Stock Code:2364

TWINHEAD INTERNATIONAL CORP.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024

Address: **9F., No.550, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan (R.O.C.)**
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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.

Table of contents

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Independent Auditors' Review Report

To the Board of Directors
Twinhead International Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Twinhead International Corp. and its subsidiaries ("the Group") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, 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 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 $89,763 thousand and $76,025 thousand, both constituting 6% of the consolidated total assets; and the total liabilities amounting to $12,713 thousand and $13,029 thousand, both constituting 1% of the consolidated total liabilities as of March 31, 2025 and 2024, respectively; as well as the total comprehensive income (loss) amounting to $(649) thousand and $(7,231) thousand, constituting (1)% and (24)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2025 and 2024, respectively.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries 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 Group as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 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 Huang, Tsai-Chuan and Huang, Po-Shu.

KPMG

Taipei, Taiwan (Republic of China)
May 14, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2025, December 31 and March 31, 2024

(Expressed in Thousands of New Taiwan Dollar)

		March 31, 2025		December 31, 2024		March 31, 2024	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 418,549	28	490,294	33	366,650	27
1137	Current financial assets at amortised cost (note 6(b))	70,287	5	-	-	-	-
1170	Accounts receivable, net (notes 6(c) and 6(p))	99,788	6	76,062	5	77,710	6
1180	Accounts receivable－related parties, net (notes 6(c), 6(p) and 7)	117	-	296	-	18	-
130x	Inventories (note 6(d))	296,978	20	298,818	20	286,489	21
1470	Prepayments and other current assets	18,719	1	16,001	1	13,243	1
	Total current assets	904,438	60	881,471	59	744,110	55
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	55	-	51	-	52	-
1600	Property, plant and equipment (notes 6(f) and 8)	263,803	17	264,644	18	263,644	19
1755	Right-of-use assets (note 6(g))	72,252	5	77,401	5	90,025	6
1760	Investment property, net (notes 6(h), 6(k) and 8)	189,140	13	189,121	13	190,631	14
1840	Deferred income tax assets	35,864	2	35,825	2	37,355	3
1920	Refundable deposits	8,581	1	8,562	1	9,108	1
1995	Other non-current assets	26,052	2	25,710	2	22,404	2
	Total non-current assets	595,747	40	601,314	41	613,219	45
	Total assets	$ 1,500,185	100	1,482,785	100	1,357,329	100

		March 31, 2025		December 31, 2024		March 31, 2024	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (notes 6(i) and 8)	$ 425,000	29	465,000	31	552,000	41
2130	Current contract liabilities (notes 6(p) and 7)	49,022	3	71,355	5	25,736	2
2150	Notes payable	59	-	271	-	235	-
2170	Accounts payable	176,748	12	141,163	10	137,038	10
2200	Other payables (note 6(q))	87,372	6	100,308	7	64,657	5
2250	Provisions－current	13,094	1	11,255	1	10,702	1
2280	Current lease liabilities (note 6(j))	19,553	1	20,211	1	20,002	1
2300	Other current liabilities	18,629	1	17,688	1	13,807	1
	Total current liabilities	789,477	53	827,251	56	824,177	61
	Non-Current liabilities:						
2550	Provisions－non-current	5,835	-	6,054	-	6,592	-
2580	Non-current lease liabilities (note 6(j))	43,852	3	48,242	3	60,710	4
2645	Guarantee deposits received	7,080	1	7,028	1	6,811	1
2670	Other non-current liabilities	2,242	-	1,348	-	547	-
	Total non-current liabilities	59,009	4	62,672	4	74,660	5
	Total liabilities	848,486	57	889,923	60	898,837	66
	Equity attributable to owners of parent (note 6(n)):						
	Share capital:						
3110	Ordinary shares	402,989	27	402,989	27	309,991	23
3120	Preference shares	11	-	11	-	11	-
		403,000	27	403,000	27	310,002	23
3200	Capital surplus	35	-	35	-	35	-
	Retained earnings:						
3310	Legal reserve	21,199	1	21,199	2	10,778	1
3350	Retained earnings	224,969	15	166,340	11	142,359	10
		246,168	16	187,539	13	153,137	11
	Other equity:						
3410	Exchange differences on translation of foreign financial statements	36,096	2	35,567	2	35,300	3
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(4,581)	-	(4,585)	-	(13,553)	(1)
		31,515	2	30,982	2	21,747	2
	Total equity attributable to owners of parent	680,718	45	621,556	42	484,921	36
36xx	**Non-controlling interests**	(29,019)	(2)	(28,694)	(2)	(26,429)	(2)
	Total equity	651,699	43	592,862	40	458,492	34
	Total liabilities and equity	$ 1,500,185	100	1,482,785	100	1,357,329	100

See accompanying notes to consolidated financial statements.

