

(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 Six Months Ended June 30, 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 June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months then ended, as well as the changes in equity and cash flows for the six 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 \$3,061,227 thousand and \$2,978,535 thousand, both constituting 6% of the consolidated total assets; and the total liabilities amounting to \$525,445 thousand and \$538,689 thousand, constituting 3% and 2% of the consolidated total liabilities as of June 30, 2026 and 2025, respectively; as well as the total comprehensive income (loss) amounting to \$53,212 thousand, \$(52,186) thousand, \$122,070 thousand and \$22,434 thousand, all constituting 3%, (8)%, 4% and 1% of the consolidated total comprehensive income for the three months and six months ended June 30, 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 \$158,179 thousand and \$133,056 thousand as of June 30, 2026 and 2025, respectively, and its equity in net earnings on these investee companies of \$5,482 thousand, \$4,319 thousand, \$9,888 thousand and \$7,625 thousand for the three months and six months ended June 30, 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 June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months then ended, as well as its consolidated cash flows for the six 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)  
July 31, 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

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

(Expressed in Thousands of New Taiwan Dollars)

|                            |                                                                                           | June 30, 2026        |            | December 31, 2025 |            | June 30, 2025     |            |                                 |                                                                                |                             |            | June 30, 2026     |            | December 31, 2025 |            | June 30, 2025 |   |
|----------------------------|-------------------------------------------------------------------------------------------|----------------------|------------|-------------------|------------|-------------------|------------|---------------------------------|--------------------------------------------------------------------------------|-----------------------------|------------|-------------------|------------|-------------------|------------|---------------|---|
| Assets                     |                                                                                           | Amount               | %          | Amount            | %          | Amount            | %          |                                 |                                                                                | Liabilities and equity      |            | Amount            | %          | Amount            | %          | Amount        | % |
| <b>Current assets:</b>     |                                                                                           |                      |            |                   |            |                   |            |                                 |                                                                                | <b>Current liabilities:</b> |            |                   |            |                   |            |               |   |
| 1100                       | Cash and cash equivalents (Note 6(a))                                                     | \$ 1,226,676         | 2          | 1,267,035         | 3          | 1,509,086         | 3          | 2100                            | Short-term loans (Note 6(k))                                                   | \$ 7,264,025                | 14         | 6,149,312         | 12         | 9,238,266         | 17         |               |   |
| 1110                       | Current financial assets at fair value through profit or loss (Note 6(b))                 | 9,137                | -          | 111,606           | -          | 130,050           | -          | 2120                            | Current financial liabilities at fair value through profit or loss (Note 6(b)) | 5,343                       | -          | 158               | -          | 15,265            | -          |               |   |
| 1140                       | Current contract assets (Notes 6(t) and 7)                                                | 7,794,338            | 15         | 5,983,887         | 12         | 7,060,456         | 13         | 2130                            | Current contract liabilities (including to related parties) (Notes 6(t) and 7) | 4,289,438                   | 8          | 3,654,076         | 7          | 3,799,032         | 7          |               |   |
| 1150                       | Notes receivable, net (Notes 6(d) and (t))                                                | 336,467              | 1          | 101,051           | -          | 136,138           | -          | 2150                            | Notes payable                                                                  | 18,482                      | -          | 24,103            | -          | 18,370            | -          |               |   |
| 1170                       | Accounts receivable, net (including from related parties) (Notes 6(d), (t) and 7)         | 3,056,743            | 6          | 2,706,246         | 5          | 3,153,461         | 6          | 2170                            | Accounts payable (including to related parties) (Note 7)                       | 2,721,285                   | 5          | 2,427,431         | 5          | 2,225,351         | 4          |               |   |
| 1200                       | Other receivables (including from related parties) (Notes 6(e) and 7)                     | 79,024               | -          | 39,667            | -          | 55,308            | -          | 2200                            | Other payables (including to related parties) (Notes 6(r) and 7)               | 2,599,485                   | 5          | 2,651,269         | 5          | 2,035,027         | 4          |               |   |
| 1310                       | Inventories (Note 6(f))                                                                   | 15,493,107           | 29         | 16,684,734        | 32         | 17,110,589        | 32         | 2230                            | Current tax liabilities                                                        | 873,125                     | 2          | 607,910           | 1          | 673,553           | 2          |               |   |
| 1410                       | Prepayments                                                                               | 478,213              | 1          | 327,756           | 1          | 312,596           | 1          | 2250                            | Current provisions (Note 6(o))                                                 | 3,317                       | -          | 6,657             | -          | 3,918             | -          |               |   |
| 1470                       | Other current assets (Note 8)                                                             | 1,264,377            | 2          | 1,245,323         | 2          | 1,120,152         | 2          | 2280                            | Current lease liabilities (Note 6(m))                                          | 89,723                      | -          | 50,850            | -          | 52,476            | -          |               |   |
|                            | <b>Total current assets</b>                                                               | <u>29,738,082</u>    | <u>56</u>  | <u>28,467,305</u> | <u>55</u>  | <u>30,587,836</u> | <u>57</u>  | 2322                            | Long-term loans, current portion (Note 6(l))                                   | 80,000                      | -          | 80,000            | -          | 400,000           | 1          |               |   |
| <b>Non-current assets:</b> |                                                                                           |                      |            |                   |            |                   |            | 2399                            | Other current liabilities                                                      | 11,220                      | -          | 11,120            | -          | 10,236            | -          |               |   |
| 1517                       | Non-current financial assets at fair value through other comprehensive income (Note 6(c)) | 675,019              | 1          | 725,766           | 1          | 607,228           | 1          |                                 | <b>Total current liabilities</b>                                               | <u>17,955,443</u>           | <u>34</u>  | <u>15,662,886</u> | <u>30</u>  | <u>18,471,494</u> | <u>35</u>  |               |   |
| 1550                       | Investments accounted for using the equity method (Note 6(g))                             | 1,505,409            | 3          | 1,534,974         | 3          | 1,389,004         | 3          | <b>Non-current liabilities:</b> |                                                                                |                             |            |                   |            |                   |            |               |   |
| 1600                       | Property, plant and equipment (Notes 6(h) and 7)                                          | 18,174,642           | 34         | 18,152,919        | 35         | 17,981,275        | 34         | 2540                            | Long-term loans (Note 6(l))                                                    | 540,000                     | 1          | 1,350,000         | 3          | 2,942,000         | 6          |               |   |
| 1755                       | Right-of-use assets (Note 6(i))                                                           | 417,425              | 1          | 307,000           | 1          | 324,174           | 1          | 2570                            | Deferred tax liabilities                                                       | 199,921                     | -          | 207,437           | 1          | 175,917           | -          |               |   |
| 1760                       | Investment property, net (Notes 6(h) and (j))                                             | 1,975,982            | 4          | 1,977,879         | 4          | 1,979,207         | 4          | 2580                            | Non-current lease liabilities (Note 6(m))                                      | 207,135                     | 1          | 140,349           | -          | 159,993           | -          |               |   |
| 1780                       | Intangible assets                                                                         | 154,483              | -          | 156,779           | -          | 146,222           | -          | 2640                            | Net defined benefit liability, non-current                                     | 9,968                       | -          | 9,522             | -          | 13,792            | -          |               |   |
| 1840                       | Deferred tax assets                                                                       | 90,775               | -          | 90,775            | -          | 71,851            | -          | 2645                            | Guarantee deposits received (Note 7)                                           | 7,202                       | -          | 7,281             | -          | 6,921             | -          |               |   |
| 1900                       | Other non-current assets (Note 8)                                                         | 37,593               | -          | 47,759            | -          | 66,151            | -          | 2550                            | Non-current provisions (Note 6(o))                                             | 168,155                     | -          | 157,388           | -          | 148,296           | -          |               |   |
| 1911                       | Natural resources                                                                         | 6,677                | -          | 7,058             | -          | 7,017             | -          |                                 | <b>Total non-current liabilities</b>                                           | <u>1,132,381</u>            | <u>2</u>   | <u>1,871,977</u>  | <u>4</u>   | <u>3,446,919</u>  | <u>6</u>   |               |   |
| 1915                       | Prepayments for equipment                                                                 | 232,845              | 1          | 178,990           | -          | 211,982           | -          |                                 | <b>Total liabilities</b>                                                       | <u>19,087,824</u>           | <u>36</u>  | <u>17,534,863</u> | <u>34</u>  | <u>21,918,413</u> | <u>41</u>  |               |   |
| 1920                       | Refundable deposits (Note 8)                                                              | 217,181              | -          | 243,861           | 1          | 212,588           | -          | <b>Equity (Note 6(r)):</b>      |                                                                                |                             |            |                   |            |                   |            |               |   |
| 1975                       | Net defined benefit asset, non-current                                                    | 129,764              | -          | 106,144           | -          | -                 | -          | 3100                            | Capital stock                                                                  | 7,302,138                   | 14         | 7,302,138         | 14         | 7,302,138         | 14         |               |   |
|                            | <b>Total non-current assets</b>                                                           | <u>23,617,795</u>    | <u>44</u>  | <u>23,529,904</u> | <u>45</u>  | <u>22,996,699</u> | <u>43</u>  | 3200                            | Capital surplus                                                                | 7,745,045                   | 15         | 7,745,045         | 15         | 7,742,308         | 14         |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            |                                 | Retained earnings:                                                             |                             |            |                   |            |                   |            |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            | 3310                            | Legal reserve                                                                  | 6,538,845                   | 12         | 6,061,645         | 12         | 6,061,645         | 11         |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            | 3320                            | Special reserve                                                                | 534,375                     | 1          | 527,593           | 1          | 527,593           | 1          |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            | 3350                            | Unappropriated retained earnings                                               | 12,461,669                  | 23         | 13,113,694        | 25         | 10,538,965        | 20         |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            |                                 | Total retained earnings                                                        | 19,534,889                  | 36         | 19,702,932        | 38         | 17,128,203        | 32         |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            | 3400                            | Other equity interest                                                          | (412,059)                   | (1)        | (404,143)         | (1)        | (603,878)         | (1)        |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            |                                 | Total equity attributable to owners of the parent                              | 34,170,013                  | 64         | 34,345,972        | 66         | 31,568,771        | 59         |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            | 36XX                            | Non-controlling interests                                                      | 98,040                      | -          | 116,374           | -          | 97,351            | -          |               |   |
|                            |                                                                                           |                      |            |                   |            |                   |            |                                 | <b>Total equity</b>                                                            | <u>34,268,053</u>           | <u>64</u>  | <u>34,462,346</u> | <u>66</u>  | <u>31,666,122</u> | <u>59</u>  |               |   |
| <b>Total assets</b>        |                                                                                           | <u>\$ 53,355,877</u> | <u>100</u> | <u>51,997,209</u> | <u>100</u> | <u>53,584,535</u> | <u>100</u> |                                 | <b>Total liabilities and equity</b>                                            | <u>\$ 53,355,877</u>        | <u>100</u> | <u>51,997,209</u> | <u>100</u> | <u>53,584,535</u> | <u>100</u> |               |   |

See accompanying notes to consolidated financial statements.

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

**TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months and six months ended June 30, 2026 and 2025**

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

|                                                                                                                                     | For the three months ended<br>June 30, |             |                     |             | For the six months ended<br>June 30, |             |                     |             |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------|---------------------|-------------|--------------------------------------|-------------|---------------------|-------------|
|                                                                                                                                     | 2026                                   |             | 2025                |             | 2026                                 |             | 2025                |             |
|                                                                                                                                     | Amount                                 | %           | Amount              | %           | Amount                               | %           | Amount              | %           |
| 4000 <b>Operating revenue (Notes 6(t) and 7)</b>                                                                                    | \$ 16,263,341                          | 100         | 15,674,704          | 100         | 29,865,731                           | 100         | 30,174,737          | 100         |
| 5000 <b>Operating costs (Notes 6(f), (h), (i), (j), (p) and 7)</b>                                                                  | <u>(13,331,981)</u>                    | <u>(82)</u> | <u>(13,207,408)</u> | <u>(84)</u> | <u>(24,929,990)</u>                  | <u>(83)</u> | <u>(25,743,645)</u> | <u>(85)</u> |
| 5900 <b>Gross profit from operations</b>                                                                                            | <u>2,931,360</u>                       | <u>18</u>   | <u>2,467,296</u>    | <u>16</u>   | <u>4,935,741</u>                     | <u>17</u>   | <u>4,431,092</u>    | <u>15</u>   |
| 6000 <b>Operating expenses:</b>                                                                                                     |                                        |             |                     |             |                                      |             |                     |             |
| 6100     Selling expenses (Notes 6(h), (i), (j), (p), (u) and 7)                                                                    | (292,418)                              | (2)         | (316,968)           | (2)         | (550,829)                            | (2)         | (611,786)           | (2)         |
| 6200     Administrative expenses (Notes 6(h), (i), (j), (p), (u) and 7)                                                             | (414,152)                              | (2)         | (358,002)           | (3)         | (770,084)                            | (3)         | (700,837)           | (3)         |
| 6450     Expected credit impairment (losses) reversal gains (Note 6(d))                                                             | <u>(2,571)</u>                         | <u>-</u>    | <u>(194)</u>        | <u>-</u>    | <u>(1,847)</u>                       | <u>-</u>    | <u>9,733</u>        | <u>-</u>    |
| 6500 <b>Total operating expenses</b>                                                                                                | <u>(709,141)</u>                       | <u>(4)</u>  | <u>(675,164)</u>    | <u>(5)</u>  | <u>(1,322,760)</u>                   | <u>(5)</u>  | <u>(1,302,890)</u>  | <u>(5)</u>  |
| 6900 <b>Net operating income</b>                                                                                                    | <u>2,222,219</u>                       | <u>14</u>   | <u>1,792,132</u>    | <u>11</u>   | <u>3,612,981</u>                     | <u>12</u>   | <u>3,128,202</u>    | <u>10</u>   |
| 7000 <b>Non-operating income and expenses:</b>                                                                                      |                                        |             |                     |             |                                      |             |                     |             |
| 7100     Interest income (Note 6(v))                                                                                                | 10,930                                 | -           | 8,972               | -           | 18,650                               | -           | 13,744              | -           |
| 7010     Other income (Notes 6(v) and 7)                                                                                            | 56,111                                 | -           | 66,124              | -           | 95,546                               | -           | 87,937              | -           |
| 7020     Other gains and losses (Notes 6(v) and 7)                                                                                  | 17,302                                 | -           | (371,517)           | (2)         | 111,574                              | 1           | (314,321)           | (1)         |
| 7050     Finance costs (Notes 6(m) and (v))                                                                                         | (41,161)                               | -           | (67,565)            | -           | (79,716)                             | -           | (132,861)           | -           |
| 7060     Share of profit of associates accounted for using the equity method (Note 6(g))                                            | <u>80,210</u>                          | <u>-</u>    | <u>54,037</u>       | <u>-</u>    | <u>107,710</u>                       | <u>-</u>    | <u>87,397</u>       | <u>-</u>    |
| <b>Total non-operating income and expenses</b>                                                                                      | <u>123,392</u>                         | <u>-</u>    | <u>(309,949)</u>    | <u>(2)</u>  | <u>253,764</u>                       | <u>1</u>    | <u>(258,104)</u>    | <u>(1)</u>  |
| 7900 <b>Profit before income tax</b>                                                                                                | 2,345,611                              | 14          | 1,482,183           | 9           | 3,866,745                            | 13          | 2,870,098           | 9           |
| 7950 Less: income tax expenses (Note 6(q))                                                                                          | <u>571,411</u>                         | <u>3</u>    | <u>367,215</u>      | <u>2</u>    | <u>874,404</u>                       | <u>3</u>    | <u>655,080</u>      | <u>2</u>    |
| 8200 <b>Profit</b>                                                                                                                  | <u>1,774,200</u>                       | <u>11</u>   | <u>1,114,968</u>    | <u>7</u>    | <u>2,992,341</u>                     | <u>10</u>   | <u>2,215,018</u>    | <u>7</u>    |
| 8300 <b>Other comprehensive income (loss):</b>                                                                                      |                                        |             |                     |             |                                      |             |                     |             |
| 8310 <b>Items that will not be reclassified subsequently to profit or loss</b>                                                      |                                        |             |                     |             |                                      |             |                     |             |
| 8316     Unrealized losses (gains) from investments in equity instruments measured at fair value through other comprehensive income | (23,653)                               | -           | (10,711)            | -           | (54,236)                             | -           | (6,355)             | -           |
| 8349     Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss       | <u>-</u>                               | <u>-</u>    | <u>-</u>            | <u>-</u>    | <u>-</u>                             | <u>-</u>    | <u>-</u>            | <u>-</u>    |
| <b>Total items that will not be reclassified subsequently to profit or loss</b>                                                     | <u>(23,653)</u>                        | <u>-</u>    | <u>(10,711)</u>     | <u>-</u>    | <u>(54,236)</u>                      | <u>-</u>    | <u>(6,355)</u>      | <u>-</u>    |
| 8360 <b>Items that may be reclassified subsequently to profit or loss</b>                                                           |                                        |             |                     |             |                                      |             |                     |             |
| 8361     Exchange differences on translation of foreign financial statements                                                        | 6,456                                  | -           | (418,919)           | (3)         | 46,440                               | -           | (342,268)           | (1)         |
| 8399     Less: income tax related to components of other comprehensive income that may be reclassified to profit or loss            | <u>-</u>                               | <u>-</u>    | <u>-</u>            | <u>-</u>    | <u>-</u>                             | <u>-</u>    | <u>-</u>            | <u>-</u>    |
| <b>Total items that may be reclassified subsequently to profit or loss</b>                                                          | <u>6,456</u>                           | <u>-</u>    | <u>(418,919)</u>    | <u>(3)</u>  | <u>46,440</u>                        | <u>-</u>    | <u>(342,268)</u>    | <u>(1)</u>  |
| 8300 <b>Other comprehensive income</b>                                                                                              | <u>(17,197)</u>                        | <u>-</u>    | <u>(429,630)</u>    | <u>(3)</u>  | <u>(7,796)</u>                       | <u>-</u>    | <u>(348,623)</u>    | <u>(1)</u>  |
| 8500 <b>Total comprehensive income</b>                                                                                              | <u>\$ 1,757,003</u>                    | <u>11</u>   | <u>685,338</u>      | <u>4</u>    | <u>2,984,545</u>                     | <u>10</u>   | <u>1,866,395</u>    | <u>6</u>    |
| 8600 <b>Profit attributable to:</b>                                                                                                 |                                        |             |                     |             |                                      |             |                     |             |
| 8610     Owners of the parent                                                                                                       | \$ 1,759,894                           | 11          | 1,104,423           | 7           | 2,971,876                            | 10          | 2,197,266           | 7           |
| 8620     Non-controlling interests                                                                                                  | <u>14,306</u>                          | <u>-</u>    | <u>10,545</u>       | <u>-</u>    | <u>20,465</u>                        | <u>-</u>    | <u>17,752</u>       | <u>-</u>    |
|                                                                                                                                     | <u>\$ 1,774,200</u>                    | <u>11</u>   | <u>1,114,968</u>    | <u>7</u>    | <u>2,992,341</u>                     | <u>10</u>   | <u>2,215,018</u>    | <u>7</u>    |
| 8700 <b>Comprehensive income attributable to:</b>                                                                                   |                                        |             |                     |             |                                      |             |                     |             |
| 8710     Owners of the parent                                                                                                       | \$ 1,742,803                           | 11          | 676,128             | 4           | 2,963,960                            | 10          | 1,850,138           | 6           |
| 8720     Non-controlling interests                                                                                                  | <u>14,200</u>                          | <u>-</u>    | <u>9,210</u>        | <u>-</u>    | <u>20,585</u>                        | <u>-</u>    | <u>16,257</u>       | <u>-</u>    |
|                                                                                                                                     | <u>\$ 1,757,003</u>                    | <u>11</u>   | <u>685,338</u>      | <u>4</u>    | <u>2,984,545</u>                     | <u>10</u>   | <u>1,866,395</u>    | <u>6</u>    |
| 9750 <b>Basic earnings per share (in dollars) (Note 6(s))</b>                                                                       | <u>\$ 2.41</u>                         |             | <u>1.51</u>         |             | <u>4.07</u>                          |             | <u>3.01</u>         |             |
| 9850 <b>Diluted earnings per share (in dollars) (Note 6(s))</b>                                                                     | <u>\$ 2.41</u>                         |             | <u>1.51</u>         |             | <u>4.06</u>                          |             | <u>3.00</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 six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

