal of subsidiary	-	-	21,060
Tax refund receivable	5,010	4,969	3,646
Others	42,902	34,698	30,730
Less: loss allowance	-	-	(21,060)
	\$ 202,887	39,667	183,350

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

(ii) As of March 31, 2026, December 31 and March 31, 2025, the Consolidated Company did not provide any other receivables as collateral.

(f) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Finished goods (including consigned goods)	\$ 3,015,467	2,944,531	3,475,426
Work in process (including consigned goods and goods in transit)	2,800,057	3,556,602	3,799,796
Raw materials (including goods in transit)	6,861,794	7,951,137	7,928,529
Material (including consigned goods and goods in transit)	2,155,926	2,232,464	2,370,557
Inventories, net	\$ 14,833,244	16,684,734	17,574,308

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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 March 31, 2026, December 31 and March 31, 2025, respectively.

(ii) Operating costs

For the three months ended March 31, 2026 and 2025, cost of sales recognized was as follows:

	For the three months ended March 31,	
	2026	2025
Cost of goods sold	\$ 9,481,549	10,539,389
Gain from recovery of inventory market price	(3,991)	(11,870)
Unallocated production overheads — capacity variance	31,106	38,132
Revenue from sales of materials and scrap	(81,187)	(38,257)
Total	\$ 9,427,477	10,527,394

For the years ended March 31, 2026 and 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 March 31, 2026 and 2025, consisted of the following:

	For the three months ended March 31,	
	2026	2025
Processing costs	\$ 127,395	88,420

(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:

	March 31, 2026	December 31, 2025	March 31, 2025
Carrying amount of individually insignificant associates' equity	\$ 1,442,949	1,534,974	1,387,947

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

	For the three months ended	
	March 31,	
	2026	2025
Attributable to the Consolidated Company:		
Net income from continuing operations	\$ 27,500	33,360
Other comprehensive income	5,554	11,757
Total	\$ 33,054	45,117

(ii) Collateral

None of the investments accounted for using the equity method was pledged as collateral as of March 31, 2026, December 31 and March 31, 2025.

(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 three months ended March 31, 2026 and 2025 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, 2026	\$ 5,545,585	42,086	10,136,923	31,775,865	520,524	394,306	260,602	48,675,891
Additions	-	-	1,983	121,768	5,542	729	127,076	257,098
Reclassification in (out)	-	-	-	52,871	-	-	(2,532)	50,339
Disposals	-	-	-	(15,808)	(947)	-	-	(16,755)
Effects of exchange rates and others	-	-	(97,599)	31,581	730	-	112,811	47,523
Balance as of March 31, 2026	\$ 5,545,585	42,086	10,041,307	31,966,277	525,849	395,035	497,957	49,014,096
Balance as of January 1, 2025	\$ 5,545,585	29,828	10,044,757	31,352,949	482,111	391,402	278,097	48,124,729
Additions	-	1,484	2,729	94,080	2,102	-	55,744	156,139
Reclassification in (out)	-	-	6,235	43,599	-	-	(9,970)	39,864
Disposals	-	-	(17)	(19,972)	(673)	-	-	(20,662)
Effects of exchange rates and others	-	-	41,517	89,689	1,897	-	525	133,628
Balance as of March 31, 2025	\$ 5,545,585	31,312	10,095,221	31,560,345	485,437	391,402	324,396	48,433,698
Accumulated depreciation and impairment losses:								
Balance as of January 1, 2026	\$ -	8,648	5,211,474	24,931,023	371,827	-	-	30,522,972
Depreciation for the period	-	1,098	67,398	327,356	10,023	-	-	405,875
Disposals	-	-	-	(15,808)	(947)	-	-	(16,755)
Effects of exchange rates and others	-	-	4,913	18,187	489	-	-	23,589
Balance as of March 31, 2026	\$ -	9,746	5,283,785	25,260,758	381,392	-	-	30,935,681

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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, 2025	\$ -	5,272	4,999,121	23,987,610	350,090	-	-	29,342,093
Depreciation for the period	-	773	66,023	298,984	9,677	-	-	375,457
Disposals	-	-	(17)	(19,735)	(672)	-	-	(20,424)
Effects of exchange rates and others	-	-	10,734	44,470	1,092	-	-	56,296
Balance as of March 31, 2025	<u>\$ -</u>	<u>6,045</u>	<u>5,075,861</u>	<u>24,311,329</u>	<u>360,187</u>	<u>-</u>	<u>-</u>	<u>29,753,422</u>
Carrying value								
Balance as of March 31, 2026	<u>\$ 5,545,585</u>	<u>32,340</u>	<u>4,757,522</u>	<u>6,705,519</u>	<u>144,457</u>	<u>395,035</u>	<u>497,957</u>	<u>18,078,415</u>
Balance as of December 31, 2025	<u>\$ 5,545,585</u>	<u>33,438</u>	<u>4,925,449</u>	<u>6,844,842</u>	<u>148,697</u>	<u>394,306</u>	<u>260,602</u>	<u>18,152,919</u>
Balance as of March 31, 2025	<u>\$ 5,545,585</u>	<u>25,267</u>	<u>5,019,360</u>	<u>7,249,016</u>	<u>125,250</u>	<u>391,402</u>	<u>324,396</u>	<u>18,680,276</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>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Property, plant and equipment	\$ 395,035	394,306	391,402
Investment property	71,952	71,952	71,952
	<u>\$ 466,987</u>	<u>466,258</u>	<u>463,354</u>

(ii) Work in Progress – Plant and equipment

For the three months ended March 31, 2026 and 2025, the capitalized interest incurred by the Consolidated Company during the construction of plant and equipment amounted to \$880 thousand and \$1,265 thousand, respectively. The capitalization rates ranged applied were 1.76%~1.77% and 1.81%~1.82%, respectively.

(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 March 31, 2026, December 31 and March 31, 2025.