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Ordinary Share)

		For the three months ended March 31			
		2025		2024	
		Amount	%	Amount	%
4000	**Operating revenues (notes 6(p) and 7)**	$ 379,092	100	252,517	100
5000	**Operating costs (notes 6(d), (j) and 6(l))**	238,244	63	165,717	66
5900	**Gross profit**	140,848	37	86,800	34
6000	**Operating expenses (notes 6(j), 6(l), 6(q) and 7):**				
6100	Selling expenses	23,806	6	17,644	7
6200	Administrative expenses	44,664	12	36,316	14
6300	Research and development expenses	29,925	8	24,013	10
	Total operating expenses	98,395	26	77,973	31
6900	**Net operating income**	42,453	11	8,827	3
7000	**Non-operating income and expenses (notes 6(j) and 6(r)):**				
7100	Interest income	3,199	1	2,694	1
7010	Other income	7,504	2	7,099	3
7020	Other gains and losses	8,606	2	12,818	5
7050	Finance costs	(2,925)	(1)	(3,449)	(1)
	Total non-operating income and expenses	16,384	4	19,162	8
	Income from continuing operations before tax	58,837	15	27,989	11
7950	**Less: Income tax expense (note 6(m))**	165	-	-	-
	Net income	58,672	15	27,989	11
8300	**Other comprehensive income (loss) (note 6(n)):**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4	-	(1)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	4	-	(1)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	161	-	2,273	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	161	-	2,273	1
8300	**Other comprehensive income (loss), net**	165	-	2,272	1
	Total comprehensive income (loss)	**$ 58,837**	**15**	**30,261**	**12**
	Net income (loss) attributable to:				
8610	Owners of parent	$ 58,629	15	28,353	11
8620	Non-controlling interests	43	-	(364)	-
		$ 58,672	**15**	**27,989**	**11**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 59,162	15	31,682	13
8720	Non-controlling interests	(325)	-	(1,421)	(1)
		$ 58,837	**15**	**30,261**	**12**
9750	**Basic earnings per share (in New Taiwan dollar) (note 6(o))**	**$**	**1.45**		**0.70**
9850	**Diluted earnings per share (in New Taiwan dollar) (note 6(o))**	**$**	**1.45**		**0.70**

See accompanying notes to consolidated financial statements.

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent												
	Share capital				Retained earnings			Other equity					
	Ordinary shares	Preference shares	Total share capital	Capital surplus	Legal reserve	Retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2024	$ 309,991	11	310,002	35	10,778	114,006	124,784	31,970	(13,552)	18,418	453,239	(25,008)	428,231
Net income (loss)	-	-	-	-	-	28,353	28,353	-	-	-	28,353	(364)	27,989
Other comprehensive income (loss)	-	-	-	-	-	-	-	3,330	(1)	3,329	3,329	(1,057)	2,272
Total comprehensive income (loss)	-	-	-	-	-	28,353	28,353	3,330	(1)	3,329	31,682	(1,421)	30,261
Balance at March 31, 2024	**$ 309,991**	**11**	**310,002**	**35**	**10,778**	**142,359**	**153,137**	**35,300**	**(13,553)**	**21,747**	**484,921**	**(26,429)**	**458,492**
Balance at January 1, 2025	$ 402,989	11	403,000	35	21,199	166,340	187,539	35,567	(4,585)	30,982	621,556	(28,694)	592,862
Net income	-	-	-	-	-	58,629	58,629	-	-	-	58,629	43	58,672
Other comprehensive income (loss)	-	-	-	-	-	-	-	529	4	533	533	(368)	165
Total comprehensive income (loss)	-	-	-	-	-	58,629	58,629	529	4	533	59,162	(325)	58,837
Balance at March 31, 2025	**$ 402,989**	**11**	**403,000**	**35**	**21,199**	**224,969**	**246,168**	**36,096**	**(4,581)**	**31,515**	**680,718**	**(29,019)**	**651,699**

See accompanying notes to consolidated financial statements.

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31	
	2025	2024
Cash flows from (used in) operating activities:		
Net income before tax	$ 58,837	27,989
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	8,013	7,668
Amortization	2,321	2,575
Interest expense	2,925	3,449
Interest income	(3,199)	(2,694)
Total adjustments to reconcile profit	10,060	10,998
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Accounts receivable	(23,726)	(25,044)
Accounts receivable－related parties	179	147
Inventories	1,840	(26,792)
Prepayments and other current assets	(2,103)	(1,545)
Total changes in operating assets, net	(23,810)	(53,234)
Net changes in operating liabilities:		
Contract liabilities	(22,333)	5,686
Notes payable	(212)	174
Accounts payable	35,585	36,802
Other payables	(13,019)	(18,159)
Provisions	1,620	47
Other current liabilities	917	(54)
Other non-current liabilities	894	(17)
Total changes in operating liabilities, net	3,452	24,479
Total changes in operating assets and liabilities, net	(20,358)	(28,755)
Total adjustments	(10,298)	(17,757)
Cash inflow generated from operating activities	48,539	10,232
Interest received	2,862	2,937
Interest paid	(2,466)	(2,837)
Income taxes paid	(421)	(286)
Net cash flows from operating activities	48,514	10,046
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(70,287)	-
Acquisition of property, plant and equipment	(1,149)	(154)
Increase in other non-current assets	(2,663)	(2,555)
Net cash used in investing activities	(74,099)	(2,709)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	150,000	70,000
Decrease in short-term borrowings	(190,000)	(70,000)
Payment of lease liabilities	(5,078)	(4,891)
Interest paid	(376)	(490)
Net cash flows used in financing activities	(45,454)	(5,381)
Effect of exchange rate changes on cash and cash equivalents	(706)	(216)
Net increase (decrease) in cash and cash equivalents	(71,745)	1,740
Cash and cash equivalents at beginning of period	490,294	364,910
Cash and cash equivalents at end of period	$ **418,549**	**366,650**

See accompanying notes to consolidated financial statements.