|                                                                  | Equity attributable to owners of parent |                 |               |                 |                                  |             |                                                                     |                                                                                                         |           |                                                   |                           |              |
|------------------------------------------------------------------|-----------------------------------------|-----------------|---------------|-----------------|----------------------------------|-------------|---------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------|---------------------------|--------------|
|                                                                  | Retained earnings                       |                 |               |                 |                                  |             | Other equity interest                                               |                                                                                                         |           |                                                   |                           |              |
|                                                                  | 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 | Non-controlling interests | Total equity |
| Balance as of January 1, 2025                                    | \$ 7,302,138                            | 7,742,308       | 5,600,943     | 614,156         | 11,636,693                       | 17,851,792  | (562,748)                                                           | 305,998                                                                                                 | (256,750) | 32,639,488                                        | 122,608                   | 32,762,096   |
| Profit for the period                                            | -                                       | -               | -             | -               | 2,197,266                        | 2,197,266   | -                                                                   | -                                                                                                       | -         | 2,197,266                                         | 17,752                    | 2,215,018    |
| Other comprehensive income for the period                        | -                                       | -               | -             | -               | -                                | -           | (340,773)                                                           | (6,355)                                                                                                 | (347,128) | (347,128)                                         | (1,495)                   | (348,623)    |
| Total comprehensive income for the period                        | -                                       | -               | -             | -               | 2,197,266                        | 2,197,266   | (340,773)                                                           | (6,355)                                                                                                 | (347,128) | 1,850,138                                         | 16,257                    | 1,866,395    |
| Appropriation and distribution of retained earnings:             |                                         |                 |               |                 |                                  |             |                                                                     |                                                                                                         |           |                                                   |                           |              |
| Legal reserve appropriated                                       | -                                       | -               | 460,702       | -               | (460,702)                        | -           | -                                                                   | -                                                                                                       | -         | -                                                 | -                         | -            |
| Reversal of special reserve                                      | -                                       | -               | -             | (86,563)        | 86,563                           | -           | -                                                                   | -                                                                                                       | -         | -                                                 | -                         | -            |
| Cash dividends of ordinary share                                 | -                                       | -               | -             | -               | (2,920,855)                      | (2,920,855) | -                                                                   | -                                                                                                       | -         | (2,920,855)                                       | -                         | (2,920,855)  |
| Cach dividends paid to non-controlling interests by subsidiaries | -                                       | -               | -             | -               | -                                | -           | -                                                                   | -                                                                                                       | -         | -                                                 | (41,514)                  | (41,514)     |
| Balance as of June 30, 2025                                      | \$ 7,302,138                            | 7,742,308       | 6,061,645     | 527,593         | 10,538,965                       | 17,128,203  | (903,521)                                                           | 299,643                                                                                                 | (603,878) | 31,568,771                                        | 97,351                    | 31,666,122   |
| 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                                            | -                                       | -               | -             | -               | 2,971,876                        | 2,971,876   | -                                                                   | -                                                                                                       | -         | 2,971,876                                         | 20,465                    | 2,992,341    |
| Other comprehensive income for the period                        | -                                       | -               | -             | -               | -                                | -           | 46,320                                                              | (54,236)                                                                                                | (7,916)   | (7,916)                                           | 120                       | (7,796)      |
| Total comprehensive income for the period                        | -                                       | -               | -             | -               | 2,971,876                        | 2,971,876   | 46,320                                                              | (54,236)                                                                                                | (7,916)   | 2,963,960                                         | 20,585                    | 2,984,545    |
| Appropriation and distribution of retained earnings:             |                                         |                 |               |                 |                                  |             |                                                                     |                                                                                                         |           |                                                   |                           |              |
| Legal reserve appropriated                                       | -                                       | -               | 477,200       | -               | (477,200)                        | -           | -                                                                   | -                                                                                                       | -         | -                                                 | -                         | -            |
| Special reserve appropriated                                     | -                                       | -               | -             | 6,782           | (6,782)                          | -           | -                                                                   | -                                                                                                       | -         | -                                                 | -                         | -            |
| Cash dividends of ordinary share                                 | -                                       | -               | -             | -               | (3,139,919)                      | (3,139,919) | -                                                                   | -                                                                                                       | -         | (3,139,919)                                       | -                         | (3,139,919)  |
| Cach dividends paid to non-controlling interests by subsidiaries | -                                       | -               | -             | -               | -                                | -           | -                                                                   | -                                                                                                       | -         | -                                                 | (38,919)                  | (38,919)     |
| Balance as of June 30, 2026                                      | \$ 7,302,138                            | 7,745,045       | 6,538,845     | 534,375         | 12,461,669                       | 19,534,889  | (685,307)                                                           | 273,248                                                                                                 | (412,059) | 34,170,013                                        | 98,040                    | 34,268,053   |

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 six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                   | For the six months ended June 30, |                  |
|-----------------------------------------------------------------------------------|-----------------------------------|------------------|
|                                                                                   | 2026                              | 2025             |
| <b>Cash flows from operating activities:</b>                                      |                                   |                  |
| Profit before tax                                                                 | \$ 3,866,745                      | 2,870,098        |
| <b>Adjustments:</b>                                                               |                                   |                  |
| Adjustments to reconcile profit (loss):                                           |                                   |                  |
| Depreciation expense                                                              | 850,367                           | 780,092          |
| Amortization expense                                                              | 30,057                            | 27,894           |
| Expected credit impairment losses (reversal gains)                                | 1,847                             | (9,733)          |
| Net gains on financial assets or liabilities at fair value through profit or loss | (49,728)                          | 113,016          |
| Interest expense                                                                  | 79,716                            | 132,861          |
| Interest income                                                                   | (18,650)                          | (13,744)         |
| Dividend income                                                                   | (26,053)                          | (660)            |
| Share of profit of associates accounted for using the equity method               | (107,710)                         | (87,397)         |
| Losses on disposal of property, plant and equipment                               | 27                                | 56,487           |
| Gains on lease modification                                                       | -                                 | (3)              |
| Unrealized foreign exchange gain                                                  | 1,632                             | 7,071            |
| Prepayments for equipment transferred to expense                                  | 1,350                             | -                |
| <b>Total adjustments to reconcile profit or loss</b>                              | <b>762,855</b>                    | <b>1,005,884</b> |
| <b>Changes in operating assets and liabilities:</b>                               |                                   |                  |
| Financial assets mandatorily measured at fair value through profit or loss        | 15,707                            | (122,452)        |
| Contract assets                                                                   | (1,810,451)                       | (1,568,241)      |
| Notes receivable                                                                  | (237,120)                         | (63,000)         |
| Accounts receivable (including overdue receivable)                                | (350,640)                         | 213,470          |
| Other receivables (including related parties)                                     | (25,881)                          | (7,001)          |
| Inventories                                                                       | 1,191,752                         | 1,962,766        |
| Prepayments                                                                       | (142,374)                         | (2,967)          |
| Other current assets                                                              | (15,125)                          | 42,063           |
| Net defined benefit assets                                                        | (23,620)                          | -                |
| Other operating assets                                                            | (22,631)                          | (1,353)          |
| <b>Total changes in operating assets</b>                                          | <b>(1,420,383)</b>                | <b>453,285</b>   |
| Contract liabilities                                                              | 635,362                           | 218,028          |
| Notes payable                                                                     | (5,621)                           | (230,982)        |
| Accounts payable                                                                  | 293,854                           | (445,880)        |
| Other payables                                                                    | 39,153                            | (346,605)        |
| Provisions                                                                        | 7,427                             | 14,087           |
| Other current liabilities                                                         | 100                               | (3,200)          |
| Net defined benefit liability                                                     | 446                               | (23,980)         |
| <b>Total changes in operating liabilities</b>                                     | <b>970,721</b>                    | <b>(818,532)</b> |
| <b>Total net changes in operating assets and liabilities</b>                      | <b>(449,662)</b>                  | <b>(365,247)</b> |
| <b>Total adjustments</b>                                                          | <b>313,193</b>                    | <b>640,637</b>   |

See accompanying notes to consolidated financial statements.

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

## TUNG HO STEEL ENTERPRISE CORPORATION SUBSIDIARIES

## Consolidated Statements of Cash Flows (Continued)

For the three months and six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

|                                                                                                      | For the six months ended June 30, |                    |
|------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|
|                                                                                                      | 2026                              | 2025               |
| Cash inflow generated from operations                                                                | \$ 4,179,938                      | 3,510,735          |
| Interest received                                                                                    | 18,490                            | 12,001             |
| Dividends received                                                                                   | 157,647                           | 149,634            |
| Interest paid                                                                                        | (85,191)                          | (133,993)          |
| Income taxes refunded (paid)                                                                         | (607,435)                         | (577,813)          |
| <b>Net cash flows from operating activities</b>                                                      | <b>3,663,449</b>                  | <b>2,960,564</b>   |
| <b>Cash flows from (used in) investing activities:</b>                                               |                                   |                    |
| Acquisition of financial assets at fair value through other comprehensive income                     | (3,489)                           | (3,591)            |
| Proceeds from capital reduction of financial assets at fair value through other comprehensive income | -                                 | 9,108              |
| Proceeds from disposal of financial assets designated at fair value through profit or loss           | 141,676                           | -                  |
| Acquisition of property, plant and equipment                                                         | (832,683)                         | (370,429)          |
| Proceeds from disposal of property, plant and equipment                                              | 56                                | 781                |
| Increase in refundable deposits                                                                      | -                                 | (18,836)           |
| Decrease in refundable deposits                                                                      | 26,546                            | -                  |
| Acquisition of investment property                                                                   | (230)                             | (7,290)            |
| Increase in other financial assets                                                                   | (3,795)                           | (34,160)           |
| Increase in prepayments for land and equipment                                                       | (124,936)                         | (128,504)          |
| <b>Net cash flows used in investing activities</b>                                                   | <b>(796,855)</b>                  | <b>(552,921)</b>   |
| <b>Cash flows from (used in) financing activities:</b>                                               |                                   |                    |
| Increase in short-term loans                                                                         | 44,702,140                        | 40,639,187         |
| Decrease in short-term loans                                                                         | (43,598,009)                      | (39,978,538)       |
| Proceeds from long-term loans                                                                        | 790,000                           | 4,270,000          |
| Repayments of long-term loans                                                                        | (1,600,000)                       | (4,174,170)        |
| Decrease in guarantee deposits received                                                              | (79)                              | (2,620)            |
| Payment of lease liabilities                                                                         | (42,131)                          | (27,403)           |
| Cash dividends paid                                                                                  | (3,139,919)                       | (2,920,855)        |
| Change in non-controlling interests                                                                  | (38,919)                          | (41,514)           |
| <b>Net cash flows used in financing activities</b>                                                   | <b>(2,926,917)</b>                | <b>(2,235,913)</b> |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>                                  | <b>19,964</b>                     | <b>(181,726)</b>   |
| <b>Net increase in cash and cash equivalents</b>                                                     | <b>(40,359)</b>                   | <b>(9,996)</b>     |
| <b>Cash and cash equivalents at beginning of period</b>                                              | <b>1,267,035</b>                  | <b>1,519,082</b>   |
| <b>Cash and cash equivalents at end of period</b>                                                    | <b>\$ 1,226,676</b>               | <b>1,509,086</b>   |

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**

**June 30, 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 six months ended June 30, 2026 and 2025 were approved and authorized for issuance by the Board of Directors on July 31, 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”

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

The Consolidated Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

(Continued)

## **TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

The Consolidated Company expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

(i) IFRS 18 “Presentation and Disclosure in Financial Statements”

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.

- 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.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Consolidated Company is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 “The Fair Value Option for Investments in Associates and Joint Ventures”

The Consolidated Company does not expect the amendments to have a significant impact on its consolidated financial statements.

(Continued)

## TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

The Consolidated Company does not expect the following 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 20 “Regulatory Assets and Regulatory Liabilities”

#### (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   |
|---------------------------------|--------------------------------------------|-----------------------------------------------------------------------------------------|-------------------------|-------------------|---------------|--------|
|                                 |                                            |                                                                                         | June 30, 2026           | December 31, 2025 | June 30, 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 %      | Note 2 |
| 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 %       |        |
| Tung Kang Steel Structure Corp. | Tung Kang Engineering & Construction Corp. | Civil engineering                                                                       | 100.00 %                | 100.00 %          | 100.00 %      |        |

(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 |
|--------------------------------------|--------------------------|-------------------------|-------------------------|-------------------|---------------|------|
|                                      |                          |                         | June 30, 2026           | December 31, 2025 | June 30, 2025 |      |
| 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.