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

(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 is a lessee are 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, 2026	\$ 315,972	77,205	82,737	41,494	6,806	524,214
Additions	-	4,817	-	78,579	-	83,396
Disposal	-	-	-	(1,421)	-	(1,421)
Effect of exchange rates	<u>1,262</u>	<u>95</u>	<u>684</u>	<u>-</u>	<u>-</u>	<u>2,041</u>
Balance at March 31, 2026	<u>\$ 317,234</u>	<u>82,117</u>	<u>83,421</u>	<u>118,652</u>	<u>6,806</u>	<u>608,230</u>
Balance at January 1, 2025	\$ 322,681	55,904	89,086	33,589	7,179	508,439
Additions	-	4,815	-	3,117	-	7,932
Disposal	(1,935)	(41,075)	-	(3,096)	-	(46,106)
Effect of exchange rates	<u>3,785</u>	<u>286</u>	<u>2,054</u>	<u>-</u>	<u>-</u>	<u>6,125</u>
Balance at March 31, 2025	<u>\$ 324,531</u>	<u>19,930</u>	<u>91,140</u>	<u>33,610</u>	<u>7,179</u>	<u>476,390</u>
Accumulated depreciation:						
Balance at January 1, 2026	\$ 110,664	15,014	65,852	23,230	2,454	217,214
Depreciation for the period	3,777	4,877	87	5,018	282	14,041
Disposal	-	-	-	(1,421)	-	(1,421)
Effect of exchange rates	<u>237</u>	<u>37</u>	<u>553</u>	<u>-</u>	<u>-</u>	<u>827</u>
Balance at March 31, 2026	<u>\$ 114,678</u>	<u>19,928</u>	<u>66,492</u>	<u>26,827</u>	<u>2,736</u>	<u>230,661</u>
Balance at January 1, 2025	\$ 94,907	41,864	62,308	16,591	3,657	219,327
Depreciation for the period	4,861	4,174	2,657	2,199	293	14,184
Disposal	(1,935)	(41,075)	-	(3,096)	-	(46,106)
Effect of exchange rates	<u>615</u>	<u>54</u>	<u>1,434</u>	<u>-</u>	<u>-</u>	<u>2,103</u>
Balance at March 31, 2025	<u>\$ 98,448</u>	<u>5,017</u>	<u>66,399</u>	<u>15,694</u>	<u>3,950</u>	<u>189,508</u>
Carrying amount:						
Balance at March 31, 2026	<u>\$ 202,556</u>	<u>62,189</u>	<u>16,929</u>	<u>91,825</u>	<u>4,070</u>	<u>377,569</u>
Balance at December 31, 2025	<u>\$ 205,308</u>	<u>62,191</u>	<u>16,885</u>	<u>18,264</u>	<u>4,352</u>	<u>307,000</u>
Balance at March 31, 2025	<u>\$ 226,083</u>	<u>14,913</u>	<u>24,741</u>	<u>17,916</u>	<u>3,229</u>	<u>286,882</u>

(Continued)

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

(j) Investment property

	<u>Land and improvements</u>	<u>Buildings and structures</u>	<u>Total</u>
Cost or deemed cost:			
Balance as of January 1, 2026 (The balance was the same as of March 31, 2026)	\$ <u>1,930,443</u>	<u>271,731</u>	<u>2,202,174</u>
Balance as of January 1, 2025	\$ 1,924,255	269,585	2,193,840
Additions	<u>5,496</u>	-	<u>5,496</u>
Balance as of March 31, 2025	<u>\$ 1,929,751</u>	<u>269,585</u>	<u>2,199,336</u>
Accumulated depreciation :			
Balance as of January 1, 2026	\$ -	224,295	224,295
Depreciation for the period	<u>-</u>	<u>1,064</u>	<u>1,064</u>
Balance as of March 31, 2026	<u>\$ -</u>	<u>225,359</u>	<u>225,359</u>
Balance as of January 1, 2025	\$ -	219,561	219,561
Depreciation for the period	<u>-</u>	<u>1,181</u>	<u>1,181</u>
Balance as of March 31, 2025	<u>\$ -</u>	<u>220,742</u>	<u>220,742</u>
Carrying amount:			
Balance as of March 31, 2026	<u>\$ 1,930,443</u>	<u>46,372</u>	<u>1,976,815</u>
Balance as of December 31, 2025	<u>\$ 1,930,443</u>	<u>47,436</u>	<u>1,977,879</u>
Balance as of March 31, 2025	<u>\$ 1,929,751</u>	<u>48,843</u>	<u>1,978,594</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 installed five wind turbine 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 March 31, 2026, December 31 and March 31, 2025, the carrying amounts were \$974,120 thousand for both years.
- (iii) There were no significant changes in the fair value of the Investment Property for the year ended December 31, 2025. Please refer to Note 6(k) of the consolidated financial statement of 2025.
- (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 March 31, 2026, December 31 and March 31, 2025.

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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:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Letters of credit loans	\$ 589	355	17,883
Unsecured bank loans	<u>5,328,543</u>	<u>6,148,957</u>	<u>8,627,109</u>
	<u>\$ 5,329,132</u>	<u>6,149,312</u>	<u>8,644,992</u>
Unused credit lines (including notes and bills payable)	<u>\$ 34,380,437</u>	<u>34,418,425</u>	<u>32,159,991</u>
Range of interest rates	<u>1.73%~5.91%</u>	<u>1.73%~5.20%</u>	<u>1.73%~5.36%</u>

(ii) Issuance and repayment of short-term loans

	<u>Total</u>
Balance as of January 1, 2026	\$ 6,149,312
Issuances during the period (Maturity date: April 2026 to August 2026)	20,535,889
Repayments during the period	(21,367,582)
Effects of exchange rates	<u>11,513</u>
Balance as of March 31, 2026	<u>\$ 5,329,132</u>
Interest rates range of the issuance during the period	<u>1.73%~5.91%</u>

	<u>Total</u>
Balance as of January 1, 2025	\$ 8,770,644
Issuances during the period (Maturity date: April 2025 to December 2025)	17,931,183
Repayments during the period	(18,112,842)
Effects of exchange rates	<u>56,007</u>
Balance as of March 31, 2025	<u>\$ 8,644,992</u>
Interest rates range of the issuance during the period	<u>1.58%~6.48%</u>