(1) Company history

TWINHEAD INTERNATIONAL CORP. (the Company) was incorporated on February 27, 1984, as a company limited by shares under the laws of the Republic of China (ROC). The consolidated financial statements comprise the Company and its subsidiaries (the Group). The Group is mainly engaged in the design, manufacture, sale and development of computers, computer components, peripherals, software, ASIC chips and workstations, and operation of telecommunication-related business.

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

The consolidated financial statements were approved by the Board of Directors and issued on May 14, 2025.

(3) New standards, amendments and interpretations adopted

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

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

- Amendments to IAS21 “Lack of Exchangeability”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	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.	January 1, 2027

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

(4) Summary of material policies

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

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as FSC). The consolidated financial statements 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 (altogether referred to "IFRS Accounting Standards" endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2024.

(Continued)

The consolidated entities were as follows:

			Percentage of ownership			
Name of investor	**Name of subsidiary**	**Principal activity**	**March 31, 2025**	**December 31, 2024**	**March 31, 2024**	**Remarks**
The Company	Durabook Americas Inc. (Durabook)	The trading of computers and computer peripheral equipment	80.000 %	80.000 %	80.000 %	Note
The Company	Twinhead International (Asia) Pte Ltd. (Twinhead (Asia))	Investment holding	100.000 %	100.000 %	100.000 %	
Twinhead (Asia)	Twinhead Enterprises (B.V.I.) Ltd.	Investment holding	100.000 %	100.000 %	100.000 %	Note
Twinhead (Asia)	Twinhead International (Kunshan) Co., Ltd. (Twinhead Kunshan)	Sales and production of PDAs, calculators and their parts, and computer keyboards	100.000 %	100.000 %	100.000 %	
Twinhead (Asia)	Kunshan Lun Teng System Co., Ltd. (Kunshan Lun Teng)	Import and export of computers, electronic components, and digital cameras, and technical consultant services	100.000 %	100.000 %	100.000 %	Note

Note: Because they are non-significant subsidiaries, their financial statements were not reviewed by independent auditors.

(c) Income taxes

Tax expense in the consolidated financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense for the period is best estimated by multiplying pretax income of the reporting period by the effective annual tax rate which was forecasted by the management. The outcome is then fully recognized as current tax expense.

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

(Continued)

TWINHEAD INTERNATIONAL CORP. 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, 2024. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2024.

(a) Cash and cash equivalents

		March 31, 2025	December 31, 2024	March 31, 2024
Petty cash	$	328	371	395
Checking and demand deposits		168,316	236,120	147,177
Time deposits		249,905	253,803	219,078
Cash and cash equivalents per consolidated statements of cash flows	**$**	**418,549**	**490,294**	**366,650**

Time deposits with original maturities of less than three months are reported as cash and cash equivalents if they are intended to meet short-term cash commitments and not for investment or other purposes and can be readily converted to fixed cash with minimal risk of changes in value.

The Group's exposure to interest rate risk and the sensitivity analysis for the financial instruments held by the Group are disclosed in note 6(s).

(b) Financial assets measured at amortized cost

		March 31, 2025	December 31, 2024	March 31, 2024
Time deposits	**$**	**70,287**	**-**	**-**
Interest rate (%)		**3.92~4.51**	**-**	**-**

The Group has assessed that these financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(c) Accounts receivables (including related parties)

		March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	$	99,788	76,062	77,710
Accounts receivable－related parties		117	296	18
	$	**99,905**	**76,358**	**77,728**

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all accounts receivables (including related parties). To measure the expected credit losses, accounts receivable (including related parties) have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

	March 31, 2025		
	Gross carrying amount (Including related parties)	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 94,594	-	-
1 to 30 days past due	5,311	-	-
	$ 99,905		**-**

	December 31, 2024		
	Gross carrying amount (Including related parties)	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 60,922	-	-
1 to 30 days past due	15,436	-	-
	$ 76,358		**-**

	March 31, 2024		
	Gross carrying amount (Including related parties)	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 68,729	-	-
1 to 30 days past due	8,890	-	-
31 to 60 days past due	109	-	-
	$ 77,728		**-**

The Group did not hold any collateral for the collectible amounts.

(d) Inventories

The components of the Group's inventories were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Merchandise	$ 3,999	3,144	5,048
Finished goods	35,570	49,954	25,816
Work in progress	104,234	58,802	85,343
Raw materials and supplies	149,415	180,176	166,560
Goods in transit	3,760	6,742	3,722
	$ 296,978	**298,818**	**286,489**

As of March 31, 2025, December 31 and March 31, 2024, the Group's inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other losses directly recorded under operating costs were as follows:

	For the three months ended March 31	
	2025	**2024**
Loss on decline in market value of inventory	**$ 10,590**	**3,136**

(e) Non-current financial assets at fair value through other comprehensive income

	March 31, 2025	December 31, 2024	March 31, 2024
Equity investments at fair value through other comprehensive income:			
Unlisted stocks (overseas)	**$ 55**	**51**	**52**

(i) Equity investments at fair value through other comprehensive income

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

No strategic investments were disposed for the three months ended March 31, 2025 and 2024, and there were no transfers of any cumulative gain or loss related to these investments within equity.

(ii) For credit risk and market risk, please refer to note 6(s).

(iii) The Group did not provide the financial assets as collateral.