Note 2: Goldham Development Ltd. was dissolved pursuant to a resolution approved at the shareholders' meeting in January 2026. The deregistration was approved in the same month, and the liquidation was completed in April 2026.

(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.

(Continued)

**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

|                                                          | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|----------------------------------------------------------|--------------------------|------------------------------|--------------------------|
| Cash on hand                                             | \$ 2,855                 | 2,841                        | 2,379                    |
| Checking and demand deposits                             | 719,713                  | 844,266                      | 1,001,363                |
| Term deposits                                            | 466,108                  | 419,928                      | 465,402                  |
| Repurchase agreement                                     | 38,000                   | -                            | 39,942                   |
| Cash and cash equivalents in the statement of cash flows | <u>\$ 1,226,676</u>      | <u>1,267,035</u>             | <u>1,509,086</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 June 30, 2026, December 31 and June 30, 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

|                                                             | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-------------------------------------------------------------|--------------------------|------------------------------|--------------------------|
| Financial assets at fair value through profit or loss:      |                          |                              |                          |
| Derivative instruments not used for hedging                 |                          |                              |                          |
| Foreign exchange forward contracts                          | \$ 9,137                 | 3,590                        | -                        |
| Non-derivative financial assets                             |                          |                              |                          |
| Listed common shares                                        | -                        | 108,016                      | 130,050                  |
| Total                                                       | <u>\$ 9,137</u>          | <u>111,606</u>               | <u>130,050</u>           |
|                                                             |                          |                              |                          |
|                                                             | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
| Financial liabilities at fair value through profit or loss: |                          |                              |                          |
| Derivative instruments not used for hedging                 |                          |                              |                          |
| Foreign exchange forward contracts                          | \$ -                     | -                            | 15,265                   |
| Over-the-counter contract                                   | 5,343                    | 158                          | -                        |
| Total                                                       | <u>\$ 5,343</u>          | <u>158</u>                   | <u>15,265</u>            |

(Continued)

**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

| <b>June 30, 2026</b>       |                                          |                  |                       |
|----------------------------|------------------------------------------|------------------|-----------------------|
|                            | <b>Nominal amount<br/>(in thousands)</b> | <b>Currency</b>  | <b>Maturity dates</b> |
| Forward exchange purchased | <u>USD 25,528</u>                        | Buy USD/Sell NTD | 2026.07.01~2026.11.16 |
| <b>December 31, 2025</b>   |                                          |                  |                       |
|                            | <b>Nominal amount<br/>(in thousands)</b> | <b>Currency</b>  | <b>Maturity dates</b> |
| Forward exchange purchased | <u>USD 17,299</u>                        | Buy USD/Sell NTD | 2026.01.02~2026.03.27 |
| <b>June 30, 2025</b>       |                                          |                  |                       |
|                            | <b>Nominal amount<br/>(in thousands)</b> | <b>Currency</b>  | <b>Maturity dates</b> |
| Forward exchange purchased | <u>USD 26,722</u>                        | Buy USD/Sell NTD | 2025.07.01~2025.08.29 |

(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 liabilities:

| <b>June 30, 2026</b>     |                                       |                                                 |                       |
|--------------------------|---------------------------------------|-------------------------------------------------|-----------------------|
|                          | <b>Nominal quantity<br/>(in tons)</b> | <b>Price exchange<br/>(in thousands of USD)</b> | <b>Maturity dates</b> |
| Billet                   | <u>12,500</u>                         | \$0.497~0.499                                   | 2026.10.14~2026.11.16 |
| <b>December 31, 2025</b> |                                       |                                                 |                       |
|                          | <b>Nominal quantity<br/>(in tons)</b> | <b>Price exchange<br/>(in thousands of USD)</b> | <b>Maturity dates</b> |
| 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 June 30, 2026, December 31 and June 30, 2025, respectively.

(Continued)

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

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

|                                                                      | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|----------------------------------------------------------------------|--------------------------|------------------------------|--------------------------|
| Equity investments at fair value through other comprehensive income: |                          |                              |                          |
| Listed common shares                                                 | \$ 381,728               | 411,260                      | 439,221                  |
| Unlisted common shares                                               | <u>293,291</u>           | <u>314,506</u>               | <u>168,007</u>           |
| Total                                                                | <u><u>\$ 675,019</u></u> | <u><u>725,766</u></u>        | <u><u>607,228</u></u>    |

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

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

(iii) None of the financial assets were pledged.

(d) Notes and accounts receivable

|                                     | <b>June 30,<br/>2026</b>   | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-------------------------------------|----------------------------|------------------------------|--------------------------|
| Notes receivable                    | \$ 338,566                 | 101,446                      | 136,568                  |
| Accounts receivable                 | 3,119,684                  | 2,768,974                    | 3,169,308                |
| Accounts receivable-related parties | 268                        | 338                          | 543                      |
| Overdue receivables                 | 47,993                     | 47,993                       | 47,993                   |
| Less: loss allowance                | <u>(113,301)</u>           | <u>(111,454)</u>             | <u>(64,813)</u>          |
|                                     | <u><u>\$ 3,393,210</u></u> | <u><u>2,807,297</u></u>      | <u><u>3,289,599</u></u>  |

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

|                             | <b>June 30, 2026</b>         |                                   |
|-----------------------------|------------------------------|-----------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> |
| With low risk               | \$ 778,442                   | 0%~0.30%                          |
| With moderate risk          | 2,502,078                    | 0.37%~3.17%                       |
| With financial difficulties | <u>47,993</u>                | 100%                              |
|                             | <u><u>\$ 3,328,513</u></u>   | <u><u>113,276</u></u>             |

(Continued)

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

|                             | <b>December 31, 2025</b>     |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| 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 | 47,993                       | 100%                              | 47,993                          |
|                             | <b>\$ 2,774,206</b>          |                                   | <b>111,429</b>                  |

  

|                             | <b>June 30, 2025</b>         |                                   |                                 |
|-----------------------------|------------------------------|-----------------------------------|---------------------------------|
|                             | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| With low risk               | \$ 597,669                   | 0%~0.30%                          | 7,091                           |
| With moderate risk          | 2,619,202                    | 0.31%~0.80%                       | 9,704                           |
| With financial difficulties | 47,993                       | 100%                              | 47,993                          |
|                             | <b>\$ 3,264,864</b>          |                                   | <b>64,788</b>                   |

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

|                             | <b>June 30, 2026</b> | <b>December 31, 2025</b> | <b>June 30, 2025</b> |
|-----------------------------|----------------------|--------------------------|----------------------|
| Current                     | \$ 3,273,393         | 2,716,539                | 3,160,964            |
| 1 to 60 days past due       | 7,062                | 8,814                    | 37,835               |
| 61 to 364 days past due     | -                    | 803                      | 18,027               |
| More than 365 days past due | 48,058               | 48,050                   | 48,038               |
|                             | <b>\$ 3,328,513</b>  | <b>2,774,206</b>         | <b>3,264,864</b>     |

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

|         | <b>June 30, 2026</b>         |                                   |                                 |
|---------|------------------------------|-----------------------------------|---------------------------------|
|         | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current | \$ 177,998                   | 0.012%                            | 25                              |

  

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

  

|         | <b>June 30, 2025</b>         |                                   |                                 |
|---------|------------------------------|-----------------------------------|---------------------------------|
|         | <b>Gross carrying amount</b> | <b>Weighted-average loss rate</b> | <b>Loss allowance provision</b> |
| Current | \$ 89,548                    | 0%~0.019%                         | 25                              |

(Continued)

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

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

|                              | <b>For the six months ended<br/>June 30,</b> |                      |
|------------------------------|----------------------------------------------|----------------------|
|                              | <b>2026</b>                                  | <b>2025</b>          |
| Balance at January 1         | \$ 111,454                                   | 74,546               |
| Impairment losses recognized | 1,847                                        | -                    |
| Impairment losses reversed   | -                                            | (9,733)              |
| Balance at June 30           | <u><u>\$ 113,301</u></u>                     | <u><u>64,813</u></u> |

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

(ii) As of June 30, 2026, December 31 and June 30, 2025, the Consolidated Company did not provide any notes and accounts receivable as collateral.

(e) Other receivables

|                                         | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-----------------------------------------|--------------------------|------------------------------|--------------------------|
| Dividends receivable                    | \$ 22,586                | -                            | 14,117                   |
| Receivables from disposal of subsidiary | -                        | -                            | 18,581                   |
| Tax refund receivable                   | 1,493                    | 4,969                        | 3,638                    |
| Others                                  | 54,945                   | 34,698                       | 37,553                   |
| Less: loss allowance                    | -                        | -                            | (18,581)                 |
|                                         | <u><u>\$ 79,024</u></u>  | <u><u>39,667</u></u>         | <u><u>55,308</u></u>     |

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

(ii) As of June 30, 2026, December 31 and June 30, 2025, the Consolidated Company did not provide any other receivables as collateral.

(f) Inventories

|                                                                  | <b>June 30,<br/>2026</b>    | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|------------------------------------------------------------------|-----------------------------|------------------------------|--------------------------|
| Finished goods (including consigned goods)                       | \$ 3,711,137                | 2,944,531                    | 3,402,726                |
| Work in process (including consigned goods and goods in transit) | 2,379,796                   | 3,556,602                    | 4,035,222                |
| Raw materials (including goods in transit)                       | 7,213,964                   | 7,951,137                    | 7,406,534                |
| Material (including consigned goods and goods in transit)        | 2,188,210                   | 2,232,464                    | 2,266,107                |
| Inventories, net                                                 | <u><u>\$ 15,493,107</u></u> | <u><u>16,684,734</u></u>     | <u><u>17,110,589</u></u> |

(Continued)

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

(i) Collateral

None of the inventory was pledged as collateral as of June 30, 2026, December 31 and June 30, 2025, respectively.

(ii) Operating costs

For the three months ended June 30, 2026 and 2025 and six months ended June 30, 2026 and 2025, cost of sales recognized was as follows:

|                                                                             | For the three months ended<br>June 30, |                   | For the six months ended<br>June 30, |                   |
|-----------------------------------------------------------------------------|----------------------------------------|-------------------|--------------------------------------|-------------------|
|                                                                             | 2026                                   | 2025              | 2026                                 | 2025              |
| Cost of goods sold                                                          | \$ 10,531,472                          | 10,676,798        | 20,013,021                           | 21,216,187        |
| Loss on the decline<br>(gain from recovery)<br>of inventory market<br>price | 7                                      | (4,924)           | (3,984)                              | (16,794)          |
| Unallocated production<br>overheads — capacity<br>variance                  | 17,715                                 | 29,472            | 48,821                               | 67,604            |
| Revenue from sales of<br>materials and scrap                                | (50,138)                               | (63,306)          | (131,325)                            | (101,563)         |
| Total                                                                       | <u>\$ 10,499,056</u>                   | <u>10,638,040</u> | <u>19,926,533</u>                    | <u>21,165,434</u> |

For the three months ended June 30, 2025 and the six months ended June 30, 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 June 30, 2026 and 2025 and six months ended June 30, 2026 and 2025, consisted of the following:

|                  | For the three months ended<br>June 30, |                | For the six months ended<br>June 30, |                |
|------------------|----------------------------------------|----------------|--------------------------------------|----------------|
|                  | 2026                                   | 2025           | 2026                                 | 2025           |
| Processing costs | <u>\$ 158,076</u>                      | <u>176,665</u> | <u>285,471</u>                       | <u>265,085</u> |

(Continued)

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

(g) Investments accounted for using the equity method

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

|                                                                  |    | <u>June 30,</u><br><u>2026</u>                       | <u>December 31,</u><br><u>2025</u>                 | <u>June 30,</u><br><u>2025</u> |               |
|------------------------------------------------------------------|----|------------------------------------------------------|----------------------------------------------------|--------------------------------|---------------|
| Carrying amount of individually insignificant associates' equity |    | <u>\$ 1,505,409</u>                                  | <u>1,534,974</u>                                   | <u>1,389,004</u>               |               |
|                                                                  |    | <u>For the three months ended</u><br><u>June 30,</u> | <u>For the six months ended</u><br><u>June 30,</u> |                                |               |
|                                                                  |    | <u>2026</u>                                          | <u>2025</u>                                        | <u>2026</u>                    | <u>2025</u>   |
| Attributable to the Consolidated Company:                        |    |                                                      |                                                    |                                |               |
| Net income from continuing operations                            | \$ | 80,210                                               | 54,037                                             | 107,710                        | 87,397        |
| Other comprehensive income                                       |    | <u>6,580</u>                                         | <u>4,017</u>                                       | <u>12,134</u>                  | <u>8,089</u>  |
| Total                                                            | \$ | <u>86,790</u>                                        | <u>58,054</u>                                      | <u>119,844</u>                 | <u>95,486</u> |

(ii) Collateral

None of the investments accounted for using the equity method was pledged as collateral as of June 30, 2026, December 31 and June 30, 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 six months ended June 30, 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                            | -                   | -                        | 8,162                          | 431,574                        | 17,280                         | 2,514               | 287,692                         | 747,222           |
| Reclassification in (out)            | 61,943              | -                        | -                              | 70,807                         | 41                             | (61,943)            | (9,323)                         | 61,525            |
| Disposals                            | -                   | -                        | (2,987)                        | (26,418)                       | (1,691)                        | -                   | -                               | (31,096)          |
| Effects of exchange rates and others | -                   | -                        | (98,501)                       | 30,276                         | 648                            | -                   | 112,811                         | 45,234            |
| Balance as of June 30, 2026          | \$ <u>5,607,528</u> | <u>42,086</u>            | <u>10,043,597</u>              | <u>32,282,104</u>              | <u>536,802</u>                 | <u>334,877</u>      | <u>651,782</u>                  | <u>49,498,776</u> |

(Continued)

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

|                                                        | <u>Land</u>         | <u>Land improvements</u> | <u>Building and structures</u> | <u>Machinery and equipment</u> | <u>Miscellaneous equipment</u> | <u>Other assets</u> | <u>Construction in progress</u> | <u>Total</u>      |
|--------------------------------------------------------|---------------------|--------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|
| Balance as of January 1, 2025                          | \$ 5,545,585        | 29,828                   | 10,044,757                     | 31,352,949                     | 482,111                        | 391,402             | 278,097                         | 48,124,729        |
| Additions                                              | -                   | 3,657                    | 4,635                          | 173,500                        | 7,421                          | -                   | 104,527                         | 293,740           |
| Reclassification in (out)                              | -                   | -                        | 6,235                          | 51,703                         | (724)                          | -                   | (17,490)                        | 39,724            |
| Disposals                                              | -                   | -                        | (66,335)                       | (43,050)                       | (2,652)                        | -                   | -                               | (112,037)         |
| Effects of exchange rates and others                   | -                   | -                        | (185,595)                      | (397,080)                      | (8,705)                        | -                   | (2,143)                         | (593,523)         |
| Balance as of June 30, 2025                            | <u>\$ 5,545,585</u> | <u>33,485</u>            | <u>9,803,697</u>               | <u>31,138,022</u>              | <u>477,451</u>                 | <u>391,402</u>      | <u>362,991</u>                  | <u>47,752,633</u> |
| <b>Accumulated depreciation and impairment losses:</b> |                     |                          |                                |                                |                                |                     |                                 |                   |
| Balance as of January 1, 2026                          | \$ -                | 8,648                    | 5,211,474                      | 24,931,023                     | 371,827                        | -                   | -                               | 30,522,972        |
| Depreciation for the period                            | -                   | 2,195                    | 134,148                        | 653,587                        | 19,943                         | -                   | -                               | 809,873           |
| Disposals                                              | -                   | -                        | (2,987)                        | (26,335)                       | (1,691)                        | -                   | -                               | (31,013)          |
| Effects of exchange rates and others                   | -                   | -                        | 4,327                          | 17,551                         | 424                            | -                   | -                               | 22,302            |
| Balance as of June 30, 2026                            | <u>\$ -</u>         | <u>10,843</u>            | <u>5,346,962</u>               | <u>25,575,826</u>              | <u>390,503</u>                 | <u>-</u>            | <u>-</u>                        | <u>31,324,134</u> |
| Balance as of January 1, 2025                          | \$ -                | 5,272                    | 4,999,121                      | 23,987,610                     | 350,090                        | -                   | -                               | 29,342,093        |
| Depreciation for the period                            | -                   | 1,602                    | 130,938                        | 597,032                        | 19,212                         | -                   | -                               | 748,784           |
| Disposals                                              | -                   | -                        | (9,531)                        | (42,587)                       | (2,651)                        | -                   | -                               | (54,769)          |
| Effects of exchange rates and others                   | -                   | -                        | (52,262)                       | (207,189)                      | (5,299)                        | -                   | -                               | (264,750)         |
| Balance as of June 30, 2025                            | <u>\$ -</u>         | <u>6,874</u>             | <u>5,068,266</u>               | <u>24,334,866</u>              | <u>361,352</u>                 | <u>-</u>            | <u>-</u>                        | <u>29,771,358</u> |
| <b>Carrying value</b>                                  |                     |                          |                                |                                |                                |                     |                                 |                   |
| Balance as of June 30, 2026                            | <u>\$ 5,607,528</u> | <u>31,243</u>            | <u>4,696,635</u>               | <u>6,706,278</u>               | <u>146,299</u>                 | <u>334,877</u>      | <u>651,782</u>                  | <u>18,174,642</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 June 30, 2025                            | <u>\$ 5,545,585</u> | <u>26,611</u>            | <u>4,735,431</u>               | <u>6,803,156</u>               | <u>116,099</u>                 | <u>391,402</u>      | <u>362,991</u>                  | <u>17,981,275</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>June 30, 2026</u> | <u>December 31, 2025</u> | <u>June 30, 2025</u> |
|-------------------------------|----------------------|--------------------------|----------------------|
| Property, plant and equipment | \$ 334,877           | 394,306                  | 391,402              |
| Investment property           | 71,952               | 71,952                   | 71,952               |
|                               | <u>\$ 406,829</u>    | <u>466,258</u>           | <u>463,354</u>       |

(ii) Work in Progress – Plant and equipment

For the six months ended June 30, 2026 and 2025, the capitalized interest incurred by the Consolidated Company during the construction of plant and equipment amounted to \$2,054 thousand and \$2,632 thousand, respectively. The capitalization rates ranged applied were 1.76%~1.77% and 1.81%~1.82%, respectively.