(Continued)

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:

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Unsecured bank loans	\$ 340,000	1,430,000	1,800,000
Less: current portion	<u>(80,000)</u>	<u>(80,000)</u>	<u>(400,000)</u>
Total	<u>\$ 260,000</u>	<u>1,350,000</u>	<u>1,400,000</u>
Unused long-term credit lines	<u>\$ 4,270,000</u>	<u>3,200,000</u>	<u>3,195,000</u>
Range of interest rates	<u>1.77%</u>	<u>1.77%~1.80%</u>	<u>1.80% ~ 1.88%</u>
Maturity date	<u>2026.6~2030.6</u>	<u>2026.3~2030.6</u>	<u>2025.6~2028.3</u>

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

	<u>Total</u>
Balance as of January 1, 2026	\$ 1,430,000
Issuances during the period (Maturity date: June 2026 to June 2030)	300,000
Repayments during the period	<u>(1,390,000)</u>
Balance as of March 31, 2026	<u>\$ 340,000</u>
Interest rates range of the issuance during the period	<u>1.80%</u>
	<u>Total</u>
Balance as of January 1, 2025	\$ 3,246,170
Issuances during the period (Maturity date: April 2026 to March 2028)	1,728,000
Repayments during the period	<u>(3,174,170)</u>
Balance as of March 31, 2025	<u>\$ 1,800,000</u>
Interest rates range of the issuance during the period	<u>1.80%~1.88%</u>

(m) Lease liabilities

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

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Current	<u>\$ 69,068</u>	<u>50,850</u>	<u>41,491</u>
Non-current	<u>\$ 192,245</u>	<u>140,349</u>	<u>117,686</u>

(Continued)

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 March 31,	
	2026	2025
Interest on lease liabilities	<u>\$ 1,239</u>	<u>691</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 38</u>	<u>163</u>
Income from sub-leasing right-of-use assets	<u>\$ 124</u>	<u>114</u>
Expenses relating to short-term leases	<u>\$ 14,710</u>	<u>6,735</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 432</u>	<u>822</u>

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

	For the three months ended March 31,	
	2026	2025
Total cash outflow for leases	<u>\$ 30,031</u>	<u>20,541</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.

(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.

(Continued)

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

The Consolidated Company also leases transportation, machinery and IT equipment 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 leases for the three months ended March 31, 2026. Please refer to Note 6(o) to the consolidated financial statements for the year ended December 31, 2025.

(o) Provision

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Current			
Carbon fees	\$ 6,653	6,653	-
Warranty provisions — current	4	4	-
Non-Current			
Carbon fees	1,548	-	1,784
Warranty provisions — non-current	<u>162,341</u>	<u>157,388</u>	<u>142,586</u>
	<u>\$ 170,546</u>	<u>164,045</u>	<u>144,370</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 may 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 and was subsequently approved in February 2026, after which the Consolidated Company applied to the competent authority for recognition as a high carbon-leakage-risk industry. Based on internal and external information available, including the ongoing greenhouse gas emissions inventory and the monitoring of reduction progress, the Consolidated Company assessed that it is highly probable that the plan will be approved and that the annual designated reduction target will be met, thereby qualifying for the preferential rate.

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

Accordingly, for the period from January 1 to March 31, 2026 and 2025, the Consolidated Company recognized a provision for carbon fee liabilities in the amount of NT\$1,548 thousand and NT1,784 thousand, respectively, calculated using the preferential rate of NT\$50 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 designated reduction target is unlikely to be achieved, the related amount will be remeasured using the standard rate of NT\$300 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 2027 and May 2026 through payment 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, 2025 and 2024.

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

	For the three months ended March 31,	
	2026	2025
Operating costs	\$ 1,070	1,451
Selling expenses	46	64
Administrative expenses	403	277
	\$ 1,519	1,792

(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 March 31,	
	2026	2025
Operating costs	\$ 18,543	16,406
Selling expenses	1,014	978
Administrative expenses	4,019	3,957
	\$ 23,576	21,341

(Continued)

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 management.

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

	For the three months ended March 31,	
	2026	2025
Current tax expense		
Current period	\$ 302,133	284,154
Adjustment for prior periods	(1,206)	-
	300,927	284,154
Deferred tax expense		
The origination and reversal of temporary differences	2,066	3,711
Income tax expenses	\$ 302,993	287,865

(ii) Assessment of tax

The Company and its subsidiaries' income tax return had been examined by the ROC tax authorities through 2023.

(iii) Global minimum top-up tax

As the local statutory tax rate applicable to the Consolidated Company's subsidiary operating in Vietnam is 10%, and Vietnam's Pillar Two Model Rules became effective on January 1, 2024, the Consolidated Company recognized no current income tax impact for the year ending 2026 due to tax losses.

(r) Capital and other equity

(i) Capital Stock

As of March 31, 2026, December 31 and March 31, 2025, 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.

(Continued)

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

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:

(in shares)	March 31, 2026	December 31, 2025	March 31, 2025
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>

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
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 acquisition cost and the carrying amount of subsidiaries shares	21,511	21,511	21,511
Changes in equity of associates accounted for using the equity method	190,246	190,246	190,496
Others	<u>170,324</u>	<u>170,324</u>	<u>167,337</u>
	<u>\$ 7,745,045</u>	<u>7,745,045</u>	<u>7,742,308</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 board 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.

(Continued)

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

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.

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 March 31, 2026.

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. As of March 31, 2026, the balance of the special surplus reserve was \$270,843 thousand.

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

3) Earnings distribution

The amounts of cash dividends on the 2025 and 2024 earnings distribution had been approved during the Company's Board of Directors on February 26, 2026 and February 25, 2025, respectively. The relevant dividend distributions to shareholders were as follows :

	2025		2024	
	Amount per share (in dollars)	Total amount	Amount per share (in dollars)	Total amount
Cash dividends distributed to ordinary shareholders	\$ 4.30	<u><u>3,139,919</u></u>	4.00	<u><u>2,920,855</u></u>

The record date of 2025 and 2024 cash dividends is April 24, 2026, and April 23, 2025, respectively, and the cash dividend is currently under the account Other payables as of March 31, 2026, and 2025. Related information can be found through the Market Observation Post System website.