(f) Property, plant and equipment

The carrying value of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Machinery	Other equipment	Total
January 1, 2025	$ 105,080	148,832	5,469	5,263	264,644
March 31, 2025	$ 105,080	147,615	5,324	5,784	263,803
January 1, 2024	$ 105,080	152,635	4,071	3,383	265,169
March 31, 2024	$ 105,080	151,467	3,870	3,227	263,644

For the three months ended March 31, 2025 and 2024, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on property, plant and equipment. For the information on depreciation expenses for the three months ended March 31, 2025 and 2024, please refer to note 12; for the information on pledged property, plant and equipment, please refer to note 8; for other related information, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2024.

(g) Right-of-use assets

The Group leases many assets including its land, buildings and transportation equipment, the carrying value of such right-of-use assets were as follows:

	Land	Building	Transportation equipment	Total
January 1, 2025	$ 9,735	61,890	5,776	77,401
March 31, 2025	$ 9,805	57,228	5,219	72,252
January 1, 2024	$ 9,511	80,264	4,905	94,680
March 31, 2024	$ 9,826	75,838	4,361	90,025

For the three months ended March 31, 2025 and 2024, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on right-of-use assets. For the information on depreciation expenses of right-of-use assets for the three months ended March 31, 2025 and 2024, please refer to note 12; for other related information, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2024.

(h) Investment property

For the three months ended March 31, 2025 and 2024, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on investment properties. For the information on depreciation expenses of investment property for the three months ended March 31, 2025 and 2024, please refer to note 12; for the information on pledged investment properties, please refer to note 8; for other related information, please refer to note 6(g) of the consolidated financial statements for the year ended December 31, 2024.

The fair value of the Group's investment properties does not significantly differ from the information disclosed in note 6(g) of the consolidated financial statements for the year ended December 31, 2024.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Short-term borrowings

The details of the Group's short-term borrowings were as follows:

	March 31, 2025			
	Currency	**Interest rate (%)**	**Maturity year**	**Amount**
Unsecured loans	TWD	2.20~2.25	2025	$ 80,000
Secured bank loans	TWD	2.15~2.26	2025~2026	345,000
Total				$ 425,000

	December 31, 2024			
	Currency	**Interest rate (%)**	**Maturity year**	**Amount**
Unsecured loans	TWD	2.20~2.34	2025	$ 190,000
Secured bank loans	TWD	2.23~2.26	2025	275,000
Total				$ 465,000

	March 31, 2024			
	Currency	**Interest rate (%)**	**Maturity year**	**Amount**
Unsecured loans	TWD	2.25	2024	$ 60,000
Secured bank loans	TWD	2.13~2.26	2024	492,000
Total				$ 552,000

As of March 31, 2025, December 31 and March 31, 2024, the unused credit facilities amounted to $816,240 thousand, $774,560 thousand and $529,400 thousand, respectively.

The Group has pledged certain assets against the loans; please refers to note 8 for additional information.

(j) Lease liabilities

The Group's lease liabilities were as follow:

	March 31, 2025	**December 31, 2024**	**March 31, 2024**
Current	$ 19,553	20,211	20,002
Non-current	$ 43,852	48,242	60,710

For the maturity analysis, please refer to note 6(s) financial instruments.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2025	**2024**
Interest on lease liabilities	$ **376**	**490**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **266**	**299**

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the three months ended March 31	
	2025	**2024**
Total cash outflow for leases	$ **5,720**	**5,680**

(i) Real estate leases

The Group leases land and buildings for its office space. The leases of its office space typically run for a period of 5 to 7 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.

(ii) Other leases

The Group leases transportation equipments with lease terms of three to five years.

The Group also leases office, office equipment and dormitory with contract terms of 1 to 2 years. These leases are leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(h) for the information of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	March 31, 2025	**December 31, 2024**	**March 31, 2024**
Less than one year	$ 25,128	24,943	20,641
One to two years	15,045	18,549	13,953
Two to three years	7,134	9,809	4,200
Total undiscounted lease payments	$ **47,307**	**53,301**	**38,794**

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Employee benefits

The Group recognized pension costs of the defined contribution plans in profit or loss as follows:

	For the three months ended March 31	
	2025	**2024**
Operating costs	$ 548	469
Operating expenses	1,877	1,684
	$ 2,425	**2,153**

For other related information, please refer to note 6(l) to the consolidated financial statements for the year ended December 31, 2024.

(m) Income taxes

Income tax expense was best estimated by multiplying pretax gain for the interim reporting period by the effective annual tax rate which was forecasted by the management.

The amount of the Group's income tax was as follows:

	For the three months ended March 31	
	2025	**2024**
Current income tax expense		
Current period	$ 165	-
Income tax expense from continuing operations	**$ 165**	**-**

The ROC income tax authorities have examined the Company's income tax returns for all years through 2022.

(n) Capital and other equity

Except for the following disclosures, there were no significant changes is capital and other equity for the three months ended March 31, 2025 and 2024. For other related information, please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2024.

(i) Retained earnings－Distribution of retained earnings

In accordance with the Articles of Incorporation, the Company's net earnings should first be used to pay taxes, and then to offset prior years' deficits. Of the remaining balance, 10% is to be appropriated as legal reserve, unless the accumulated legal reserve has reached the Company's paid-in capital, and priority is given to the payment of unpaid dividends to preference shares. In addition, depending on the Company's operational needs and laws and regulations, a special reserve may be set aside. If there are any unappropriated earnings at the beginning of the period, the Board of Directors will prepare a distribution plan and submit it to the shareholders' meeting for approval. The aforementioned distribution by cash shall be authorized by a majority vote of the Board of Directors with at least two-thirds of the directors present, and shall be reported to the stockholder’s meeting.