(Continued)

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

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

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

(iv) Collateral

None of the property, plant and equipment was pledged as collateral as of June 30, 2026, December 31 and June 30, 2025.

(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:

|                                  | Land              | Building<br>and<br>structures | Machinery<br>and<br>equipment | Transportation<br>equipment | Office<br>equipment | Total          |
|----------------------------------|-------------------|-------------------------------|-------------------------------|-----------------------------|---------------------|----------------|
| <b>Cost:</b>                     |                   |                               |                               |                             |                     |                |
| Balance at January 1, 2026       | \$ 315,972        | 77,205                        | 82,737                        | 41,494                      | 6,806               | 524,214        |
| Additions                        | 17,145            | 38,337                        | 76,820                        | 13,013                      | 2,295               | 147,610        |
| Disposal                         | -                 | -                             | -                             | (10,553)                    | -                   | (10,553)       |
| Effect of exchange rates         | 1,262             | 95                            | 685                           | -                           | -                   | 2,042          |
| Balance at June 30, 2026         | <u>\$ 334,379</u> | <u>115,637</u>                | <u>160,242</u>                | <u>43,954</u>               | <u>9,101</u>        | <u>663,313</u> |
| Balance at January 1, 2025       | \$ 322,681        | 55,904                        | 89,086                        | 33,589                      | 7,179               | 508,439        |
| Additions                        | 3,737             | 67,856                        | 525                           | 7,042                       | 1,818               | 80,978         |
| Disposal                         | (1,935)           | (41,074)                      | (1,477)                       | (3,231)                     | (2,076)             | (49,793)       |
| Effect of exchange rates         | (16,401)          | (1,236)                       | (8,902)                       | -                           | -                   | (26,539)       |
| Balance at June 30, 2025         | <u>\$ 308,082</u> | <u>81,450</u>                 | <u>79,232</u>                 | <u>37,400</u>               | <u>6,921</u>        | <u>513,085</u> |
| <b>Accumulated depreciation:</b> |                   |                               |                               |                             |                     |                |
| Balance at January 1, 2026       | \$ 110,664        | 15,014                        | 65,852                        | 23,230                      | 2,454               | 217,214        |
| Depreciation for the period      | 9,858             | 12,763                        | 9,664                         | 5,480                       | 602                 | 38,367         |
| Disposal                         | -                 | -                             | -                             | (10,553)                    | -                   | (10,553)       |
| Effect of exchange rates         | 246               | 41                            | 573                           | -                           | -                   | 860            |
| Balance at June 30, 2026         | <u>\$ 120,768</u> | <u>27,818</u>                 | <u>76,089</u>                 | <u>18,157</u>               | <u>3,056</u>        | <u>245,888</u> |
| Balance at January 1, 2025       | \$ 94,907         | 41,864                        | 62,308                        | 16,591                      | 3,657               | 219,327        |
| Depreciation for the period      | 9,625             | 9,069                         | 5,092                         | 4,585                       | 575                 | 28,946         |
| Disposal                         | (1,935)           | (41,074)                      | (1,477)                       | (3,231)                     | (1,961)             | (49,678)       |
| Effect of exchange rates         | (2,811)           | (315)                         | (6,558)                       | -                           | -                   | (9,684)        |
| Balance at June 30, 2025         | <u>\$ 99,786</u>  | <u>9,544</u>                  | <u>59,365</u>                 | <u>17,945</u>               | <u>2,271</u>        | <u>188,911</u> |
| <b>Carrying amount:</b>          |                   |                               |                               |                             |                     |                |
| Balance at June 30, 2026         | <u>\$ 213,611</u> | <u>87,819</u>                 | <u>84,153</u>                 | <u>25,797</u>               | <u>6,045</u>        | <u>417,425</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 June 30, 2025         | <u>\$ 208,296</u> | <u>71,906</u>                 | <u>19,867</u>                 | <u>19,455</u>               | <u>4,650</u>        | <u>324,174</u> |

(Continued)

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

(j) Investment property

|                                   | <u>Land and<br/>improvements</u> | <u>Buildings and<br/>structures</u> | <u>Total</u>            |
|-----------------------------------|----------------------------------|-------------------------------------|-------------------------|
| <b>Cost or deemed cost:</b>       |                                  |                                     |                         |
| Balance as of January 1, 2026     | \$ 1,930,443                     | 271,731                             | 2,202,174               |
| Additions                         | <u>230</u>                       | <u>-</u>                            | <u>230</u>              |
| Balance as of June 30, 2026       | <u><b>\$ 1,930,673</b></u>       | <u><b>271,731</b></u>               | <u><b>2,202,404</b></u> |
| Balance as of January 1, 2025     | \$ 1,924,255                     | 269,585                             | 2,193,840               |
| Additions                         | <u>6,160</u>                     | <u>1,130</u>                        | <u>7,290</u>            |
| Balance as of June 30, 2025       | <u><b>\$ 1,930,415</b></u>       | <u><b>270,715</b></u>               | <u><b>2,201,130</b></u> |
| <b>Accumulated depreciation :</b> |                                  |                                     |                         |
| Balance as of January 1, 2026     | \$ -                             | 224,295                             | 224,295                 |
| Depreciation for the period       | <u>-</u>                         | <u>2,127</u>                        | <u>2,127</u>            |
| Balance as of June 30, 2026       | <u><b>\$ -</b></u>               | <u><b>226,422</b></u>               | <u><b>226,422</b></u>   |
| Balance as of January 1, 2025     | \$ -                             | 219,561                             | 219,561                 |
| Depreciation for the period       | <u>-</u>                         | <u>2,362</u>                        | <u>2,362</u>            |
| Balance as of June 30, 2025       | <u><b>\$ -</b></u>               | <u><b>221,923</b></u>               | <u><b>221,923</b></u>   |
| <b>Carrying amount:</b>           |                                  |                                     |                         |
| Balance as of June 30, 2026       | <u><b>\$ 1,930,673</b></u>       | <u><b>45,309</b></u>                | <u><b>1,975,982</b></u> |
| Balance as of December 31, 2025   | <u><b>\$ 1,930,443</b></u>       | <u><b>47,436</b></u>                | <u><b>1,977,879</b></u> |
| Balance as of June 30, 2025       | <u><b>\$ 1,930,415</b></u>       | <u><b>48,792</b></u>                | <u><b>1,979,207</b></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 June 30, 2026, December 31 and June 30, 2025, the carrying amounts were \$974,120 thousand at each reporting date.
- (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 June 30, 2026, December 31 and June 30, 2025.

(Continued)

**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:

|                                                         | <b>June 30,<br/>2026</b>    | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b>  |
|---------------------------------------------------------|-----------------------------|------------------------------|---------------------------|
| Letters of credit loans                                 | \$ 2,814                    | 355                          | 7,219                     |
| Unsecured bank loans                                    | 7,261,211                   | 6,148,957                    | 9,231,047                 |
|                                                         | <b><u>\$ 7,264,025</u></b>  | <b><u>6,149,312</u></b>      | <b><u>9,238,266</u></b>   |
| Unused credit lines (including notes and bills payable) | <b><u>\$ 32,595,422</u></b> | <b><u>34,418,425</u></b>     | <b><u>30,645,208</u></b>  |
| Range of interest rates                                 | <b><u>1.76%~4.64%</u></b>   | <b><u>1.73%~5.20%</u></b>    | <b><u>1.73%~5.19%</u></b> |

(ii) Issuance and repayment of short-term loans

|                                                                     | <b>Total</b>               |
|---------------------------------------------------------------------|----------------------------|
| Balance as of January 1, 2026                                       | \$ 6,149,312               |
| Issuances during the period (Maturity date: July 2026 to June 2027) | 44,702,140                 |
| Repayments during the period                                        | (43,598,009)               |
| Effects of exchange rates                                           | 10,582                     |
| Balance as of June 30, 2026                                         | <b><u>\$ 7,264,025</u></b> |
| Interest rates range of the issuance during the period              | <b><u>1.76%~4.64%</u></b>  |

|                                                                         | <b>Total</b>               |
|-------------------------------------------------------------------------|----------------------------|
| Balance as of January 1, 2025                                           | \$ 8,770,644               |
| Issuances during the period (Maturity date: July 2025 to December 2025) | 40,639,187                 |
| Repayments during the period                                            | (39,978,538)               |
| Effects of exchange rates                                               | (193,027)                  |
| Balance as of June 30, 2025                                             | <b><u>\$ 9,238,266</u></b> |
| Interest rates range of the issuance during the period                  | <b><u>1.73%~5.36%</u></b>  |

(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:

|                               | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-------------------------------|--------------------------|------------------------------|--------------------------|
| Unsecured bank loans          | \$ 620,000               | 1,430,000                    | 3,342,000                |
| Less: current portion         | (80,000)                 | (80,000)                     | (400,000)                |
| Total                         | <u>\$ 540,000</u>        | <u>1,350,000</u>             | <u>2,942,000</u>         |
| Unused long-term credit lines | <u>\$ 3,320,000</u>      | <u>3,200,000</u>             | <u>1,353,000</u>         |
| Range of interest rates       | <u>1.77%~1.80%</u>       | <u>1.77%~1.80%</u>           | <u>1.77% ~ 1.85%</u>     |
| Maturity date                 | <u>2026.9~2030.6</u>     | <u>2026.3~2030.6</u>         | <u>2025.9~2028.3</u>     |

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

|                                                                           | <b>Total</b>        |
|---------------------------------------------------------------------------|---------------------|
| Balance as of January 1, 2026                                             | \$ 1,430,000        |
| Issuances during the period (Maturity date: September 2026 to June 2030)  | 790,000             |
| Repayments during the period                                              | (1,600,000)         |
| Balance as of June 30, 2026                                               | <u>\$ 620,000</u>   |
| Interest rates range of the issuance during the period                    | <u>1.77%~1.80%</u>  |
|                                                                           | <b>Total</b>        |
| Balance as of January 1, 2025                                             | \$ 3,246,170        |
| Issuances during the period (Maturity date: September 2025 to March 2028) | 4,270,000           |
| Repayments during the period                                              | (4,174,170)         |
| Balance as of June 30, 2025                                               | <u>\$ 3,342,000</u> |
| Interest rates range of the issuance during the period                    | <u>1.77%~1.85%</u>  |

(m) Lease liabilities

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

|             | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-------------|--------------------------|------------------------------|--------------------------|
| Current     | <u>\$ 89,723</u>         | <u>50,850</u>                | <u>52,476</u>            |
| Non-current | <u>\$ 207,135</u>        | <u>140,349</u>               | <u>159,993</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<br>June 30, |              | For the six months ended<br>June 30, |               |
|--------------------------------------------------------------------------------------------------|----------------------------------------|--------------|--------------------------------------|---------------|
|                                                                                                  | 2026                                   | 2025         | 2026                                 | 2025          |
| Interest on lease liabilities                                                                    | \$ <u>1,538</u>                        | <u>953</u>   | <u>2,777</u>                         | <u>1,644</u>  |
| Variable lease payments not included in the measurement of lease liabilities                     | \$ <u>57</u>                           | <u>45</u>    | <u>95</u>                            | <u>208</u>    |
| Income from sub-leasing right-of-use assets                                                      | \$ <u>130</u>                          | <u>100</u>   | <u>254</u>                           | <u>214</u>    |
| Expenses relating to short-term leases                                                           | \$ <u>7,238</u>                        | <u>5,881</u> | <u>21,948</u>                        | <u>12,616</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>1,937</u>                        | <u>2,284</u> | <u>2,369</u>                         | <u>3,106</u>  |

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

|                               | For the six months ended<br>June 30, |               |
|-------------------------------|--------------------------------------|---------------|
|                               | 2026                                 | 2025          |
| Total cash outflow for leases | \$ <u>69,066</u>                     | <u>44,763</u> |

(i) Real estate leases

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

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

(Continued)

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

(ii) Other leases

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

The Consolidated Company also leases transportation, 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 six months ended June 30, 2026. Please refer to Note 6(o) to the consolidated financial statements for the year ended December 31, 2025.

(o) Provision

|                                   | <u>June 30,<br/>2026</u> | <u>December 31,<br/>2025</u> | <u>June 30,<br/>2025</u> |
|-----------------------------------|--------------------------|------------------------------|--------------------------|
| Current                           |                          |                              |                          |
| Carbon fees                       | \$ 3,317                 | 6,653                        | 3,918                    |
| Warranty provisions — current     | -                        | 4                            | -                        |
| Non-Current                       |                          |                              |                          |
| Warranty provisions — non-current | <u>168,155</u>           | <u>157,388</u>               | <u>148,296</u>           |
|                                   | <u><u>\$ 171,472</u></u> | <u><u>164,045</u></u>        | <u><u>152,214</u></u>    |

In accordance with the Climate Change Response Act, the Ministry of Environment of the Republic of China (Taiwan) promulgated the Carbon Fee Collection Regulations and related regulations in 2024. Beginning in January 2025, carbon fees are imposed on greenhouse gas emissions generated by designated enterprises. Under these regulations, enterprises that submit self-reduction plans, obtain approval from the competent authority, and achieve the prescribed emission reduction targets, are eligible for preferential fee rates. In addition, enterprises qualified as entities with a high risk of carbon leakage may calculate their carbon fees based on applicable adjustment coefficients. Otherwise, carbon fees are assessed based on actual annual greenhouse gas emissions at the standard fee rates.

The Consolidated Company is subject to the carbon fee regime stipulated by the Carbon Fee Collection Regulations. It submitted its self-reduction plans to the competent authority in March 2025 and January 2026. Both plans were approved in 2026, and the Consolidated Company subsequently applied to be recognized as an enterprise in a high carbon leakage risk industry. Based on all available internal and external information, including its ongoing greenhouse gas emissions inventory management and monitoring of emission reduction progress, the Consolidated Company assessed that it is highly probable that the relevant approvals will be obtained and the prescribed annual reduction targets will be achieved, thereby qualifying for the preferential fee rates.

(Continued)

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

Based on the above regulation, the Consolidated Company recognized the provisions for carbon fee liabilities of \$3,317 thousand and \$3,918 thousand, respectively, in respect of greenhouse gas emissions from all plants/sites for the six months ended June 30, 2026 and 2025, respectively. Such provisions were measured using Preferential Fee Rate A (\$50 per metric ton of carbon dioxide equivalent) or Preferential Fee Rate B (\$100 per metric ton of carbon dioxide equivalent) applicable to enterprises with a high risk of carbon leakage, together with the relevant emission adjustment coefficients. These liabilities will be settled by cash payments to the government in May of the following year. Any difference between the estimated amounts and the actual amounts paid in the following year will be accounted for as a change in accounting estimate and recognized in profit or loss in that year.