(iv) Other equity (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, 2026	\$ (731,627)	327,484	(404,143)
Exchange differences on translation:			
The Consolidated Company	39,758	-	39,758
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	<u>-</u>	<u>(30,583)</u>	<u>(30,583)</u>
Balance as of March 31, 2026	<u><u>\$ (691,869)</u></u>	<u><u>296,901</u></u>	<u><u>(394,968)</u></u>
Balance as of January 1, 2025	\$ (562,748)	305,998	(256,750)
Exchange differences on translation:			
The Consolidated Company	76,811	-	76,811
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income:			
The Consolidated Company	<u>-</u>	<u>4,356</u>	<u>4,356</u>
Balance as of March 31, 2025	<u><u>\$ (485,937)</u></u>	<u><u>310,354</u></u>	<u><u>(175,583)</u></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 March 31,	
	2026	2025
Basic earnings per share (in dollars)	\$ 1.66	1.50
Profit attributable to ordinary shareholders of the Company	\$ 1,211,982	1,092,843
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214
Diluted earnings per share (in dollars)	\$ 1.66	1.49
Profit attributable to ordinary shareholders of the Company	\$ 1,211,982	1,092,843
Weighted-average number of outstanding ordinary shares (in thousands)	730,214	730,214
Effect of dilutive potential ordinary shares		
Effect of employee share bonus	1,810	1,636
Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares)	732,024	731,850

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2026			
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 9,054,171	3,238,383	179,303	12,471,857
The Americas	14,658	-	-	14,658
Asia	802,566	-	319	802,885
Others	312,462	-	528	312,990
	\$ 10,183,857	3,238,383	180,150	13,602,390
Main products/service lines:				
Re-Bar	\$ 7,031,178	-	-	7,031,178
Section	3,137,864	-	-	3,137,864
Rendering of services	-	-	180,150	180,150
Metal structure	-	3,189,758	-	3,189,758
Civil engineering	-	48,625	-	48,625
Others	14,815	-	-	14,815
	\$ 10,183,857	3,238,383	180,150	13,602,390

(Continued)

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

	For the three months ended March 31, 2025			
	Sale of goods	Construction contracts	Rendering of services	Total
Primary geographical markets:				
Taiwan	\$ 9,845,381	3,484,756	118,015	13,448,152
The Americas	26,682	-	-	26,682
Asia	613,887	-	155	614,042
Others	410,650	-	507	411,157
	\$ 10,896,600	3,484,756	118,677	14,500,033
Main products/service lines:				
Re-Bar	\$ 7,563,710	-	-	7,563,710
Section	3,314,006	-	-	3,314,006
Rendering of services	-	-	118,676	118,676
Metal structure	-	3,279,080	-	3,279,080
Civil engineering	-	205,676	-	205,676
Others	18,885	-	-	18,885
	\$ 10,896,601	3,484,756	118,676	14,500,033

(ii) Contract balances

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	\$ 155,288	101,446	60,608
Accounts receivable	3,183,904	2,769,312	3,208,391
Overdue receivables	47,993	47,993	47,993
Less: allowance for impairment	(110,730)	(111,454)	(64,619)
Total	\$ 3,276,455	2,807,297	3,252,373
Contract assets — construction contract	\$ 6,891,644	5,983,887	5,319,098
Contract liabilities — advance receipts	\$ 1,195,959	1,281,379	1,420,528
Contract liabilities — construction contract	2,995,929	2,372,697	2,184,312
Total	\$ 4,191,888	3,654,076	3,604,840

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

The amounts of revenue recognized for the three months ended March 31, 2026 and 2025 that were included in the contract liability balance at the beginning of the period were \$1,281,379 thousand and \$2,186,719 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) Employee compensation and remuneration of 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 March 31, 2026 and 2025, 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 March 31,	
	2026	2025
Remuneration to employees	\$ 38,042	34,033
Remuneration to directors	30,434	27,227
	\$ 68,476	61,260

For the years ended December 31, 2025 and 2024, the estimated remunerations to employees and directors were the same. Related information can be found through the Market Observation Post System website.

	2025	2024
Remuneration to employees	\$ 144,706	136,813
Remuneration to directors	115,765	109,450
	\$ 260,471	246,263

(v) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31,	
	2026	2025
Interest income from bank deposits	\$ 6,979	3,974
Other interest income	741	798
	\$ 7,720	4,772

(Continued)

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

(ii) Other income

	For the three months ended March 31,	
	2026	2025
Rent income	\$ 12,461	14,253
Remuneration income of directors and supervisors	2,301	2,245
Dividend income	23,381	-
Scrap income	1,292	5,315
	\$ 39,435	21,813

(iii) Other gains and losses

	For the three months ended March 31,	
	2026	2025
Gains on disposal of property, plant and equipment	\$ -	227
Foreign exchange gains	38,952	14,038
Gains on financial assets /liabilities at fair value through profit or loss	49,025	36,770
Compensation income	1,131	1,081
Others	5,164	5,080
	\$ 94,272	57,196

(iv) Finance costs

	For the three months ended March 31,	
	2026	2025
Interest Expense		
Bank loans	\$ 38,196	65,870
Lease liabilities	1,239	691
Less: interest capitalization	(880)	(1,265)
	\$ 38,555	65,296

(Continued)

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

(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, 2025.

(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:

	March 31, 2026			December 31, 2025			March 31, 2025		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 68,714	32.00	2,198,848	72,424	31.43	2,276,286	66,525	33.21	2,209,295
CNY	-	-	-	-	-	-	2,709	4,573	12,388
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 89,712	32.00	2,870,784	79,505	31.43	2,498,842	56,398	33.21	1,872,978
CNY	-	-	-	1,112	4,496	5,000	-	-	-

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 three months ended March 31, 2026 and 2025, the foreign exchange gains (including realized and unrealized portions) amounted to \$38,952 thousand and \$14,038 thousand, respectively.