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The distributable earnings can be distributed as dividends in consideration of the characteristics of the industrial growth, the Company's financial structure, and the investors' best interests, but at least 50% of the distributable earnings should be distributed to shareholders, except that the cumulative distributable earnings may not be distributed if the cumulative distributable earnings are less than 1% of the paid-in capital. Such distributions by cash, considering the capital surplus, retained earnings, future capital requirements, long-term financial planning, and maintenance of the dividend distribution level, shall be no more than 80% of the total stockholders' bonus, and the rest shall be distributed as stock dividends.

On March 11, 2025, the Company's Board of Directore resolved to appropriate the 2024 earnings. On June 14, 2024, the shareholders' meeting resolved to distribute the 2023 earnings. These earnings were appropriated as follows:

	2024		2023	
	Amount per share (NT dollars)	**Amount**	**Amount per share (NT dollars)**	**Amount**
Dividends distributed to ordinary shareholders:				
Stock	$ 3.0	120,897	3.0	92,998
Dividends distributed to preference shareholders:				
Cash	$ 2.0	2	2.0	2

The Company's accumulated undistributed dividends for preference shares amounted to $3 thousand, $2 thousand and $3 thousand as of March 31, 2025, December 31 and March 31, 2024, respectively.

(ii) Other equities (net of tax)

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**	**Non-controlling interests**	**Total**
Balance at January 1, 2025	$ 35,567	(4,585)	(1,104)	29,878
Foreign exchange differences arising from foreign operation	529	-	(368)	161
Unrealized gains（losses） from financial assets measured at fair value through other comprehensive income	-	4	-	4
Balance at March 31, 2025	$ 36,096	(4,581)	(1,472)	30,043
Balance at January 1, 2024	$ 31,970	(13,552)	630	19,048
Foreign exchange differences arising from foreign operation	3,330	-	(1,057)	2,273
Unrealized gains（losses） from financial assets measured at fair value through other comprehensive income	-	(1)	-	(1)
Balance at March 31, 2024	$ 35,300	(13,553)	(427)	21,320

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Earnings per share

The calculations of the Company's basic earnings per share and diluted earnings per share were as follows:

(i) Basic earnings per share

	For the three months ended March 31	
	2025	**2024**
Net income of the Company	$ 58,629	28,353
Dividends on non-redeemable preference shares	(1)	(1)
Net income attributable to ordinary shareholders of the Company	**$ 58,628**	**28,352**
Weighted average number of ordinary shares outstanding	**40,299**	**40,299**
Basic earnings per share (in TWD)	**$ 1.45**	**0.70**

(ii) Diluted earnings per share

	For the three months ended March 31	
	2025	**2024**
Net income attributable to ordinary shareholders of the Company (basic)	$ 58,628	28,352
Dividends on non-redeemable preference shares	1	1
Net income attributable to ordinary shareholders of the Company (diluted)	**$ 58,629**	**28,353**
Weighted average number of ordinary shares outstanding (basic)	40,299	40,299
Effect of dilutive potential ordinary shares		
Effect of remuneration to employees	198	113
Effect of convertible preference shares	1	1
Weighted average number of ordinary shares outstanding (diluted)	**40,498**	**40,413**
Diluted earnings per share (in TWD)	**$ 1.45**	**0.70**

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31	
	2025	**2024**
Primary geographical markets:		
Europe	$ 182,280	142,341
America	120,224	61,233
Asia	76,184	48,745
Others	404	198
	$ 379,092	**252,517**
Major products/services lines:		
Laptop	$ 328,872	211,869
Mainboard and accessories	26,862	25,803
Sales of materials and others	23,358	14,845
	$ 379,092	**252,517**

(ii) Contract Balance

	March 31, 2025	**December 31, 2024**	**March 31, 2024**
Accounts receivable	$ 99,788	76,062	77,710
Accounts receivable－related parties	117	296	18
Total	**$ 99,905**	**76,358**	**77,728**
Contract liabilities	**$ 49,022**	**71,355**	**25,736**

Please refer to the note 6(c) for the details on accounts receivables and allowance for impairment.

The contract liabilities are mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer.

The amount of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liabilities at the beginning of the period were $58,228 thousand and $17,108 thousand, respectively.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Remunerations to employees and directors

In accordance with the Articles of Incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 4% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of remuneration for employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of employee remuneration may include the employees of the Company's controlling or affiliated companies who meet certain conditions.

For the three months ended March 31, 2025 and 2024, the estimated employee remuneration amounted to $5,274 thousand and $2,576 thousand, respectively, and the estimated directors' remuneration amounted to $1,978 thousand and $966 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles, and expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amount, the adjustments will be regarded as changes in accounting estimate and will be reflected in profit or loss in the following year.

For the years ended December 31, 2024 and 2023, the Company recognized its employees' compensation of $14,807 thousand and $9,816 thousand, respectively, and its directors' remuneration of $5,553 thousand and $3,681 thousand, respectively. There was no difference between the distribution and the recognized amounts. For relevant information, please refer to Market Observation Post System.