(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<br>June 30, |              | For the six months ended<br>June 30, |              |
|-------------------------|----------------------------------------|--------------|--------------------------------------|--------------|
|                         | 2026                                   | 2025         | 2026                                 | 2025         |
| Operating costs         | \$ 1,077                               | 1,035        | 2,147                                | 2,486        |
| Selling expenses        | 48                                     | 45           | 94                                   | 109          |
| Administrative expenses | 405                                    | 189          | 808                                  | 466          |
|                         | <u>\$ 1,530</u>                        | <u>1,269</u> | <u>3,049</u>                         | <u>3,061</u> |

(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<br>June 30, |               | For the six months ended<br>June 30, |               |
|-------------------------|----------------------------------------|---------------|--------------------------------------|---------------|
|                         | 2026                                   | 2025          | 2026                                 | 2025          |
| Operating costs         | \$ 19,001                              | 16,667        | 37,544                               | 33,073        |
| Selling expenses        | 1,014                                  | 985           | 2,028                                | 1,963         |
| Administrative expenses | 3,859                                  | 4,023         | 7,878                                | 7,980         |
|                         | <u>\$ 23,874</u>                       | <u>21,675</u> | <u>47,450</u>                        | <u>43,016</u> |

(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:

|                                                       | <b>For the three months ended<br/>June 30,</b> |                | <b>For the six months ended<br/>June 30,</b> |                |
|-------------------------------------------------------|------------------------------------------------|----------------|----------------------------------------------|----------------|
|                                                       | <b>2026</b>                                    | <b>2025</b>    | <b>2026</b>                                  | <b>2025</b>    |
| Current tax expense                                   |                                                |                |                                              |                |
| Current period                                        | \$ 562,938                                     | 389,520        | 865,071                                      | 673,674        |
| Adjustment for prior periods                          | 18,055                                         | (20,281)       | 16,849                                       | (20,281)       |
|                                                       | <u>580,993</u>                                 | <u>369,239</u> | <u>881,920</u>                               | <u>653,393</u> |
| Deferred tax expense                                  |                                                |                |                                              |                |
| The origination and reversal of temporary differences | (9,582)                                        | (2,024)        | (7,516)                                      | 1,687          |
| Income tax expenses                                   | <u>\$ 571,411</u>                              | <u>367,215</u> | <u>874,404</u>                               | <u>655,080</u> |

(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 June 30, 2026, December 31 and June 30, 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)         | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|---------------------|--------------------------|------------------------------|--------------------------|
| Total issued shares | <u><b>66,187,923</b></u> | <u><b>66,187,923</b></u>     | <u><b>66,187,923</b></u> |
| Outstanding shares  | <u><b>4,919,192</b></u>  | <u><b>4,919,192</b></u>      | <u><b>4,919,192</b></u>  |

(ii) Capital surplus

The balances of capital surplus were as follows:

|                                                                                              | <b>June 30,<br/>2026</b>   | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|----------------------------------------------------------------------------------------------|----------------------------|------------------------------|--------------------------|
| 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<br>and the carrying amount of subsidiaries<br>shares | 21,511                     | 21,511                       | 21,511                   |
| Changes in equity of associates accounted<br>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><b>\$ 7,745,045</b></u> | <u><b>7,745,045</b></u>      | <u><b>7,742,308</b></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 June 30, 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 reversal "special reserve for climate change adaptation and mitigation" amounting to \$140,611 thousand on May 22, 2026. As of June 30, 2026, the balance of the special surplus reserve was \$130,232 thousand.

(Continued)

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

3) Earnings distribution

The amounts of cash dividends on the 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 :

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

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

(iv) Other equity (net of tax)

|                                                                                                            | <b>Exchange<br/>differences on<br/>translation<br/>of foreign<br/>financial<br/>statements</b> | <b>Unrealized gains<br/>(losses) from<br/>financial assets<br/>measured at fair<br/>value through<br/>other<br/>comprehensive<br/>income</b> | <b>Total</b>            |
|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Balance as of January 1, 2026                                                                              | \$ (731,627)                                                                                   | 327,484                                                                                                                                      | (404,143)               |
| Exchange differences on translation:                                                                       |                                                                                                |                                                                                                                                              |                         |
| The Consolidated Company                                                                                   | 46,320                                                                                         | -                                                                                                                                            | 46,320                  |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income: |                                                                                                |                                                                                                                                              |                         |
| The Consolidated Company                                                                                   | -                                                                                              | (54,236)                                                                                                                                     | (54,236)                |
| Balance as of June 30, 2026                                                                                | <u><b>\$ (685,307)</b></u>                                                                     | <u><b>273,248</b></u>                                                                                                                        | <u><b>(412,059)</b></u> |
| Balance as of January 1, 2025                                                                              | \$ (562,748)                                                                                   | 305,998                                                                                                                                      | (256,750)               |
| Exchange differences on translation:                                                                       |                                                                                                |                                                                                                                                              |                         |
| The Consolidated Company                                                                                   | (340,773)                                                                                      | -                                                                                                                                            | (340,773)               |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income: |                                                                                                |                                                                                                                                              |                         |
| The Consolidated Company                                                                                   | -                                                                                              | (6,355)                                                                                                                                      | (6,355)                 |
| Balance as of June 30, 2025                                                                                | <u><b>\$ (903,521)</b></u>                                                                     | <u><b>299,643</b></u>                                                                                                                        | <u><b>(603,878)</b></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<br>June 30, |                  | For the six months ended<br>June 30, |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------|------------------|
|                                                                                                                                               | 2026                                   | 2025             | 2026                                 | 2025             |
| <b>Basic earnings per share (in dollars)</b>                                                                                                  | <u>\$ 2.41</u>                         | <u>1.51</u>      | <u>4.07</u>                          | <u>3.01</u>      |
| Profit attributable to ordinary shareholders of the Company                                                                                   | <u>\$ 1,759,894</u>                    | <u>1,104,423</u> | <u>2,971,876</u>                     | <u>2,197,266</u> |
| Weighted-average number of outstanding ordinary shares (in thousands)                                                                         | <u>730,214</u>                         | <u>730,214</u>   | <u>730,214</u>                       | <u>730,214</u>   |
| <b>Diluted earnings per share (in dollars)</b>                                                                                                | <u>\$ 2.41</u>                         | <u>1.51</u>      | <u>4.06</u>                          | <u>3.00</u>      |
| Profit attributable to ordinary shareholders of the Company                                                                                   | <u>\$ 1,759,894</u>                    | <u>1,104,423</u> | <u>2,971,876</u>                     | <u>2,197,266</u> |
| Weighted-average number of outstanding ordinary shares (in thousands)                                                                         | 730,214                                | 730,214          | 730,214                              | 730,214          |
| Effect of dilutive potential ordinary shares                                                                                                  |                                        |                  |                                      |                  |
| Effect of employee share bonus                                                                                                                | <u>1,407</u>                           | <u>1,100</u>     | <u>2,028</u>                         | <u>1,676</u>     |
| Weighted-average number of outstanding ordinary shares (in thousands) (after adjustments of the effect of dilutive potential ordinary shares) | <u>731,621</u>                         | <u>731,314</u>   | <u>732,242</u>                       | <u>731,890</u>   |

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

|                               | For the three months ended June 30, 2026 |                        |                       |                   |
|-------------------------------|------------------------------------------|------------------------|-----------------------|-------------------|
|                               | Sale of goods                            | Construction contracts | Rendering of services | Total             |
| Primary geographical markets: |                                          |                        |                       |                   |
| Taiwan                        | \$ 10,312,104                            | 4,672,955              | 228,104               | 15,213,163        |
| The Americas                  | 43,819                                   | -                      | -                     | 43,819            |
| Asia                          | 728,662                                  | -                      | 470                   | 729,132           |
| Others                        | 276,685                                  | -                      | 542                   | 277,227           |
|                               | <u>\$ 11,361,270</u>                     | <u>4,672,955</u>       | <u>229,116</u>        | <u>16,263,341</u> |
| Main product/service line:    |                                          |                        |                       |                   |
| Re-Bar                        | \$ 7,079,212                             | -                      | -                     | 7,079,212         |
| Section                       | 4,273,089                                | -                      | -                     | 4,273,089         |
| Rendering of services         | -                                        | -                      | 229,116               | 229,116           |
| Metal structure               | -                                        | 4,620,091              | -                     | 4,620,091         |
| Civil engineering             | -                                        | 52,864                 | -                     | 52,864            |
| Others                        | 8,969                                    | -                      | -                     | 8,969             |
|                               | <u>\$ 11,361,270</u>                     | <u>4,672,955</u>       | <u>229,116</u>        | <u>16,263,341</u> |

(Continued)

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

| <b>For the three months ended June 30, 2025</b> |                      |                               |                              |                   |
|-------------------------------------------------|----------------------|-------------------------------|------------------------------|-------------------|
|                                                 | <b>Sale of goods</b> | <b>Construction contracts</b> | <b>Rendering of services</b> | <b>Total</b>      |
| Primary geographical markets:                   |                      |                               |                              |                   |
| Taiwan                                          | \$ 10,329,826        | 3,968,202                     | 212,544                      | 14,510,572        |
| The Americas                                    | 115,423              | -                             | -                            | 115,423           |
| Asia                                            | 628,314              | -                             | 391                          | 628,705           |
| Others                                          | 419,515              | -                             | 489                          | 420,004           |
|                                                 | <b>\$ 11,493,078</b> | <b>3,968,202</b>              | <b>213,424</b>               | <b>15,674,704</b> |
| Main product/service line:                      |                      |                               |                              |                   |
| Re-Bar                                          | \$ 7,765,147         | -                             | -                            | 7,765,147         |
| Section                                         | 3,720,438            | -                             | -                            | 3,720,438         |
| Rendering of services                           | -                    | -                             | 213,424                      | 213,424           |
| Metal structure                                 | -                    | 3,776,251                     | -                            | 3,776,251         |
| Civil engineering                               | -                    | 191,951                       | -                            | 191,951           |
| Others                                          | 7,493                | -                             | -                            | 7,493             |
|                                                 | <b>\$ 11,493,078</b> | <b>3,968,202</b>              | <b>213,424</b>               | <b>15,674,704</b> |

| <b>For the six months ended June 30, 2026</b> |                      |                               |                              |                   |
|-----------------------------------------------|----------------------|-------------------------------|------------------------------|-------------------|
|                                               | <b>Sale of goods</b> | <b>Construction contracts</b> | <b>Rendering of services</b> | <b>Total</b>      |
| Primary geographical markets:                 |                      |                               |                              |                   |
| Taiwan                                        | \$ 19,366,275        | 7,911,338                     | 407,407                      | 27,685,020        |
| The Americas                                  | 58,477               | -                             | -                            | 58,477            |
| Asia                                          | 1,531,228            | -                             | 789                          | 1,532,017         |
| Others                                        | 589,147              | -                             | 1,070                        | 590,217           |
|                                               | <b>\$ 21,545,127</b> | <b>7,911,338</b>              | <b>409,266</b>               | <b>29,865,731</b> |
| Main products/service lines:                  |                      |                               |                              |                   |
| Re-Bar                                        | \$ 14,110,390        | -                             | -                            | 14,110,390        |
| Section                                       | 7,410,953            | -                             | -                            | 7,410,953         |
| Rendering of services                         | -                    | -                             | 409,266                      | 409,266           |
| Metal structure                               | -                    | 7,809,849                     | -                            | 7,809,849         |
| Civil engineering                             | -                    | 101,489                       | -                            | 101,489           |
| Others                                        | 23,784               | -                             | -                            | 23,784            |
|                                               | <b>\$ 21,545,127</b> | <b>7,911,338</b>              | <b>409,266</b>               | <b>29,865,731</b> |

(Continued)

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

| <b>For the six months ended June 30, 2025</b> |                      |                               |                              |                   |
|-----------------------------------------------|----------------------|-------------------------------|------------------------------|-------------------|
|                                               | <b>Sale of goods</b> | <b>Construction contracts</b> | <b>Rendering of services</b> | <b>Total</b>      |
| Primary geographical markets:                 |                      |                               |                              |                   |
| Taiwan                                        | \$ 20,175,207        | 7,452,958                     | 330,559                      | 27,958,724        |
| The Americas                                  | 142,105              | -                             | -                            | 142,105           |
| Asia                                          | 1,242,201            | -                             | 546                          | 1,242,747         |
| Others                                        | 830,165              | -                             | 996                          | 831,161           |
|                                               | <b>\$ 22,389,678</b> | <b>7,452,958</b>              | <b>332,101</b>               | <b>30,174,737</b> |
| Main products/service lines:                  |                      |                               |                              |                   |
| Re-Bar                                        | \$ 15,328,857        | -                             | -                            | 15,328,857        |
| Section                                       | 7,034,444            | -                             | -                            | 7,034,444         |
| Rendering of services                         | -                    | -                             | 332,101                      | 332,101           |
| Metal structure                               | -                    | 7,055,331                     | -                            | 7,055,331         |
| Civil engineering                             | -                    | 397,627                       | -                            | 397,627           |
| Others                                        | 26,377               | -                             | -                            | 26,377            |
|                                               | <b>\$ 22,389,678</b> | <b>7,452,958</b>              | <b>332,101</b>               | <b>30,174,737</b> |

(ii) Contract balances

|                                              | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|----------------------------------------------|--------------------------|------------------------------|--------------------------|
| Notes receivable                             | \$ 338,566               | 101,446                      | 136,568                  |
| Accounts receivable                          | 3,119,952                | 2,769,312                    | 3,169,851                |
| Overdue receivables                          | 47,993                   | 47,993                       | 47,993                   |
| Less: allowance for impairment               | (113,301)                | (111,454)                    | (64,813)                 |
| Total                                        | <b>\$ 3,393,210</b>      | <b>2,807,297</b>             | <b>3,289,599</b>         |
| Contract assets — construction contract      | <b>\$ 7,794,338</b>      | <b>5,983,887</b>             | <b>7,060,456</b>         |
| Contract liabilities — advance receipts      | \$ 1,162,586             | 1,281,379                    | 1,448,465                |
| Contract liabilities — construction contract | 3,126,852                | 2,372,697                    | 2,350,567                |
| Total                                        | <b>\$ 4,289,438</b>      | <b>3,654,076</b>             | <b>3,799,032</b>         |

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

The amounts of revenue recognized for the six months ended June 30, 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 22, 2026, if the Company has profit for the year, no less than 2.5% of the profit shall be allocated as employee compensation, of which no less than 50% shall be distributed to 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.

Prior to the amendment, in accordance with the Articles of Incorporation, the Company should contribute no less than 2.5% of the profit as employee compensation (including entry-level employees), and no more than 2% as remuneration of directors and supervisors when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved in advance to offset the deficits.