(Continued)

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

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 three months ended March 31, 2026 and 2025 assuming the NTD appreciate or depreciate by 1% against the USD and CNY, while other factors remain constant, as of March 31, 2026 and 2025 were as follows:

	<u>Effect of appreciation on profit after tax</u>	<u>Effect of depreciation on profit after tax</u>
March 31, 2026		
USD	\$ <u>(5,375)</u>	<u>5,375</u>
March 31, 2025		
USD	\$ 2,691	(2,691)
CNY	<u>99</u>	<u>(99)</u>
	\$ <u><u>2,790</u></u>	<u><u>(2,790)</u></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 \$45,353 thousand and \$83,560 thousand for the three months ended March 31, 2026 and 2025 respectively, assuming all other variable factors remain constant.

(iv) Other market price risk

For the three months ended March 31, 2026 and 2025, 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:

	<u>For the three months ended March 31,</u>			
	<u>2026</u>		<u>2025</u>	
<u>Prices of securities at the reporting date</u>	<u>Other comprehensive income after tax</u>	<u>Net income after tax</u>	<u>Other comprehensive income after tax</u>	<u>Net income after tax</u>
Increasing 1%	\$ <u>4,032</u>	<u>25</u>	<u>4,518</u>	<u>1,257</u>
Decreasing 1%	\$ <u>(4,032)</u>	<u>(25)</u>	<u>(4,518)</u>	<u>(1,257)</u>

(Continued)

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

(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, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group'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 :

	March 31, 2026				
	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	\$ 4,189	-	4,189	-	4,189
Derivative financial liabilities-over the counter contracts	1,999	-	1,999	-	1,999
Non-Derivative financial assets-stocks listed on domestic market	2,478	2,478	-	-	2,478
Subtotal	8,666	2,478	6,188	-	8,666
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	403,181	403,181	-	-	403,181
Unquoted equity instruments measured at fair value	292,002	-	-	292,002	292,002
Subtotal	695,183	403,181	-	292,002	695,183
Financial assets measured at amortized cost					
Cash and cash equivalents	1,294,546	-	-	-	-
Notes and accounts receivable	3,276,455	-	-	-	-
Other receivables	202,887	-	-	-	-
Refundable deposits and pledged deposits	499,378	-	-	-	-
Subtotal	5,273,266	-	-	-	-
Total	<u>\$ 5,977,115</u>	<u>405,659</u>	<u>6,188</u>	<u>292,002</u>	<u>703,849</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 5,329,132	-	-	-	-
Long-term loans (including current portion)	340,000	-	-	-	-
Notes and accounts payable	2,351,578	-	-	-	-
Other payables	5,611,829	-	-	-	-
Lease liabilities (including current portion)	261,313	-	-	-	-
Guarantee deposits received	7,201	-	-	-	-
Subtotal	13,901,053	-	-	-	-
Total	<u>\$ 13,901,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

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

	December 31, 2025				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial assets – forward foreign exchange contracts	\$ 3,590	-	3,590	-	3,590
Non-derivative financial assets-stocks listed on domestic markets	108,016	108,016	-	-	108,016
Subtotal	111,606	108,016	3,590	-	111,606
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	411,260	411,260	-	-	411,260
Unquoted equity instruments measured at fair value	314,506	-	-	314,506	314,506
Subtotal	725,766	411,260	-	314,506	725,766
Financial assets measured at amortized cost					
Cash and cash equivalents	1,267,035	-	-	-	-
Notes and accounts receivable	2,807,297	-	-	-	-
Other receivables	39,667	-	-	-	-
Refundable deposits and pledged deposits	499,943	-	-	-	-
Subtotal	4,613,942	-	-	-	-
Total	<u>\$ 5,451,314</u>	<u>519,276</u>	<u>3,590</u>	<u>314,506</u>	<u>837,372</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities – over the counter contracts	\$ 158	-	158	-	158
Financial liabilities measured at amortized cost					
Short-term loans	6,149,312	-	-	-	-
Long-term loans (including current portion)	1,430,000	-	-	-	-
Notes and accounts payable	2,451,534	-	-	-	-
Other payables	2,651,269	-	-	-	-
Lease liabilities (including current portion)	191,199	-	-	-	-
Guarantee deposits received	7,281	-	-	-	-
Subtotal	12,880,595	-	-	-	-
Total	<u>\$ 12,880,753</u>	<u>-</u>	<u>158</u>	<u>-</u>	<u>158</u>

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

	March 31, 2025				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Derivative financial asset—publicly listed stocks	\$ 9,673	-	9,673	-	9,673
Non-derivative financial assets—stocks listed on domestic stocks	125,651	125,651	-	-	125,651
Subtotal	135,324	125,651	9,673	-	135,324
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	451,843	451,843	-	-	451,843
Unquoted equity instruments measured at fair value	171,613	-	-	171,613	171,613
Subtotal	623,456	451,843	-	171,613	623,456
Financial assets measured at amortized cost					
Cash and cash equivalents	2,127,224	-	-	-	-
Notes and accounts receivable	3,253,373	-	-	-	-
Other receivables	183,350	-	-	-	-
Refundable deposits and pledged deposits	370,983	-	-	-	-
Subtotal	5,934,930	-	-	-	-
Total	<u>\$ 6,693,710</u>	<u>577,494</u>	<u>9,673</u>	<u>171,613</u>	<u>758,780</u>
Financial liabilities measured at amortized cost					
Short-term loans	\$ 8,644,992	-	-	-	-
Long-term loans (including current portion)	1,800,000	-	-	-	-
Notes and accounts payable	2,609,476	-	-	-	-
Other payables	4,853,311	-	-	-	-
Lease liabilities (including current portion)	159,177	-	-	-	-
Guarantee deposits received	8,551	-	-	-	-
Subtotal	18,075,507	-	-	-	-
Total	<u>\$ 18,075,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

a) Non-derivative financial instruments

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.

(Continued)

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 three months ended March 31, 2026 and 2025.