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2025	**2024**
Interest income from bank deposits	**$ 3,199**	**2,694**

(ii) Other income

	For the three months ended March 31	
	2025	**2024**
Rental income	$ 7,254	6,896
Other income－Other	250	203
Total other income	**$ 7,504**	**7,099**

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	For the three months ended March 31	
	2025	**2024**
Foreign exchange gains, net	9,299	13,500
Others	(693)	(682)
Other gains and losses, net	$ **8,606**	**12,818**

(iv) Finance costs

	For the three months ended March 31	
	2025	**2024**
Interest expense	$ **2,925**	**3,449**

(s) Financial instruments

Except as noted below, there were no significant changes in the Group's exposure to credit risk due to financial instruments. Please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2024.

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
March 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	$ 425,000	427,025	427,025	-	-	-
Notes payable	59	59	59	-	-	-
Accounts payable	176,748	176,748	176,748	-	-	-
Other payables	87,372	87,372	87,372	-	-	-
Lease liabilities	63,405	65,857	20,731	17,860	27,266	-
Guarantee deposits received	7,080	7,080	100	3,697	3,283	-
Preference shares (including preference shares dividends)	11	14	14	-	-	-
	$ **759,675**	**764,155**	**712,049**	**21,557**	**30,549**	**-**
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	$ 465,000	467,208	467,208	-	-	-
Notes payable	271	271	271	-	-	-
Accounts payable	141,163	141,163	141,163	-	-	-
Other payables	100,308	100,308	100,308	-	-	-
Lease liabilities	68,453	71,280	21,512	18,286	31,482	-
Guarantee deposits received	7,028	7,028	100	3,645	3,283	-
Preference shares (including preference shares dividends)	11	13	13	-	-	-
	$ **782,234**	**787,271**	**730,575**	**21,931**	**34,765**	**-**

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
March 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	$ 552,000	554,079	554,079	-	-	-
Notes payable	235	235	235	-	-	-
Accounts payable	137,038	137,038	137,038	-	-	-
Other payables	64,657	64,657	64,657	-	-	-
Lease liabilities	80,712	84,672	21,642	20,044	42,986	-
Guarantee deposits received	6,811	6,811	3,107	100	3,604	-
Preference shares (including preference shares dividends)	11	14	14	-	-	-
	$ **841,464**	**847,506**	**780,772**	**20,144**	**46,590**	**-**

The Group does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(ii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

	Foreign currency	Exchange rate	TWD
March 31, 2025			
Financial assets:			
Monetary items:			
USD	$ 26,029	33.21	864,423
Financial liabilities:			
Monetary items:			
USD	$ 2,841	33.21	94,350
December 31, 2024			
Financial assets:			
Monetary items:			
USD	$ 24,432	32.79	801,125
Financial liabilities:			
Monetary items:			
USD	$ 2,040	32.79	66,892

		Foreign currency	Exchange rate	TWD
March 31, 2024				
Financial assets:				
Monetary items:				
USD	$	22,663	32.00	725,216
Financial liabilities:				
Monetary items:				
USD	$	2,290	32.00	73,280

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivable, accounts payable and other payables that were denominated in foreign currencies. 1% appreciation (depreciation) of the TWD against the USD as of March 31, 2025 and 2024, with all other variable factors remaining constant, would have (decreased) increased the net income before tax for the three months ended March 31, 2025 and 2024 by $7,701 thousand and $6,519 thousand, respectively. The analysis was performed on the same basis for both periods with all other variable factors remaining constant.

3) Foreign exchange gain and loss on monetary item

Due to the numerous types of functional currency, the Group aggregately discloses its exchange gains and losses on monetary items. The Group's exchange gains, including realized and unrealized, were $9,299 thousand and $13,500 thousand for the three months ended March 31, 2025 and 2024, respectively.

(iii) Interest rate risk analysis

Please refer to the notes on liquidity risk management for the interest rate exposure of the Group'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 floating-rate instruments, the sensitivity analysis assumes the liabilities with a floating rate as of the reporting date are outstanding for the whole year.

If the interest rate had increased/decreased by 1%, the Group's net income before tax would have decreased/increased by $262 thousand and $832 thousand for the three months ended March 31, 2025 and 2024, respectively, with all other variable factors remaining constant. This is mainly due to the Group's time deposits and borrowings at floating rate.

(Continued)

(iv) Fair value

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities were as follows, 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, disclosure of fair value information is not required:

	March 31, 2025				
	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets at fair value through other comprehensive income					
Unlisted stocks (overseas)	$ 55	-	-	55	55

	December 31, 2024				
	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets at fair value through other comprehensive income					
Unlisted stocks (overseas)	$ 51	-	-	51	51

	March 31, 2024				
	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
Financial assets at fair value through other comprehensive income					
Unlisted stocks (overseas)	$ 52	-	-	52	52

2) Valuation techniques for financial instruments measured at fair value－Non-derivative financial instruments

If there are quoted prices in active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks used for the fair value of equity instruments and liability instruments traded in active markets.

If the quoted prices from stock exchanges, brokers, underwriters, industry associations, pricing agencies or authorities are timely and frequently, and that the price fairly presents the market transaction, the financial instrument is regarded to have a quoted price in an active market. If the aforementioned conditions are not fulfilled, the market is regarded as inactive. Generally, large or significantly widen bid-ask spread, or significantly low trading volume are indications of an inactive market.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the financial instrument held by the Group is an equity investment without an active market, its fair value will have to be derived using the market approach. The fair value can be estimated based on the valuation of the comparable company as well as the equity value of the comparable company and its operating performances. Whereas the liquidity discount is a significant unobservable input in valuing equity investment, its potential changes will not cause material impact on financial figures, and therefore, its quantitative information need not be disclosed.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2025	$ 51
Total gain (loss) recognized:	
In other comprehensive income	4
Balance at March 31, 2025	**$ 55**
Balance at January 1, 2024	$ 53
Total gain (loss) recognized:	
In other comprehensive income	(1)
Balance at March 31, 2024	**$ 52**

The aforementioned total gain (loss) was included in unrealized gains and losses from financial assets at fair value through other comprehensive income.