For the three months ended June 30, 2026 and 2025 and six months ended June 30, 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<br>June 30, |               | For the six months ended<br>June 30, |                |
|---------------------------|----------------------------------------|---------------|--------------------------------------|----------------|
|                           | 2026                                   | 2025          | 2026                                 | 2025           |
| Remuneration to employees | \$ 56,820                              | 35,813        | 94,862                               | 69,846         |
| Remuneration to directors | 45,456                                 | 28,650        | 75,890                               | 55,877         |
|                           | <u>\$ 102,276</u>                      | <u>64,463</u> | <u>170,752</u>                       | <u>125,723</u> |

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        |
|                           | <u>\$ 260,471</u> | <u>246,263</u> |

(Continued)

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

(v) Non-operating income and expenses

(i) Interest income

|                                    | For the three months<br>ended June 30, |              | For the six months ended<br>June 30, |               |
|------------------------------------|----------------------------------------|--------------|--------------------------------------|---------------|
|                                    | 2026                                   | 2025         | 2026                                 | 2025          |
| Interest income from bank deposits | \$ 10,093                              | 8,321        | 17,072                               | 12,295        |
| Other interest income              | 837                                    | 651          | 1,578                                | 1,449         |
|                                    | <u>\$ 10,930</u>                       | <u>8,972</u> | <u>18,650</u>                        | <u>13,744</u> |

(ii) Other income

|                                                  | For the three months<br>ended June 30, |               | For the six months ended<br>June 30, |               |
|--------------------------------------------------|----------------------------------------|---------------|--------------------------------------|---------------|
|                                                  | 2026                                   | 2025          | 2026                                 | 2025          |
| Rent income                                      | \$ 12,567                              | 13,924        | 25,028                               | 28,177        |
| Remuneration income of directors and supervisors | 39,925                                 | 49,178        | 42,226                               | 51,423        |
| Dividend income                                  | 2,672                                  | 660           | 26,053                               | 660           |
| Scrap income                                     | 947                                    | 2,362         | 2,239                                | 7,677         |
|                                                  | <u>\$ 56,111</u>                       | <u>66,124</u> | <u>95,546</u>                        | <u>87,937</u> |

(iii) Other gains and losses

|                                                                                      | For the three months<br>ended June 30, |                  | For the six months ended<br>June 30, |                  |
|--------------------------------------------------------------------------------------|----------------------------------------|------------------|--------------------------------------|------------------|
|                                                                                      | 2026                                   | 2025             | 2026                                 | 2025             |
| Losses on disposal of property, plant and equipment                                  | \$ (27)                                | (56,714)         | (27)                                 | (56,487)         |
| Foreign exchange gains (losses)                                                      | 9,632                                  | (171,415)        | 48,584                               | (157,377)        |
| Gain on lease modification                                                           | -                                      | 3                | -                                    | 3                |
| Gains (losses) on financial assets /liabilities at fair value through profit or loss | 703                                    | (149,786)        | 49,728                               | (113,016)        |
| Compensation grants                                                                  | 515                                    | 4,995            | 1,646                                | 6,076            |
| Others                                                                               | 6,479                                  | 1,400            | 11,643                               | 6,480            |
|                                                                                      | <u>\$ 17,302</u>                       | <u>(371,517)</u> | <u>111,574</u>                       | <u>(314,321)</u> |

(Continued)

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

(iv) Finance costs

|                               | For the three months<br>ended June 30, |               | For the six months ended<br>June 30, |                |
|-------------------------------|----------------------------------------|---------------|--------------------------------------|----------------|
|                               | 2026                                   | 2025          | 2026                                 | 2025           |
| Interest Expense              |                                        |               |                                      |                |
| Bank loans                    | \$ 40,797                              | 67,979        | 78,993                               | 133,849        |
| Lease liabilities             | 1,538                                  | 953           | 2,777                                | 1,644          |
| Less: interest capitalization | (1,174)                                | (1,367)       | (2,054)                              | (2,632)        |
|                               | <u>\$ 41,161</u>                       | <u>67,565</u> | <u>79,716</u>                        | <u>132,861</u> |

(w) Financial instruments

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

|                              | June 30, 2026       |                  |           | December 31, 2025   |                  |           | June 30, 2025       |                  |           |
|------------------------------|---------------------|------------------|-----------|---------------------|------------------|-----------|---------------------|------------------|-----------|
|                              | Foreign<br>currency | Exchange<br>rate | NTD       | Foreign<br>currency | Exchange<br>rate | NTD       | Foreign<br>currency | Exchange<br>rate | NTD       |
| <u>Financial assets</u>      |                     |                  |           |                     |                  |           |                     |                  |           |
| <u>Monetary items</u>        |                     |                  |           |                     |                  |           |                     |                  |           |
| USD                          | \$ 68,821           | 31.85            | 2,191,949 | 72,424              | 31.43            | 2,276,286 | 69,984              | 29.30            | 2,050,531 |
| CNY                          | -                   | -                | -         | -                   | -                | -         | 2,709               | 4.091            | 11,083    |
| <u>Financial liabilities</u> |                     |                  |           |                     |                  |           |                     |                  |           |
| <u>Monetary items</u>        |                     |                  |           |                     |                  |           |                     |                  |           |
| USD                          | \$ 104,818          | 31.85            | 3,338,453 | 79,505              | 31.43            | 2,498,842 | 61,207              | 29.30            | 1,793,365 |
| CNY                          | -                   | -                | -         | 1,112               | 4.496            | 5,000     | -                   | 4.091            | -         |

(Continued)

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

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange gains and losses on monetary items is disclosed by total amount. For the six months ended June 30, 2026 and 2025, the foreign exchange gains (including realized and unrealized portions) amounted to \$48,584 thousand, and foreign exchange losses amounted to \$157,377 thousand.

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. For the six months ended June 30, 2026 and 2025, if the USD and CNY had appreciated or depreciated by 1% against the NTD, with all other variables held constant, profit or loss would have (increased) decreased by the amounts presented below. The analysis for both periods was performed on the same basis.

|               | <b>Effect of<br/>appreciation on<br/>profit after tax</b> | <b>Effect of<br/>depreciation on<br/>profit after tax</b> |
|---------------|-----------------------------------------------------------|-----------------------------------------------------------|
| June 30, 2026 |                                                           |                                                           |
| USD           | \$ <u>(9,172)</u>                                         | <u>9,172</u>                                              |
| June 30, 2025 |                                                           |                                                           |
| USD           | \$ 2,057                                                  | (2,057)                                                   |
| CNY           | <u>89</u>                                                 | <u>(89)</u>                                               |
|               | \$ <u><b>2,146</b></u>                                    | <u><b>(2,146)</b></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 \$63,072 thousand and \$100,642 thousand for the six months ended June 30, 2026 and 2025 respectively, assuming all other variable factors remain constant.

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

(iv) Other market price risk

For the six months ended June 30, 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:

| Prices of securities at the reporting date | For the six months ended June 30,    |                      |                                      |                      |
|--------------------------------------------|--------------------------------------|----------------------|--------------------------------------|----------------------|
|                                            | 2026                                 |                      | 2025                                 |                      |
|                                            | Other comprehensive income after tax | Net income after tax | Other comprehensive income after tax | Net income after tax |
| Increasing 1%                              | \$ 3,817                             | -                    | 4,392                                | 1,301                |
| Decreasing 1%                              | \$ (3,817)                           | -                    | (4,392)                              | (1,301)              |

(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 :

|                                                                   | June 30, 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  | \$ 9,137      | -          | 9,137   | -       | 9,137   |
| Financial assets at fair value through other comprehensive income |               |            |         |         |         |
| Domestic listed stocks                                            | 381,728       | 381,728    | -       | -       | 381,728 |
| Unquoted equity instruments measured at fair value                | 293,291       | -          | -       | 293,291 | 293,291 |
| Subtotal                                                          | 675,019       | 381,728    | -       | 293,291 | 675,019 |
| Financial assets measured at amortized cost                       |               |            |         |         |         |
| Cash and cash equivalents                                         | 1,226,676     | -          | -       | -       | -       |
| Notes and accounts receivable                                     | 3,393,210     | -          | -       | -       | -       |
| Other receivables                                                 | 79,024        | -          | -       | -       | -       |
| Refundable deposits and pledged deposits                          | 477,192       | -          | -       | -       | -       |
| Subtotal                                                          | 5,176,102     | -          | -       | -       | -       |
| Total                                                             | \$ 5,860,258  | 381,728    | 9,137   | 293,291 | 684,156 |

(Continued)

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

| <b>June 30, 2026</b>                                              |                       |                   |                |                |              |
|-------------------------------------------------------------------|-----------------------|-------------------|----------------|----------------|--------------|
|                                                                   | <b>Book<br/>value</b> | <b>Fair value</b> |                |                | <b>Total</b> |
|                                                                   |                       | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> |              |
| Financial liabilities at fair value through profit or loss        |                       |                   |                |                |              |
| Derivative financial liabilities—over the counter contracts       | \$ 5,343              | -                 | 5,343          | -              | 5,343        |
| Financial liabilities measured at amortized cost                  |                       |                   |                |                |              |
| Short-term loans                                                  | 7,264,025             | -                 | -              | -              | -            |
| Long-term loans (including current portion)                       | 620,000               | -                 | -              | -              | -            |
| Notes and accounts payable                                        | 2,739,767             | -                 | -              | -              | -            |
| Other payables                                                    | 2,599,485             | -                 | -              | -              | -            |
| Lease liabilities (including current portion)                     | 296,858               | -                 | -              | -              | -            |
| Guarantee deposits received                                       | 7,202                 | -                 | -              | -              | -            |
| Subtotal                                                          | 13,527,337            | -                 | -              | -              | -            |
| Total                                                             | \$ 13,532,680         | -                 | 5,343          | -              | 5,343        |
| <b>December 31, 2025</b>                                          |                       |                   |                |                |              |
|                                                                   | <b>Book<br/>value</b> | <b>Fair value</b> |                |                | <b>Total</b> |
|                                                                   |                       | <b>Level 1</b>    | <b>Level 2</b> | <b>Level 3</b> |              |
| 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                                                             | \$ 5,451,314          | 519,276           | 3,590          | 314,506        | 837,372      |
| 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                                                             | \$ 12,880,753         | -                 | 158            | -              | 158          |

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

|                                                                       | June 30, 2025        |                |               |                |                |
|-----------------------------------------------------------------------|----------------------|----------------|---------------|----------------|----------------|
|                                                                       | Book<br>value        | Fair value     |               |                | Total          |
|                                                                       |                      | Level 1        | Level 2       | Level 3        |                |
| Financial assets at fair value through profit or loss                 |                      |                |               |                |                |
| Non-derivative financial assets — stocks listed on domestic stocks    | \$ 130,050           | 130,050        | -             | -              | 130,050        |
| Financial assets at fair value through other comprehensive income     |                      |                |               |                |                |
| Domestic listed stocks                                                | 439,221              | 439,221        | -             | -              | 439,221        |
| Unquoted equity instruments measured at fair value                    | 168,007              | -              | -             | 168,007        | 168,007        |
| Subtotal                                                              | 607,228              | 439,221        | -             | 168,007        | 607,228        |
| Financial assets measured at amortized cost                           |                      |                |               |                |                |
| Cash and cash equivalents                                             | 1,509,086            | -              | -             | -              | -              |
| Notes and accounts receivable                                         | 3,289,599            | -              | -             | -              | -              |
| Other receivables                                                     | 55,308               | -              | -             | -              | -              |
| Refundable deposits and pledged deposits                              | 410,178              | -              | -             | -              | -              |
| Subtotal                                                              | 5,264,171            | -              | -             | -              | -              |
| Total                                                                 | <u>\$ 6,001,449</u>  | <u>569,271</u> | <u>-</u>      | <u>168,007</u> | <u>737,278</u> |
| Financial liabilities at fair value through profit or loss            |                      |                |               |                |                |
| Derivative financial liabilities — forward foreign exchange contracts | \$ 15,265            | -              | 15,265        | -              | 15,265         |
| Financial liabilities measured at amortized cost                      |                      |                |               |                |                |
| Short-term loans                                                      | 9,238,266            | -              | -             | -              | -              |
| Long-term loans (including current portion)                           | 3,342,000            | -              | -             | -              | -              |
| Notes and accounts payable                                            | 2,243,721            | -              | -             | -              | -              |
| Other payables                                                        | 2,035,027            | -              | -             | -              | -              |
| Lease liabilities (including current portion)                         | 212,469              | -              | -             | -              | -              |
| Guarantee deposits received                                           | 6,921                | -              | -             | -              | -              |
| Subtotal                                                              | 17,078,404           | -              | -             | -              | -              |
| Total                                                                 | <u>\$ 17,093,669</u> | <u>-</u>       | <u>15,265</u> | <u>-</u>       | <u>15,265</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.

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## TUNG HO STEEL ENTERPRISE CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

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

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

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

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

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

#### b) Derivative financial instruments

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

#### 3) Transfers between Level 1 and Level 2

There were no transfers in either direction in the six months ended June 30, 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<br>through other<br>comprehensive<br>income<br><u>Unquoted<br/>equity<br/>instruments</u> |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| January 1, 2026                                       | \$ 314,506                                                                                           |
| Purchased                                             | 3,489                                                                                                |
| Total losses recognized in other comprehensive income | <u>(24,704)</u>                                                                                      |
| June 30, 2026                                         | <u><u>\$ 293,291</u></u>                                                                             |
| January 1, 2025                                       | \$ 186,482                                                                                           |
| Purchased                                             | 3,591                                                                                                |
| Total losses recognized in other comprehensive income | (12,958)                                                                                             |
| Disposals                                             | <u>(9,108)</u>                                                                                       |
| June 30, 2025                                         | <u><u>\$ 168,007</u></u>                                                                             |

For the six months ended June 30, 2026 and 2025, total losses included in “unrealized losses on financial assets at fair value through other comprehensive income” were as follows:

|                                                                               | <b>For the three months ended<br/>June 30,</b> |                     | <b>For the six months ended<br/>June 30,</b> |                        |
|-------------------------------------------------------------------------------|------------------------------------------------|---------------------|----------------------------------------------|------------------------|
|                                                                               | <u>2026</u>                                    | <u>2025</u>         | <u>2026</u>                                  | <u>2025</u>            |
| Total (losses) gains<br>recognized in other<br>comprehensive<br>income (Note) | <u><u>\$ (2,200)</u></u>                       | <u><u>1,911</u></u> | <u><u>(24,704)</u></u>                       | <u><u>(12,958)</u></u> |

Note: Total gains and losses 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.

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

Quantified information of significant unobservable inputs was as follow:

| Item                                                                                                            | Valuation technique                | Significant unobservable inputs                                                                                                              | Inter-relationship between significant unobservable inputs and fair value measurement |
|-----------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Financial assets at fair value through other comprehensive income — equity investments without an active market | · Comparable Public Company Method | · Multiplier of P/E ratio (0.88~1.61 、 1.08~1.66 and 1.19~2.74 as of June 30, 2026, December 31 and June 30, 2025)                           | · The higher the multiplier, the higher the fair value                                |
|                                                                                                                 |                                    | · Discount for lack of marketability (22.70%~28.54% and 24.72%~28.07% and 26.74%~35.74%, as of June 30, 2026, December 31 and June 30, 2025) | · The higher the discount lack of marketability, the lower the fair value             |
|                                                                                                                 | · Asset method                     | · Net asset value                                                                                                                            | · The higher the net assets, the higher the fair value                                |
|                                                                                                                 |                                    | · Discount for lack of marketability (7.70%~29.23% 、 9.00%~28.91% and 8.70%~29.03%, as of June 30, 2026, December 31 and June 30, 2025)      | · 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:

|                                                                   |                                        | Changes in fair value reflected in other comprehensive income |                        |           |             |
|-------------------------------------------------------------------|----------------------------------------|---------------------------------------------------------------|------------------------|-----------|-------------|
|                                                                   |                                        | Input                                                         | Changes in assumptions | Favorable | Unfavorable |
| June 30, 2026                                                     |                                        |                                                               |                        |           |             |
| Financial assets at fair value through other comprehensive income |                                        |                                                               |                        |           |             |
| Equity investments without an active market                       | Discount rate circulation 7.70%~29.23% | 5%                                                            | \$                     | 18,171    | (18,171)    |
| 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)    |
| June 30, 2025                                                     |                                        |                                                               |                        |           |             |
| Financial assets at fair value through other comprehensive income |                                        |                                                               |                        |           |             |
| Equity investments without an active market                       | Discount rate circulation 8.70%~35.74% | 5%                                                            |                        | 10,224    | (10,224)    |

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

|                                                                                       | <b>For the six months ended</b> |                         |
|---------------------------------------------------------------------------------------|---------------------------------|-------------------------|
|                                                                                       | <b>June 30,</b>                 |                         |
|                                                                                       | <b>2026</b>                     | <b>2025</b>             |
| Reclassification of prepayment of land and equipment to property, plant and equipment | \$ <u><b>61,650</b></u>         | <u><b>41,309</b></u>    |
| Changes in unrealized losses on financial instruments                                 | \$ <u><b>(54,236)</b></u>       | <u><b>(6,355)</b></u>   |
| Foreign exchange differences arising from foreign operations                          | \$ <u><b>46,441</b></u>         | <u><b>(342,268)</b></u> |
| Increase in property, plant and equipment                                             | \$ 747,222                      | 293,740                 |
| Add: Payable for equipment as of January 1                                            | 256,885                         | 252,299                 |
| Less: payable for equipment, June 30                                                  | <u>(171,424)</u>                | <u>(175,610)</u>        |
| Cash paid                                                                             | \$ <u><b>832,683</b></u>        | <u><b>370,429</b></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:

|                                                |                            | <u>Cash flows</u>  |                     | <u>Non-cash changes</u>                 |                |                      |
|------------------------------------------------|----------------------------|--------------------|---------------------|-----------------------------------------|----------------|----------------------|
|                                                | <u>January 1,<br/>2026</u> | <u>Acquisition</u> | <u>Repayment</u>    | <u>Effect of<br/>exchange<br/>rates</u> | <u>Other</u>   | <u>June 30, 2026</u> |
| Short-term loans                               | \$ 6,149,312               | 44,702,140         | (43,598,009)        | 10,582                                  | -              | 7,264,025            |
| Long-term loans (including<br>current portion) | 1,430,000                  | 790,000            | (1,600,000)         | -                                       | -              | 620,000              |
| Deposits received                              | 7,281                      | -                  | (79)                | -                                       | -              | 7,202                |
| Lease liabilities                              | 191,199                    | -                  | (42,131)            | 180                                     | 147,610        | 296,858              |
| Total liabilities from financing<br>activities | <u>\$ 7,777,792</u>        | <u>45,492,140</u>  | <u>(45,240,219)</u> | <u>10,762</u>                           | <u>147,610</u> | <u>8,188,085</u>     |

|                                                |                            | <u>Cash flows</u>  |                     | <u>Non-cash changes</u>                 |               |                      |
|------------------------------------------------|----------------------------|--------------------|---------------------|-----------------------------------------|---------------|----------------------|
|                                                | <u>January 1,<br/>2025</u> | <u>Acquisition</u> | <u>Repayment</u>    | <u>Effect of<br/>exchange<br/>rates</u> | <u>Other</u>  | <u>June 30, 2025</u> |
| Short-term loans                               | \$ 8,770,644               | 40,639,187         | (39,978,538)        | (193,027)                               | -             | 9,238,266            |
| Long-term loans (including<br>current portion) | 3,246,170                  | 4,270,000          | (4,174,170)         | -                                       | -             | 3,342,000            |
| Deposits received                              | 9,541                      | -                  | (2,620)             | -                                       | -             | 6,921                |
| Lease liabilities                              | 162,174                    | -                  | (27,403)            | (3,280)                                 | 80,978        | 212,469              |
| Total liabilities from financing<br>activities | <u>\$ 12,188,529</u>       | <u>44,909,187</u>  | <u>(44,182,731)</u> | <u>(196,307)</u>                        | <u>80,978</u> | <u>12,799,656</u>    |