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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, 2026	\$ 314,506
Total gains recognized in other comprehensive income	(22,504)
March 31, 2026	\$ 292,002
January 1, 2025	\$ 186,482
Total losses recognized in other comprehensive income	(14,869)
March 31, 2025	\$ 171,613

For the three months ended March 31, 2026 and 2025, total losses included in “unrealized losses on financial assets at fair value through other comprehensive income” were as follows:

	For the three months ended March 31,	
	2026	2025
Total losses recognized in other comprehensive income (Note)	\$ (22,504)	(14,869)

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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	· Comparable Public Company Method	· Multiplier of P/E ratio (0.95~2.02、1.08~1.66 and 1.14~2.37 as of March 31, 2026, December 31 and March 31, 2025) · Discount for lack of marketability (25.48%~28.27%、24.72%~28.07% and 22.3%~35.75%, as of March 31, 2026, December 31 and March 31, 2025)	· The higher the multiplier, the higher the fair value · The higher the discount lack of marketability, the lower the fair value
	· Asset method	· Net asset value · Discount for lack of marketability (8.35%~28.98%、9.00%~28.91% and 9.16%~29.09%, as of March 31, 2026, December 31 and March 31, 2025)	· The higher the net assets, the higher the fair value · The higher the discount 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:

	<u>Input</u>	<u>Changes in assumptions</u>	<u>Changes in fair value reflected in other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
March 31, 2026				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 8.35%~28.98%	5%	\$ 18,232	(18,232)
December 31, 2025				
Financial assets at fair value through other comprehensive income				
Equity investment without an active market	Discount rate circulation 9.00%~28.91%	5%	19,706	(19,706)
March 31, 2025				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Discount rate circulation 9.16%~35.75%	5%	10,410	(10,410)

(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, 2025.

(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, 2025. 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, 2025. Please refer to Note 6(z) of the consolidated financial statements for the year ended December 31, 2025 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 three months ended March 31, 2026 and 2025, were as follows:

	For the three months ended	
	March 31,	
	<u>2026</u>	<u>2025</u>
Reclassification of prepayment of land and equipment to property, plant and equipment	<u>\$ 50,339</u>	<u>39,864</u>
Changes in unrealized (losses) gains on financial instruments	<u>\$ (30,583)</u>	<u>4,356</u>
Foreign exchange differences arising from foreign operations	<u>\$ 39,984</u>	<u>76,651</u>
Increase in property, plant and equipment	\$ 257,098	156,139
Add: Payable for equipment as of January 1	256,885	252,299
Less: Payable for equipment as of December 31	<u>(188,774)</u>	<u>(247,368)</u>
Cash paid	<u>\$ 325,209</u>	<u>161,070</u>

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

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2026	Cash flows		Non-cash changes		March 31, 2026
		Acquisition	Repayment	Effect of exchange rates	Other	
Short-term loans	\$ 6,149,312	20,535,889	(21,367,582)	11,513	-	5,329,132
Long-term loans (including current portion)	1,430,000	300,000	(1,390,000)	-	-	340,000
Deposits received	7,281	-	(80)	-	-	7,201
Lease liabilities	191,199	-	(13,736)	454	83,396	261,313
Total liabilities from financing activities	<u>\$ 7,777,792</u>	<u>20,835,889</u>	<u>(22,771,398)</u>	<u>11,967</u>	<u>83,396</u>	<u>5,937,646</u>

	January 1, 2025	Cash flows		Non-cash changes		March 31, 2025
		Acquisition	Repayment	Effect of exchange rates	Other	
Short-term loans	\$ 8,770,644	17,931,183	(18,112,842)	56,007	-	8,644,992
Long-term loans (including current portion)	3,246,170	1,728,000	(3,174,170)	-	-	1,800,000
Deposits received	9,541	-	(990)	-	-	8,551
Lease liabilities	162,174	-	(12,244)	1,315	7,932	159,177
Total liabilities from financing activities	<u>\$ 12,188,529</u>	<u>19,659,183</u>	<u>(21,300,246)</u>	<u>57,322</u>	<u>7,932</u>	<u>10,612,720</u>

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Consolidated Company
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
Xiaogang Warehousing Co., Ltd.	The Company is the corporate director of the entity
Chien Shing Harbour Service Co., Ltd.	The Company is the corporate director of the entity
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 to related parties

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

	<u>Sales</u>		<u>Accounts receivable</u>		
	<u>For the three months ended</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>March 31,</u>				
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>	<u>2025</u>
Associates	\$ <u>909</u>	<u>907</u>	<u>749</u>	<u>338</u>	<u>784</u>

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:

	<u>Purchases</u>		<u>Accounts payable</u>		
	<u>For the three months ended</u>		<u>March 31,</u>	<u>December 31,</u>	<u>March 31,</u>
	<u>March 31,</u>				
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>	<u>2025</u>
Associates	\$ 36	33	15	10	23
Other related parties	10,346	8,906	8,265	9,267	13,118
	<u>\$ 10,382</u>	<u>8,939</u>	<u>8,280</u>	<u>9,277</u>	<u>13,141</u>

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

	<u>March 31, 2026</u>		
	<u>Highest balance for</u>	<u>Ending amount</u>	
	<u>the period</u>	<u>(Note)</u>	
	<u>Actual amount usage</u>		
Associates	USD\$ 43,925	USD 43,925	USD 20,276

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

		December 31, 2025			
		Highest balance for the period	Ending amount (Note)	Actual amount usage	
Associates		USDS 49,175	USD 49,175	USD	29,316
		March 31, 2025			
		Highest balance for the period	Ending amount (Note)	Actual amount usage	
Associates		USDS 5,250	USD 5,250	USD	5,250

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

(iv) Property Transactions

- 1) The Consolidated Company entered into an engineering contract with Tung ho Steel Foundation for the M.E.L.T.(Metal Engineering Leading to Tectonics) program, Tung Ho Steel Foundation 'Tung ho Art Lian Project', with a total contract amount of NT\$3,332 thousand. As of December 31, 2026 and 2025, the contract liability related to this project amounted to NT\$330 thousand and NT\$1,133 thousand respectively.
- 2) In December 2025, the Consolidated Company purchased equipment from Eternity Corp. The transaction was recognized as property, plant and equipment of NT\$1,082 thousand and other payables of NT\$1,136 thousand as of December 31, 2025. As of March 31, 2026, the loan had been approved.