(t) Financial risk management

The objectives and policies of the Group's financial risk management are the same as these in note 6(t) of the consolidated financial statements for the year ended December 31, 2024.

(u) Capital management

The objectives, policies, and procedures of the Group's capital management are the same as those in the consolidated financial statements for the year ended December 31, 2024. There were no material changes in the Group's quantitative information from that disclosed in the consolidated financial statements for the year ended December 31, 2024. For further information, please refer to note 6(u) to the consolidated financial statements for the year ended December 31, 2024.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Investing and financing activities not affecting cash flow

For the three months ended March 31, 2025 and 2024, the reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2025	Cash flows	Non-cash changes: Effect of changes in exchange rate	March 31, 2025
Short-term borrowings	$ 465,000	(40,000)	-	425,000
Lease liabilities	68,453	(5,078)	30	63,405
Guarantee deposits received	7,028	-	52	7,080
Total liabilities from financing activities	**$ 540,481**	**(45,078)**	**82**	**495,485**

	January 1, 2024	Cash flows	Non-cash changes: Effect of changes in exchange rate	March 31, 2024
Short-term borrowings	$ 552,000	-	-	552,000
Lease liabilities	85,367	(4,891)	236	80,712
Guarantee deposits received	6,672	-	139	6,811
Total liabilities from financing activities	**$ 644,039**	**(4,891)**	**375**	**639,523**

(7) Related-party transactions

(a) Name and relationship with related party

In this consolidated financial report, the related party having transactions with the Group was listed as below:

Name of related party	Relationship with the Group
NCS Technologies, Inc. (NCS)	Other related party of the Group (the president of NCS is the director of the Company)

(b) Significant transactions with related party

(i) Operating revenue

The amounts of sales by the Group to related party were as follows:

	For the three months ended March 31 2025	2024
Other related parties:		
NCS	**$ 115**	**277**

(Continued)

The sales price with related party was not significantly different from normal transactions, and the payment term was 30 days after sales.

(ii) Accounts receivable-related parties

The details of the Group's accounts receivable from related party were as follows:

Account	Type of related parties	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable－related parties	Other related parties:			
	NCS	$ 117	296	18

(iii) Advance sales receipts (recognized under current contract liabilities)

The details of the Group's advance sales receipts from related party were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Other related parties：			
NCS	$ -	-	26

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	For the three months ended March 31	
	2025	2024
Short-term employee benefits	$ 7,816	6,640
Post-employment benefits	54	54
	$ 7,870	6,694

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2025	December 31, 2024	March 31, 2024
Property,plant and equipment	Short-term borrowings	$ 250,691	251,780	255,046
Investment property	Short-term borrowings	138,203	138,554	139,606
		$ 388,894	390,334	394,652

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) The employee benefit expenses, depreciation, depletion, and amortization, categorized by function, were as follows:

By function / By nature	Three months ended March 31, 2025			Three months ended March 31, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	11,830	54,062	65,892	9,557	44,086	53,643
Labor and health insurance	1,156	4,476	5,632	962	3,163	4,125
Pension	548	1,877	2,425	469	1,684	2,153
Remuneration of directors	-	2,743	2,743	-	1,731	1,731
Others	965	1,613	2,578	646	1,187	1,833
Depreciation (Note)	1,336	5,984	7,320	1,265	5,721	6,986
Amortization	-	2,321	2,321	-	2,575	2,575

Note: The amounts did not include the depreciation expenses for investment property recognized under other gains and losses amounted to $693 thousand and $682 thousand for the three months ended March 31, 2025 and 2024, respectively.

(b) Seasonality or cyclicality of interim operations

The business of the Group is neither seasonal nor cyclical.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2025:

(i) Loans extended to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of March 31, 2025 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Sales to and purchases from related parties in excess of $100 million or 20% of the Company's issued share capital: None.

(v) Receivables from related parties in excess of NT$100 million or 20% of the Company's issued share capital:

(in Thousands of New Taiwan Dollar)

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Notes 1 and 5)	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
The Company	Twinhead Kunshan	Subsidiary	313,922 (Note 3)	-	313,922 (Note 3)	The receivable has been traced and recognized as long-term accounts receivable	-	-
The Company	Durabook	Subsidiary	215,358 (Note 4)	1.02	105,082 (Note 4)	The receivable has been traced and recognized as long-term accounts receivable	7,858	-

Note 1: Includes the amount recorded under long-term accounts receivables.

Note 2: Until May 14, 2025.

Note 3: It represents the net amount of accounts receivable of the Company derived from the purchase of supplies on behalf of Twinhead Kunshan and accounts payable derived from purchase of goods from Twinhead Kunshan in prior years. Twinhead Kunshan pays the Company with the rental income according to the capital plan.

Note 4: As of March 31, 2025, the Company's accounts receivable from Durabook were $215,358 thousand. The overdue receivables of $105,082 thousand were reclassified to long-term receivables.

Note 5: The transactions within the Group were eliminated in the consolidated financial statements.