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

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**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:

|            | Sales                                  |      |                                      |       | Accounts receivable |              |          |
|------------|----------------------------------------|------|--------------------------------------|-------|---------------------|--------------|----------|
|            | For the three months ended<br>June 30, |      | For the six months ended<br>June 30, |       | June 30,            | December 31, | June 30, |
|            | 2026                                   | 2025 | 2026                                 | 2025  | 2026                | 2025         | 2025     |
| Associates | \$ 568                                 | 509  | 1,477                                | 1,416 | 268                 | 338          | 543      |

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

(ii) Purchases from related parties

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

|                       | Purchases                  |        |                          |        | Accounts payable |              |          |
|-----------------------|----------------------------|--------|--------------------------|--------|------------------|--------------|----------|
|                       | For the three months ended |        | For the six months ended |        |                  |              |          |
|                       | June 30,                   |        | June 30,                 |        | June 30,         | December 31, | June 30, |
|                       | 2026                       | 2025   | 2026                     | 2025   | 2026             | 2025         | 2025     |
| Associates            | \$ 41                      | 44     | 77                       | 77     | 12               | 10           | 14       |
| Other related parties | 4,160                      | 16,053 | 14,506                   | 24,959 | -                | 9,267        | 7,777    |
|                       | \$ 4,201                   | 16,097 | 14,583                   | 25,036 | 12               | 9,277        | 7,791    |

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) The Consolidated Company's participation in the capital increases of related parties was as follows:

|             | Financial Statement Account                                       | Transaction Shares (in thousands) | Transaction Items | Transaction Items          | For the three months ended June 30 |       | For the six months ended June 30 |       |
|-------------|-------------------------------------------------------------------|-----------------------------------|-------------------|----------------------------|------------------------------------|-------|----------------------------------|-------|
|             |                                                                   |                                   |                   |                            | 2026                               | 2025  | 2026                             | 2025  |
| The Company | Financial assets at fair value through other comprehensive income | -                                 | Capital increase  | Tung Jing Investment Corp. | \$ 3,489                           | 3,591 | 3,489                            | 3,591 |

(iv) Guarantees and endorsement

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

Expressed in thousands of USD

|            | June 30, 2026                  |  |                      |                     |
|------------|--------------------------------|--|----------------------|---------------------|
|            | Highest balance for the period |  | Ending amount (Note) |                     |
|            | USD\$                          |  | USD                  | Actual amount usage |
| Associates | 87,850                         |  | 43,925               | USD 20,530          |

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

|            |       | <b>December 31, 2025</b>                  |                                 |                            |        |
|------------|-------|-------------------------------------------|---------------------------------|----------------------------|--------|
|            |       | <b>Highest balance for<br/>the period</b> | <b>Ending amount<br/>(Note)</b> | <b>Actual amount usage</b> |        |
| Associates | USD\$ | 49,175                                    | USD 49,175                      | USD                        | 29,316 |

  

|            |       | <b>June 30, 2025</b>                      |                                 |                            |        |
|------------|-------|-------------------------------------------|---------------------------------|----------------------------|--------|
|            |       | <b>Highest balance for<br/>the period</b> | <b>Ending amount<br/>(Note)</b> | <b>Actual amount usage</b> |        |
| Associates | USD\$ | 36,925                                    | USD 36,925                      | USD                        | 22,401 |

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

(v) Property Transactions

- 1) The Consolidated Company entered into an engineering contract with Tung ho Steel Foundation for the M.E.L.T.(Metal Engncering Leading to Tectonics) program,Tung Ho Steel Foundation 'Tung ho Art Lian Project', with a total contract amount of \$3,332 thousand. As of June 30, 2026 and December 31, 2025, the contract liability related to this project amounted to \$142 thousand and \$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 \$1,082 thousand and other payables of \$1,136 thousand as of December 31, 2025. As of June 30, 2026, the amount had been settled in full. In addition, the Consolidated Company purchased machinery and equipment from Eternity Corp. amounting to \$378 thousand in June 2026, and the related amount had been settled in full as of June 30, 2026.

(vi) Others

|                       |    | <b>Rental income</b>                           |              |                                              |              |
|-----------------------|----|------------------------------------------------|--------------|----------------------------------------------|--------------|
|                       |    | <b>For the three months ended<br/>June 30,</b> |              | <b>For the six months ended<br/>June 30,</b> |              |
|                       |    | <b>2026</b>                                    | <b>2025</b>  | <b>2026</b>                                  | <b>2025</b>  |
| Associates            | \$ | 817                                            | 817          | 1,634                                        | 1,634        |
| Other related parties |    | 395                                            | 930          | 813                                          | 2,151        |
|                       | \$ | <u>1,212</u>                                   | <u>1,747</u> | <u>2,447</u>                                 | <u>3,785</u> |

  

|            |    | <b>Miscellaneous revenue</b>                   |             |                                              |             |
|------------|----|------------------------------------------------|-------------|----------------------------------------------|-------------|
|            |    | <b>For the three months ended<br/>June 30,</b> |             | <b>For the six months ended<br/>June 30,</b> |             |
|            |    | <b>2026</b>                                    | <b>2025</b> | <b>2026</b>                                  | <b>2025</b> |
| Associates | \$ | <u>20</u>                                      | <u>-</u>    | <u>20</u>                                    | <u>-</u>    |

  

|            |    | <b>Operating expenses</b>                      |             |                                              |             |
|------------|----|------------------------------------------------|-------------|----------------------------------------------|-------------|
|            |    | <b>For the three months ended<br/>June 30,</b> |             | <b>For the six months ended<br/>June 30,</b> |             |
|            |    | <b>2026</b>                                    | <b>2025</b> | <b>2026</b>                                  | <b>2025</b> |
| Associates | \$ | <u>298</u>                                     | <u>193</u>  | <u>385</u>                                   | <u>851</u>  |

(Continued)

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

|                                                       |    | Donations                              |                      |                                      |                   |                      |
|-------------------------------------------------------|----|----------------------------------------|----------------------|--------------------------------------|-------------------|----------------------|
|                                                       |    | For the three months ended<br>June 30, |                      | For the six months ended<br>June 30, |                   |                      |
|                                                       |    | 2026                                   | 2025                 | 2026                                 | 2025              |                      |
| Other related parties-<br>Tung Ho Steel<br>Foundation | \$ | -                                      | -                    | 5,000                                | -                 |                      |
|                                                       |    |                                        |                      |                                      |                   |                      |
|                                                       |    | Manufacturing expenses                 |                      |                                      |                   |                      |
|                                                       |    | For the three months ended<br>June 30, |                      | For the six months ended<br>June 30, |                   |                      |
|                                                       |    | 2026                                   | 2025                 | 2026                                 | 2025              |                      |
| Associates                                            | \$ | 1,656                                  | 13,042               | 4,618                                | 22,873            |                      |
| Other related parties                                 |    | -                                      | -                    | 14                                   | -                 |                      |
|                                                       | \$ | 1,656                                  | 13,042               | 4,632                                | 22,873            |                      |
|                                                       |    |                                        |                      |                                      |                   |                      |
|                                                       |    | Other payables                         |                      |                                      |                   |                      |
| Relationship                                          |    | June 30,<br>2026                       | December 31,<br>2025 | June 30,<br>2025                     |                   |                      |
| Associates                                            | \$ | 3,879                                  | 3,207                | 3,294                                |                   |                      |
| Other related parties                                 |    | -                                      | 2,361                | -                                    |                   |                      |
|                                                       | \$ | 3,879                                  | 5,568                | 3,294                                |                   |                      |
|                                                       |    |                                        |                      |                                      |                   |                      |
|                                                       |    | Contract liabilities                   |                      |                                      | Deposits received |                      |
| Relationship                                          |    | June 30,<br>2026                       | December 31,<br>2025 | June 30,<br>2025                     | June 30,<br>2026  | December 31,<br>2025 |
| Associates                                            | \$ | 11                                     | -                    | 11                                   | 304               | 304                  |
| Other related parties                                 |    | 23                                     | -                    | 23                                   | -                 | -                    |
|                                                       | \$ | 34                                     | -                    | 34                                   | 304               | 304                  |

(c) Key management personnel compensation

Key management personnel compensation comprised:

|                              |           | <b>For the three months ended<br/>June 30,</b> |               | <b>For the six months ended<br/>June 30,</b> |               |
|------------------------------|-----------|------------------------------------------------|---------------|----------------------------------------------|---------------|
|                              |           | <b>2026</b>                                    | <b>2025</b>   | <b>2026</b>                                  | <b>2025</b>   |
| Short-term employee benefits | \$        | 11,111                                         | 10,816        | 24,160                                       | 27,547        |
| Post-employment benefits     |           | 311                                            | 361           | 622                                          | 822           |
|                              | <u>\$</u> | <u>11,422</u>                                  | <u>11,177</u> | <u>24,782</u>                                | <u>28,369</u> |

For six months ended June 30, 2026 and 2025, the Consolidated Company provided two vehicles with aggregate cost of \$7,640 thousand, for the key management personnel.

(Continued)

**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:

| <b>Pledged assets</b>    | <b>Pledged to secure</b>                    | <b>June 30,<br/>2026</b> | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|--------------------------|---------------------------------------------|--------------------------|------------------------------|--------------------------|
| Other current assets     | Customs guarantee and performance guarantee | \$ 259,450               | 255,521                      | 186,857                  |
| Other non-current assets | Performance guarantee                       | 500                      | 500                          | 10,500                   |
| Refundable deposits      | Performance guarantee                       | 136,245                  | 168,464                      | 146,443                  |
|                          |                                             | <u><u>\$ 396,195</u></u> | <u><u>424,485</u></u>        | <u><u>343,800</u></u>    |

**(9) Significant commitments and contingencies**

(a) Unrecognized contractual commitments

(i) Gurantees 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:

|                               | <b>June 30,<br/>2026</b>   | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-------------------------------|----------------------------|------------------------------|--------------------------|
| Guarantees securities amounts | <u><u>\$ 1,399,011</u></u> | <u><u>1,545,570</u></u>      | <u><u>1,081,903</u></u>  |

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

|                       | <b>June 30,<br/>2026</b>    | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|-----------------------|-----------------------------|------------------------------|--------------------------|
| Bank credit limit     | \$ 19,837,606               | 19,029,222                   | 17,176,677               |
| Performance guarantee | 55,400                      | 90,600                       | 90,600                   |
|                       | <u><u>\$ 19,893,006</u></u> | <u><u>19,119,822</u></u>     | <u><u>17,267,277</u></u> |

(iii) Others:

|                                                                                      | <b>June 30,<br/>2026</b>   | <b>December 31,<br/>2025</b> | <b>June 30,<br/>2025</b> |
|--------------------------------------------------------------------------------------|----------------------------|------------------------------|--------------------------|
| Unused outstanding letters of credit                                                 | <u><u>\$ 1,670,368</u></u> | <u><u>1,013,052</u></u>      | <u><u>1,384,337</u></u>  |
| Provide customer with a guarantee letter from the bank for the performance guarantee | <u><u>\$ 244,809</u></u>   | <u><u>624,836</u></u>        | <u><u>1,133,124</u></u>  |

(Continued)

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

**(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<br>June 30, 2026 |                                        |         | For the three months ended<br>June 30, 2025 |                                        |         |
|----------------------------|---------------------------------------------|----------------------------------------|---------|---------------------------------------------|----------------------------------------|---------|
|                            | Classified as<br>operating<br>costs         | Classified as<br>operating<br>expenses | Total   | Classified as<br>operating<br>costs         | Classified as<br>operating<br>expenses | Total   |
| Employee benefits          |                                             |                                        |         |                                             |                                        |         |
| Salaries                   | 567,859                                     | 230,364                                | 798,223 | 541,378                                     | 209,566                                | 750,944 |
| Labor and health insurance | 51,670                                      | 13,887                                 | 65,557  | 47,268                                      | 12,883                                 | 60,151  |
| Pension expenses           | 20,078                                      | 5,326                                  | 25,404  | 17,702                                      | 5,242                                  | 22,944  |
| Remuneration of directors  | -                                           | 59,923                                 | 59,923  | -                                           | 39,591                                 | 39,591  |
| Other personnel expenses   | 21,124                                      | 4,573                                  | 25,697  | 20,305                                      | 4,884                                  | 25,189  |
| Depreciation expenses      | 396,065                                     | 33,322                                 | 429,387 | 359,256                                     | 30,014                                 | 389,270 |
| Amortization expenses      | 7,732                                       | 4,824                                  | 12,556  | 9,967                                       | 2,336                                  | 12,303  |

|                            | For the six months ended<br>June 30, 2026 |                                        |           | For the six months ended<br>June 30, 2025 |                                        |           |
|----------------------------|-------------------------------------------|----------------------------------------|-----------|-------------------------------------------|----------------------------------------|-----------|
|                            | Classified as<br>operating<br>costs       | Classified as<br>operating<br>expenses | Total     | Classified as<br>operating<br>costs       | Classified as<br>operating<br>expenses | Total     |
| Employee benefits          |                                           |                                        |           |                                           |                                        |           |
| Salaries                   | 1,133,697                                 | 436,294                                | 1,569,991 | 1,050,787                                 | 401,943                                | 1,452,730 |
| Labor and health insurance | 106,747                                   | 30,340                                 | 137,087   | 103,204                                   | 29,075                                 | 132,279   |
| Pension expenses           | 39,691                                    | 10,808                                 | 50,499    | 35,559                                    | 10,518                                 | 46,077    |
| Remuneration of directors  | -                                         | 96,908                                 | 96,908    | -                                         | 75,181                                 | 75,181    |
| Other personnel expenses   | 41,631                                    | 9,102                                  | 50,733    | 40,462                                    | 9,517                                  | 49,979    |
| Depreciation expense       | 784,352                                   | 66,015                                 | 850,367   | 720,494                                   | 59,598                                 | 780,092   |
| Amortization expense       | 23,091                                    | 6,966                                  | 30,057    | 23,087                                    | 4,807                                  | 27,894    |

(b) Seasonality of operations:

The Consolidated Company operations were not affected by seasonality or cyclical 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 six months ended June 30, 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           | 2,516,150 (USD 79,000)                                          | 2,516,150 (USD 79,000)  | 1,911,000 (USD 60,000)                             | 1.8480%~1.8585%                           | 2                                                    | -                                                   | Operating capital                | -              |            | -     | 3,417,001                      | 6,834,002                       |