(v) Others

		Rental income	
		For the three months ended March 31,	
		2026	2025
Associates		\$ 817	817
Other related parties		418	1,221
		\$ 1,235	2,038
		Operating expenses	
		For the three months ended March 31,	
		2026	2025
Associates		\$ 87	658
		87	658

(Continued)

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

	Donations	
	For the three months ended	
	March 31,	
	2026	2025
Other related parties-Tung Ho Steel Foundation	\$ 5,000	-

	Manufacturing expenses	
	For the three months ended	
	March 31,	
	2026	2025
Associates	\$ 2,962	9,831
Other related parties	14	-
	\$ 2,976	9,831

Relationship	Other payables		
	March 31,	December 31,	March 31,
	2026	2025	2025
Associates	\$ 328	3,207	4,121
Other related parties	-	2,361	-
	\$ 328	5,568	4,121

Relationship	Deposits received		
	March 31,	December 31,	March 31,
	2026	2025	2025
Associates	\$ 304	304	304

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended	
	March 31,	
	2026	2025
Short-term employee benefits	\$ 8,159	16,731
Post-employment benefits	311	461
	\$ 8,470	17,192

For three months ended March 31, 2026 and 2025, the Consolidated Company provided two vehicles with aggregate cost of NT\$7,640 thousand, for the key management personnel.

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

(8) Pledged assets

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Other current assets	Customs guarantee and performance guarantee	\$ 259,091	255,521	168,720
Other non-current assets	Performance guarantee	500	500	10,500
Refundable deposits	Performance guarantee	168,652	168,464	126,986
		<u>\$ 428,243</u>	<u>424,485</u>	<u>306,206</u>

(9) Significant 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:

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Guarantees securities amounts	<u>\$ 1,405,600</u>	<u>1,545,570</u>	<u>174,353</u>

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

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Bank credit limit	\$ 18,888,964	19,029,222	20,718,683
Performance guarantee	90,600	90,600	90,600
	<u>\$ 18,979,564</u>	<u>19,119,822</u>	<u>20,809,283</u>

(Continued)

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

(iii) Others:

	March 31, 2026	December 31, 2025	March 31, 2025
Unused outstanding letters of credit	\$ 1,611,808	1,013,052	1,808,665
Provide customer with a guarantee letter from the bank for the performance guarantee	\$ 549,761	624,836	1,386,918

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

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

	For the three months ended March 31, 2026			For the three months ended March 31, 2025		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits						
Salaries	565,838	205,930	771,768	509,409	200,740	710,149
Labor and health insurance	55,077	16,453	71,530	55,936	16,192	72,128
Pension expenses	19,613	5,482	25,095	17,857	5,276	23,133
Remuneration of directors	-	30,434	30,434	-	27,227	27,227
Other personnel expenses	20,507	11,080	31,587	20,157	4,633	24,790
Depreciation expense	388,287	32,693	420,980	361,238	29,584	390,822
Amortization expense	15,359	2,142	17,501	13,120	2,471	15,591

(b) Seasonality of operations:

The Consolidated Company 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 three months ended March 31, 2026:

(i) Loans 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 (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	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	The Company	THSVC	Other receivables	Yes	2,400,000 (USD 75,000)	2,400,000 (USD 75,000)	1,920,000 (USD 60,000)	1.8480%~1.8585%	2	-	Operating capital	-	-	-	3,242,721	6,485,442

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 March 31, 2026.

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)

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 6)	Actual usage amount during the period (Note 7)	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, 5)	THSVC	2	16,213,605	10,784,000 (USD 337,000)	10,784,000 (USD 337,000)	1,721,920 (USD 53,810)	-	33.26 %	16,213,605	Y	N	N
0	The Company (Note 2, 3, 5)	Fujian Sino-Japan Metal Corp.	6	16,213,605	1,405,600 (USD 43,925)	1,405,600 (USD 43,925)	648,832 (USD 20,276)	-	4.33 %	16,213,605	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: 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: \$16,231,605 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: \$16,231,605 thousand.)

Note 6: The amount approved by the Board of Directors.

Note 7: The actual amount used by the endorsed and guaranteed companies within their limited amount of guarantees and endorsements.

(Continued)

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

(iii) Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures):

(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)	51,000	2,478	0.02 %	2,478	None
The Company	Stock—Shiao Kang Warehousing Corp.	One of its directors	(b)	1,788,045	14,555	19.87 %	14,555	None
The Company	Stock—Overseas Investment & Development Corp.	-	(b)	1,000,000	11,880	1.11 %	11,880	None
The Company	Stock—Power World Fund, Inc.	One of its directors	(b)	304,760	7,512	5.68 %	7,512	None
The Company	Stock—Universal Venture Fund, Inc.	One of its directors	(b)	390,778	8,609	4.76 %	8,609	None
The Company	Stock—Tung Jing Investment Corp.	One of its directors	(b)	-	40,812	9.11 %	40,812	None
The Company	Stock—Taiwan Aerospace Corp.	-	(b)	1,621,441	62,782	1.20 %	62,782	None
The Company	Stock—Universal Venture Capital Investment Corp.	-	(b)	2,800,000	30,996	2.33 %	30,996	None
The Company	Stock—IBT	-	(b)	1,312,993	7,642	4.17 %	7,642	None
The Company	Stock—Taiwan Smart Electricity & Energy Co., Ltd.	One of its directors	(b)	11,250,000	107,214	7.14 %	107,214	None
The Company	Stock—Chien Shing Harbour Service Co., Ltd	One of its directors	(b)	8,203,800	352,763	8.90 %	352,763	None
The Company	Stock—Taiwan High Speed Rail Corporation	-	(b)	1,913,376	50,418	0.03 %	50,418	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 NT\$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)	(857,674)	(8.43)%	60 days end of month	-	-	534,443	15.12%	
The Company	THSVC	Subsidiary	Purchase	798,474	14.92%	Payment within 30 days from signing the contract	-	-	-	-%	
Tung Kang Steel Structure Corp.	The Company	Subsidiary	Purchase	857,674	60.68%	60 days end of month	-	-	(534,443)	36.53%	
THSVC	The Company	Subsidiary	(Sale)	(798,474)	(48.04)%	Payment within 30 days from signing the contract	-	-	-	-%	