(vi) Business relationships and significant intercompany transactions:

(in Thousands of New Taiwan Dollar)

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount (Note 4)	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Durabook	1	Sales revenue	52,823	The transaction is not significantly different from normal transactions	13.93%
0	The Company	Kunshan Lun Teng	1	Sales revenue	12,017	The transaction is not significantly different from normal transactions	3.17 %
0	The Company	Durabook	1	Accounts receivable －related parties	110,276	The receivables can be offset with accounts payable from purchase or be O/A 60 days	7.35 %
0	The Company	Twinhead Kunshan	1	Long-term accounts receivable－related parties	74,480 (Note 3)	The receivables can be offset with accounts payable from purchase or be O/A over 180 days. The payment is arranged according to the capital plan.	4.96 %

Note 1: Company numbering is as follows:

(1) Parent company is 0.

(2) Subsidiary starts from 1.

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 2: The number of the relationship with the transaction counterparty represents the following:

(1) 1 represents downstream transactions.

(2) 2 represents upstream transactions.

(3) 3 represents sidestream transactions.

Note 3: It represents the net amount of accounts receivable of the Company derived from the purchase of supplies on behalf of Twinhead Kunshan and accounts payable derived from purchase of goods from Twinhead Kunshan in prior years after offsetting against the credit balance of the investment of Twinhead Kunshan, accounted for using the equity method.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

Note 5: For balance sheet items, over 1% of total consolidated assets, and for profit or loss item, over 1% of total consolidated revenues were selected for disclosure.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2025 (excluding information on investees in Mainland China):

(in Thousands of New Taiwan Dollar / in Thousands of shares)

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (loss) of investee	Investment income (losses)	Remarks
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Book value			
The Company	Durabook	U.S.A.	The trading of computers and computer peripheral equipment	73,442	73,442	769	80.00 %	(17,007) (Note 3)	214	171	Subsidiary (Note 2)
The Company	Twinhead (Asia)	Singapore	Investment holding	539,919	539,919	5,872	100.00 %	- (Note 4)	2,922	2,922	Subsidiary (Note 2)
Twinhead (Asia)	Twinhead Enterprises (B.V.I.) LTD.	British Virgin Islands	Investment holding	1,388	1,388	50	100.00 %	1,139	(61)	(61)	Subsidiary (Note 2)

Note 1: The exchange rate as of March 31, 2025: USD1=TWD33.21.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The Company's accounts receivable was offset against the credit balance of the investments of Durabook, accounted for using the equity method.

Note 4: Please refer to note 13(a)(vi) Note 3.

(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 New Taiwan Dollar / in Thousands of USD)

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2025	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2025	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses) (Note 2)	Book value as of March 31, 2025	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Twinhead International (Kunshan) Co., Ltd.	Sales and production of PDAs, calculators and their parts, and computer keyboards	415,125 (USD12,500)	(2)	415,125 (USD12,500)	-	-	415,125 (USD12,500)	2,666	100.00 %	2,666	(255,506)	-
Twinhead Huazhong Technology Limited Corp.	Installation and sales of laptop parts and accessories; sales and production of related software	132,840 (USD4,000)	(2)	66,420 (USD2,000)	-	-	66,420 (USD2,000)	-	- %	-	-	-
Kunshan Lun Teng System Co. ,Ltd	Import and export of computers, electronic components, and digital cameras, and technical consultant services	6,974 (USD210)	(2)	6,974 (USD210)	-	-	6,974 (USD210)	826	100.00 %	826	14,144	-

Note 1: The method of investment is divided into the following four categories:

(1) Through transferring the investment to third-region existing companies then investing in Mainland China.

(2) Remittance from third-region companies to invest in Mainland China (Through Twinhead (Asia) to invest in Mainland China).

(3) Through the establishment of third-region companies then investing in Mainland China.

(4) Other methods: EX: delegated investments.

Note 2: The amount of investment income (loss) from Twinhead Kunshan were recognized under the equity method based on the financial statements which were reviewed by the auditor of the Company. The amount of investment income (loss) from other investees were recognized under the equity method based on the financial statements which were not reviewed by the auditor of the Company.

Note 3: The exchange rate as of March 31, 2025: USD1=TWD33.21.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of March 31, 2025 (Note 1)	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	531,692 (USD16,010)	531,692 (USD16,010)	- (Note 3)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 1: Including the amount of USD1,300 thousand wired to Twinhead Beijing Technology Co., Ltd.

Note 2: The exchange rate as of March 31, 2025: USD1=TWD33.21.

Note 3: In accordance with the "Regulations on Permission for Investment or Technical Cooperation in Mainland China" and the Principles for Examination of Applications for Investment or Technical Cooperation in Mainland China amended and ratified by the Executive Yuan on August 22, 2008, the Company met the criteria for operational headquarters under the Statute for Industrial Innovation and obtained approval from the Industrial Development Bureau Ministry of Economic Affairs, on June 8, 2023. As it has an operational headquarters status, the Company is not subject to the limitation as to the amount of investment in Mainland China during the period from June 5, 2023 to June 4, 2026.

(iii) Significant transactions with investees in Mainland China:

Related information is provided in note 13(a)(vi).

(14) Segment information

The Group is mainly engaged in the design, manufacture and sale of computers, as well as related products. The management regularly reviews the Group's overall performance to evaluate the efficiency of each segment and allocate its resources accordingly. The Group is identified as a sole operating segment.