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 June 30, 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                                      | 17,085,006                                                                 | 11,688,950 (USD367,000)                                           | 11,688,950 (USD 367,000)                                             | 1,825,292 (USD 57,309)                         | -                                                         | 34.21 %                                                                                                     | 17,085,006                                     | Y                                                                                | N                                                                                | N                                                                                  |
| 0   | The Company (Note 2, 3, 5) | Fujian Sino-Japan Metal Corp.              | 6                                      | 17,085,006                                                                 | 2,798,023 (USD 87,850)                                            | 1,399,011 (USD 43,925)                                               | 653,881 (USD 20,530)                           | -                                                         | 4.09 %                                                                                                      | 17,085,006                                     | 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: \$17,085,006 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: \$17,085,006 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 June 30, 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—Shiao Kang Warehousing Corp.                | One of its directors      | (a)           | 1,788,045      | 14,591         | 19.87 %                     | 14,591     | None |
| The Company    | Stock—Overseas Investment & Development Corp.     | -                         | (a)           | 1,000,000      | 11,450         | 1.11 %                      | 11,450     | None |
| The Company    | Stock—Power World Fund, Inc.                      | One of its directors      | (a)           | 304,760        | 8,030          | 5.68 %                      | 8,030      | None |
| The Company    | Stock—Universal Venture Fund, Inc.                | One of its directors      | (a)           | 390,778        | 10,313         | 4.76 %                      | 10,313     | None |
| The Company    | Stock—Tung Jing Investment Corp.                  | One of its directors      | (a)           | -              | 43,516         | 9.11 %                      | 43,516     | None |
| The Company    | Stock—Taiwan Aerospace Corp.                      | -                         | (a)           | 1,621,441      | 66,495         | 1.20 %                      | 66,495     | None |
| The Company    | Stock—Universal Venture Capital Investment Corp.  | -                         | (a)           | 2,800,000      | 32,760         | 2.33 %                      | 32,760     | None |
| The Company    | Stock—IBT                                         | -                         | (a)           | 1,312,993      | 5,922          | 4.17 %                      | 5,922      | None |
| The Company    | Stock—Taiwan Smart Electricity & Energy Co., Ltd. | One of its directors      | (a)           | 11,250,000     | 100,214        | 7.14 %                      | 100,214    | None |
| The Company    | Stock—Chien Shing Harbour Service Co., Ltd        | One of its directors      | (a)           | 8,203,800      | 331,023        | 8.90 %                      | 331,023    | None |
| The Company    | Stock—Taiwan High Speed Rail Corporation          | -                         | (a)           | 1,913,376      | 50,705         | 0.03 %                      | 50,705     | None |

The account titles were as follows:

(a) 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)              | (2,111,182) | (9.61)%                             | 60 days end of month                             | -                                             | -             | 717,194                             | 19.50%                                                  |      |
| The Company                     | Tung Kang Steel Structure Corp. | Subsidiary             | Purchase            | 76,835      | 0.57%                               | OA10/30 days end of month                        | -                                             | -             | (8,997)                             | (0.57)%                                                 |      |
| The Company                     | THSVC                           | Subsidiary             | Purchase            | 1,646,704   | 12.16%                              | Payment within 30 days from signing the contract | -                                             | -             | -                                   | -%                                                      |      |
| The Company                     | Duc Hoa International J.S.C.    | Subsidiary             | Purchase            | 91,743      | 0.68%                               | 10 days after B/L                                | -                                             | -             | (1,711)                             | (0.11)%                                                 |      |
| Tung Kang Wind Power Corp.      | The Company                     | Subsidiary             | (Sale)              | (121,021)   | (100.00)%                           | 60 days end of month                             | -                                             | -             | 15,983                              | 99.09%                                                  |      |
| Tung Kang Steel Structure Corp. | The Company                     | Subsidiary             | Purchase            | 2,111,182   | 63.33%                              | 60 days end of month                             | -                                             | -             | (717,194)                           | (39.90)%                                                |      |
| Tung Kang Steel Structure Corp. | The Company                     | Subsidiary             | (Sale)              | (76,835)    | (0.97)%                             | OA10/30 days end of month                        | -                                             | -             | 8,997                               | 3.47%                                                   |      |
| THSVC                           | The Company                     | Subsidiary             | (Sale)              | (1,646,704) | (49.61)%                            | Payment within 30 days from signing the contract | -                                             | -             | -                                   | -%                                                      |      |
| Duc Hoa International J.S.C.    | The Company                     | Subsidiary             | (Sale)              | (91,743)    | (78.02)%                            | 10 days after B/L                                | -                                             | -             | 1,711                               | 28.63%                                                  |      |

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

(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             | 1,913,919(Other receivables—related parties) | -             | -       |              | 480,515                               | -              |
| The Company     | Tung Kang Steel Structure Corp. | Subsidiary             | 717,194(Accounts receivable—related parties) | 8.09          | -       |              | 501,123                               | -              |

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

(vi) Significant transactions and business relationship between the parent company and its subsidiaries for the six months ended June 30,2026:

(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                     | 2,115,614 | General conditions                            | 7.08%                                                      |
| 0   | The Company                                          | Tung Kang Steel Structure Corp. and its subsidiaries | 1                      | Accounts receivable       | 718,566   | 60 days end of month                          | 1.35%                                                      |
| 0   | The Company                                          | THSVC                                                | 1                      | Other receivables         | 1,913,919 | General conditions                            | 3.59%                                                      |
| 1   | THSVC                                                | The Company                                          | 2                      | Sales                     | 1,646,704 | Payment within 30 days after contract signing | 5.51%                                                      |
| 2   | Tung Kang Steel Structure Corp. and its subsidiaries | The Company                                          | 2                      | Sales                     | 121,021   | General conditions                            | 0.41%                                                      |

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 inverstees for the six months ended June 30, 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 June 30, 2026 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note                 |
|-------------------------------|--------------------------------------|------------------------|---------------------------------------------------------------------------------|----------------------------|---------------------|-----------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|----------------------|
|                               |                                      |                        |                                                                                 | June 30, 2026              | December 31, 2025   | Shares                      | Percentage of ownership | Carrying value |                                 |                                     |                      |
| The Company                   | Tung Yuan International Corp.        | British Virgin Islands | Investment activities                                                           | 865,779 (USD27,183)        | 865,779 (USD27,183) | 82                          | 100.00 %                | 648,929        | (8,525)                         | (8,525)                             | Subsidiary (Note 1 ) |
| The Company                   | Tung Kang Steel Structure Corp.      | Taiwan                 | Metal structure and building component construction.                            | 1,775,138                  | 1,775,138           | 201,121,339                 | 97.48 %                 | 3,376,654      | 776,394                         | 758,857                             | Subsidiary (Note 1 ) |
| The Company                   | Katec R&D Corp.                      | Taiwan                 | Waste recycling                                                                 | 35,352                     | 35,352              | 5,646,398                   | 46.19 %                 | 86,663         | 22,513                          | 10,398                              | Associate            |
| The Company                   | Goldham Development Ltd.             | British Virgin Islands | Investment activities                                                           | -                          | 40,577 (USD1,274)   | -                           | - %                     | -              | -                               | -                                   | Subsidiary (Note 2)  |
| The Company                   | Taiwan Steel Union Co., Ltd.         | Taiwan                 | Waste disposal                                                                  | 113,291                    | 113,291             | 24,829,009                  | 22.31 %                 | 977,894        | 486,092                         | 108,471                             | Associate            |
| The Company                   | Katec Creative Resources Corporation | Taiwan                 | Waste recycling                                                                 | 914,478                    | 914,478             | 61,391,933                  | 99.02 %                 | 708,084        | 74,662                          | 73,930                              | Subsidiary (Note 1 ) |
| 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 %                | 704,846        | 36,927                          | 36,935                              | Subsidiary (Note 1 ) |
| The Company                   | Tung Ho Steel Vietnam Corp., Ltd.    | Vietnam                | Steel industry                                                                  | 6,407,467                  | 6,407,467           | -                           | 100.00 %                | 2,651,639      | 135,419                         | 110,861                             | Subsidiary (Note 1 ) |
| 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 %                 | 71,516         | (1,206)                         | (510)                               | Associate            |
| Tung Yuan International Corp. | 3 Oceans International Inc.          | Samoa                  | Investment activities                                                           | 48,094 (USD1,510)          | 48,094 (USD1,510)   | 572,000                     | 66.51 %                 | 11,847         | 721                             | 480                                 | Subsidiary (Note 1 ) |

(Continued)

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

| Name of investor                     | Name of investee                           | Location | Main businesses and products | Original investment amount |                      | Balance as of June 30, 2026 |                         |                | Net income (losses) of investee | Share of profits/losses of investee | Note                 |
|--------------------------------------|--------------------------------------------|----------|------------------------------|----------------------------|----------------------|-----------------------------|-------------------------|----------------|---------------------------------|-------------------------------------|----------------------|
|                                      |                                            |          |                              | June 30, 2026              | December 31, 2025    | Shares                      | Percentage of ownership | Carrying value |                                 |                                     |                      |
| Tung Yuan International Corp.        | Duc Hoa International J.S.C.               | Vietnam  | Quicklime manufacturing      | 120,043 (USD3,769)         | 120,043 (USD3,769)   | 8,154,419                   | 96.00 %                 | 124,893        | (648)                           | (622)                               | Subsidiary (Note 1 ) |
| Tung Kang Steel Structure Corp.      | Tung Kang Engineering & Construction Corp. | Taiwan   | Civil engineering            | 359,340                    | 359,340              | 25,000,000                  | 100.00 %                | 252,001        | (5,706)                         | (5,706)                             | Subsidiary (Note 1 ) |
| Katec Creative Resources Corporation | Duc Hoa International J.S.C.               | Vietnam  | Quicklime manufacturing      | 3,823                      | 3,823                | 230,335                     | 2.71 %                  | 4,293          | (648)                           | (18)                                | Subsidiary (Note 1 ) |
| 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 %                  | 1,514          | (648)                           | (8)                                 | Subsidiary (Note 1 ) |

1 USD=31.85NTD

1 VND= 0.001198NTD

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

Note 2: Goldham Development Ltd. was dissolved and deregistered in April 2026.

(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 June 30, 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             | 1,656,200 (USD 52,000)          | ( 2 )                         | 584,989 (USD 18,367)                                                | -                | -      | 584,989 (USD 18,367)                                              | (30,426)                            | 35.00%                  | (10,649)                            | 369,336             | -                                                    |

Note 1: List of the method of investment

(1) Direct investment

(2) Indirect investment

(3) Others

Note 2: On June 30, 2026, 1 USD=31.85 NTD.

Note 3: For the six months ended June 30, 2026, 1 USD=31.61 NTD.

(ii) Limitation on investment in Mainland China:

(In thousands of NTD/USD)

| Accumulated Investment in Mainland China as of June 30, 2026 | Investment amounts authorized by Investment Commission, MOEA | Upper limit on investment (Note 1) |
|--------------------------------------------------------------|--------------------------------------------------------------|------------------------------------|
| 584,989 (USD18,367)                                          | 584,989 (USD18,367)                                          | 20,502,008                         |

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”.

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

**(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:**

| <b>For the three months ended June 30, 2026</b> |                      |                        |                |                                     |                   |
|-------------------------------------------------|----------------------|------------------------|----------------|-------------------------------------|-------------------|
|                                                 | <b>Steel Segment</b> | <b>Steel Structure</b> | <b>Others</b>  | <b>Adjustments and eliminations</b> | <b>Total</b>      |
| Revenue:                                        |                      |                        |                |                                     |                   |
| Revenue from external customers                 | \$ 11,356,612        | 4,747,903              | 158,826        | -                                   | 16,263,341        |
| Inter-segment revenue                           | 2,103,044            | 41,074                 | 116,598        | (2,260,716)                         | -                 |
| <b>Total revenues</b>                           | <b>\$ 13,459,656</b> | <b>4,788,977</b>       | <b>275,424</b> | <b>(2,260,716)</b>                  | <b>16,263,341</b> |
| <b>Reportable segment profit or loss</b>        | <b>\$ 2,279,460</b>  | <b>674,922</b>         | <b>54,569</b>  | <b>(663,340)</b>                    | <b>2,345,611</b>  |
| <b>For the three months ended June 30, 2025</b> |                      |                        |                |                                     |                   |
|                                                 | <b>Steel Segment</b> | <b>Steel Structure</b> | <b>Others</b>  | <b>Adjustments and eliminations</b> | <b>Total</b>      |
| Revenue:                                        |                      |                        |                |                                     |                   |
| Revenue from external customers                 | \$ 11,495,046        | 4,056,201              | 123,457        | -                                   | 15,674,704        |
| Inter-segment revenue                           | 2,345,689            | 22,725                 | 115,370        | (2,483,784)                         | -                 |
| <b>Total revenues</b>                           | <b>\$ 13,840,735</b> | <b>4,078,926</b>       | <b>238,827</b> | <b>(2,483,784)</b>                  | <b>15,674,704</b> |
| <b>Reportable segment profit or loss</b>        | <b>\$ 1,354,469</b>  | <b>510,683</b>         | <b>25,406</b>  | <b>(408,375)</b>                    | <b>1,482,183</b>  |
| <b>For the six months ended June 30, 2026</b>   |                      |                        |                |                                     |                   |
|                                                 | <b>Steel Segment</b> | <b>Steel Structure</b> | <b>Others</b>  | <b>Adjustments and eliminations</b> | <b>Total</b>      |
| Revenue:                                        |                      |                        |                |                                     |                   |
| Revenue from external customers                 | \$ 21,529,840        | 8,022,991              | 312,900        | -                                   | 29,865,731        |
| Inter-segment revenue                           | 3,762,374            | 59,305                 | 239,088        | (4,060,767)                         | -                 |
| <b>Total revenue</b>                            | <b>\$ 25,292,214</b> | <b>8,082,296</b>       | <b>551,988</b> | <b>(4,060,767)</b>                  | <b>29,865,731</b> |
| <b>Reportable segment profit or loss</b>        | <b>\$ 3,790,253</b>  | <b>958,660</b>         | <b>112,459</b> | <b>(994,627)</b>                    | <b>3,866,745</b>  |
| <b>For the six months ended June 30, 2025</b>   |                      |                        |                |                                     |                   |
|                                                 | <b>Steel Segment</b> | <b>Steel Structure</b> | <b>Others</b>  | <b>Adjustments and eliminations</b> | <b>Total</b>      |
| Revenue:                                        |                      |                        |                |                                     |                   |
| Revenue from external customers                 | \$ 22,379,688        | 7,549,553              | 245,496        | -                                   | 30,174,737        |
| Inter-segment revenue                           | 4,946,239            | 48,691                 | 284,724        | (5,279,654)                         | -                 |
| <b>Total revenue</b>                            | <b>\$ 27,325,927</b> | <b>7,598,244</b>       | <b>530,220</b> | <b>(5,279,654)</b>                  | <b>30,174,737</b> |
| <b>Reportable segment profit or loss</b>        | <b>\$ 2,572,189</b>  | <b>855,280</b>         | <b>99,804</b>  | <b>(657,175)</b>                    | <b>2,870,098</b>  |

(Continued)

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

|                                | <u>Steel<br/>Segment</u> | <u>Steel<br/>Structure</u> | <u>Others</u>    | <u>Adjustments<br/>and<br/>eliminations</u> | <u>Total</u>      |
|--------------------------------|--------------------------|----------------------------|------------------|---------------------------------------------|-------------------|
| Reportable segment assets      |                          |                            |                  |                                             |                   |
| June 30, 2026                  | \$ <u>50,085,965</u>     | <u>11,123,517</u>          | <u>3,258,958</u> | <u>(11,112,563)</u>                         | <u>53,355,877</u> |
| December 31, 2025              | \$ <u>51,388,436</u>     | <u>8,816,783</u>           | <u>3,157,030</u> | <u>(11,365,040)</u>                         | <u>51,997,209</u> |
| June 30, 2025                  | \$ <u>50,785,445</u>     | <u>10,014,394</u>          | <u>3,128,489</u> | <u>(10,343,793)</u>                         | <u>53,584,535</u> |
|                                |                          |                            |                  |                                             |                   |
|                                | <u>Steel<br/>Segment</u> | <u>Steel<br/>Structure</u> | <u>Others</u>    | <u>Adjustments<br/>and<br/>eliminations</u> | <u>Total</u>      |
| Reportable segment liabilities |                          |                            |                  |                                             |                   |
| June 30, 2026                  | \$ <u>13,977,605</u>     | <u>7,545,192</u>           | <u>441,508</u>   | <u>(2,876,481)</u>                          | <u>19,087,824</u> |
| December 31, 2025              | \$ <u>15,262,056</u>     | <u>4,447,414</u>           | <u>309,525</u>   | <u>(2,484,132)</u>                          | <u>17,534,863</u> |
| June 30, 2025                  | \$ <u>17,575,133</u>     | <u>6,389,285</u>           | <u>429,452</u>   | <u>(2,475,457)</u>                          | <u>21,918,413</u> |