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

(v) Information regarding receivables from related parties exceeding NT\$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	Loss Allowance
					Amount	Action taken		
The Company	THSVC	Subsidiary	1,923,014(Other receivables—related parties)	-	-	-	2,855	-
The Company	Tung Kang Steel Structure Corp.	Subsidiary	534,443(Accounts receivable—related parties)	7.96	-	-	-	-

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 three months ended March 31, 2026:

(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	860,800	General conditions	6.33%
0	The Company	Tung Kang Steel Structure Corp. and its subsidiaries	1	Accounts receivable	537,725	60 days end of month	1.03%
0	The Company	THSVC	1	Other receivables	1,923,014	General conditions	3.70%
1	THSVC	The Company	2	Sales	798,474	Payment within 30 days from signing the contract	5.87%

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 investees:

The following is the information on investees for the three months ended March 31, 2026 (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 March 31, 2026			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2026	December 31, 2025	Shares	Percentage of ownership	Carrying value			
The Company	Tung Yuan International Corp.	British Virgin Islands	Investment activities	869,856 (USD27,183)	869,856 (USD27,183)	82	100.00 %	653,045	(2,200)	(2,200)	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 %	4,325,525	227,947	223,189	Subsidiary
The Company	Katec R&D Corp.	Taiwan	Waste recycling	35,352	35,352	5,646,398	46.19 %	103,203	9,423	4,352	Associate
The Company	Goldham Development Ltd.	British Virgin Islands	Investment activities	40,768 (USD1,274)	40,768 (USD1,274)	1,274,000	100.00 %	20,473	-	-	Subsidiary
The Company	Taiwan Steel Union Co., Ltd.	Taiwan	Waste disposal	113,291	113,291	24,829,009	22.31 %	898,521	130,222	29,097	Associate
The Company	Katec Creative Resources Corporation	Taiwan	Waste recycling	914,478	914,478	61,391,933	99.02 %	743,333	30,033	29,738	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 %	691,782	23,867	23,871	Subsidiary
The Company	Tung Ho Steel Vietnam Corp., Ltd.	Vietnam	Steel industry	6,407,467	6,407,467	-	100.00 %	2,585,767	57,576	45,412	Subsidiary
The Company	Tung Sugar Energy Service Co., Ltd.	Taiwan	Fertilizer producing and self-used equipment of renewable electric power	88,836	88,836	8,883,600	42.30 %	72,079	127	54	Associate
Tung Yuan International Corp.	3 Oceans International Inc.	Samoa	Investment activities	48,320 (USD1,510)	48,320 (USD1,510)	572,000	66.51 %	11,658	359	239	Subsidiary
Tung Yuan International Corp.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	120,608 (USD3,769)	120,608 (USD3,769)	8,154,419	96.00 %	129,884	2,555	2,453	Subsidiary
Tung Kang Steel Structure Corp.	Tung Kang Engineering & Construction Corp.	Taiwan	Civil engineering	359,340	359,340	25,000,000	100.00 %	256,459	(7,298)	(1,248)	Subsidiary
Katec Creative Resources Corporation	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	3,823	3,823	230,335	2.71 %	4,379	2,555	69	Subsidiary
Tung Ho Steel Vietnam Corp., Ltd.	Duc Hoa International J.S.C.	Vietnam	Quicklime manufacturing	1,311 (VND 1,094,467)	1,311 (VND1,094,467)	109,446	1.29 %	1,555	2,555	33	Subsidiary

1 USD=32.00NTD

1 VND= 0.001198NTD

Note1: The transactions were written off in the consolidated financial statements.

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
Notes to 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, 2026	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2026	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	1,664,000 (USD 52,000)	(2)	587,744 (USD 18,367)	-	-	587,744 (USD 18,367)	(17,153)	35.00%	(6,003)	369,146	-

Note 1: List of the method of investment

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

Note 2: On March 31, 2026, 1 USD = 32.00 NTD.

Note 3: For the three months ended March 31, 2026, 1 USD = 31.63 NTD.

(ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)

Accumulated Investment in Mainland China as of March 31, 2026	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 1)
587,744 (USD18,367)	587,744 (USD18,367)	19,456,326

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".

(Continued)

TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES
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(14) Segment information

(a) General Information

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 March 31, 2026				
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 10,173,228	3,275,088	154,074	-	13,602,390
Inter-segment revenue	1,659,330	18,231	122,490	(1,800,051)	-
Total revenue	\$ 11,832,558	3,293,319	276,564	(1,800,051)	13,602,390
Reportable segment profit or loss	\$ 1,510,793	283,738	57,890	(331,287)	1,521,134
	For the three months ended March 31, 2025				
	Steel Segment	Steel Structure	Others	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	\$ 10,884,642	3,493,352	122,039	-	14,500,033
Inter-segment revenue	2,600,550	25,966	169,354	(2,795,870)	-
Total revenue	\$ 13,485,192	3,519,318	291,393	(2,795,870)	14,500,033
Reportable segment profit or loss	\$ 1,217,720	344,597	74,398	(248,800)	1,387,915
Reportable segment assets					
March 31, 2026	\$ 50,413,796	10,191,662	3,260,117	(11,910,119)	51,955,456
December 31, 2025	\$ 51,388,436	8,816,783	3,157,030	(11,365,040)	51,997,209
March 31, 2025	\$ 53,747,072	8,906,482	3,246,690	(11,951,294)	53,948,950
Reportable segment liabilities					
March 31, 2026	\$ 16,126,466	5,593,982	415,937	(2,730,898)	19,405,487
December 31, 2025	\$ 15,262,056	4,447,414	309,525	(2,484,132)	17,534,863
March 31, 2025	\$ 20,858,373	4,038,841	407,286	(2,377,848)	22,926,652