

**TWINHEAD INTERNATIONAL CORP.
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

To the Board of Directors
Twinhead International Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Twinhead International Corp. and its subsidiaries ("the Group") as of June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 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 \$98,005 thousand and \$67,271 thousand, constituting 6% and 5% of the consolidated total assets; and the total liabilities amounting to \$13,833 thousand and \$13,184 thousand, constituting 2% and 1% of the consolidated total liabilities as of June 30, 2025 and 2024, respectively; as well as the total comprehensive income (loss) amounting to \$14,954 thousand, \$(6,398) thousand, \$14,305 thousand and \$(13,629) thousand, constituting 183%, (14)%, 21% and (18)% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2025 and 2024, respectively.

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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 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)
August 12, 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

June 30, 2025, December 31 and June 30, 2024

(Expressed in Thousands of New Taiwan Dollar)

| Assets | | June 30, 2025 | | December 31, 2024 | | June 30, 2024 | | Liabilities and Equity | | June 30, 2025 | | December 31, 2024 | | June 30, 2024 | |
|--------------------------|---|---------------|-----|-------------------|-----|---------------|-----|--|---|---------------|-----|-------------------|-----|---------------|-----|
| | | Amount | % | Amount | % | Amount | % | | | Amount | % | Amount | % | Amount | % |
| Current assets: | | | | | | | | | Current liabilities: | | | | | | |
| 1100 | Cash and cash equivalents (note 6(a)) | \$ 472,698 | 30 | 490,294 | 33 | 412,881 | 29 | 2100 | Short-term borrowings (notes 6(i) and 8) | \$ 455,000 | 29 | 465,000 | 31 | 547,000 | 39 |
| 1137 | Current financial assets at amortised cost (note 6(b)) | 62,045 | 4 | - | - | - | - | 2130 | Current contract liabilities (note 6(p)) | 45,123 | 3 | 71,355 | 5 | 19,500 | 1 |
| 1170 | Accounts receivable, net (notes 6(c) and 6(p)) | 97,612 | 6 | 76,062 | 5 | 86,757 | 6 | 2150 | Notes payable | 53 | - | 271 | - | - | - |
| 1180 | Accounts receivable—related parties, net (notes 6(c), 6(p) and 7) | 65 | - | 296 | - | 70 | - | 2170 | Accounts payable | 205,662 | 13 | 141,163 | 10 | 146,498 | 10 |
| 130x | Inventories (note 6(d)) | 334,554 | 22 | 298,818 | 20 | 296,390 | 21 | 2180 | Accounts payable—related parties (note 7) | - | - | - | - | 82 | - |
| 1470 | Prepayments and other current assets | 17,423 | 1 | 16,001 | 1 | 11,141 | 1 | 2200 | Other payables (note 6(q)) | 96,120 | 6 | 100,308 | 7 | 77,352 | 5 |
| Total current assets | | 984,397 | 63 | 881,471 | 59 | 807,239 | 57 | 2216 | Dividends payable (note 6(n)) | 2 | - | - | - | 2 | - |
| Non-current assets: | | | | | | | | 2250 | Provisions—current | 13,677 | 1 | 11,255 | 1 | 10,725 | 1 |
| 1517 | Non-current financial assets at fair value through other comprehensive income (note 6(e)) | 50 | - | 51 | - | 49 | - | 2280 | Current lease liabilities (note 6(j)) | 18,469 | 1 | 20,211 | 1 | 20,192 | 1 |
| 1600 | Property, plant and equipment (notes 6(f) and 8) | 266,971 | 17 | 264,644 | 18 | 265,432 | 19 | 2300 | Other current liabilities | 18,732 | 1 | 17,688 | 1 | 20,815 | 2 |
| 1755 | Right-of-use assets (note 6(g)) | 65,661 | 4 | 77,401 | 5 | 85,115 | 6 | Total current liabilities | | 852,838 | 54 | 827,251 | 56 | 842,166 | 59 |
| 1760 | Investment property, net (notes 6(h), 6(k) and 8) | 182,605 | 12 | 189,121 | 13 | 190,421 | 13 | Non-Current liabilities: | | | | | | | |
| 1840 | Deferred income tax assets | 35,512 | 2 | 35,825 | 2 | 37,418 | 3 | 2550 | Provisions—non-current | 5,630 | - | 6,054 | - | 6,589 | - |
| 1920 | Refundable deposits | 8,405 | 1 | 8,562 | 1 | 9,127 | 1 | 2580 | Non-current lease liabilities (note 6(j)) | 39,438 | 3 | 48,242 | 3 | 55,642 | 4 |
| 1995 | Other non-current assets | 24,086 | 1 | 25,710 | 2 | 21,075 | 1 | 2645 | Guarantee deposits received | 6,677 | 1 | 7,028 | 1 | 6,846 | 1 |
| Total non-current assets | | 583,290 | 37 | 601,314 | 41 | 608,637 | 43 | 2670 | Other non-current liabilities | 3,250 | - | 1,348 | - | 1,162 | - |
| | | | | | | | | Total non-current liabilities | | 54,995 | 4 | 62,672 | 4 | 70,239 | 5 |
| | | | | | | | | Total liabilities | | 907,833 | 58 | 889,923 | 60 | 912,405 | 64 |
| | | | | | | | | Equity attributable to owners of parent (note 6(n)): | | | | | | | |
| | | | | | | | | Share capital: | | | | | | | |
| | | | | | | | | 3110 | Ordinary shares | 402,989 | 26 | 402,989 | 27 | 309,991 | 22 |
| | | | | | | | | 3120 | Preference shares | 11 | - | 11 | - | 11 | - |
| | | | | | | | | 3150 | Stock dividend to be distributed | 120,897 | 8 | - | - | 92,998 | 7 |
| | | | | | | | | | | 523,897 | 34 | 403,000 | 27 | 403,000 | 29 |
| | | | | | | | | 3200 | Capital surplus | 35 | - | 35 | - | 35 | - |
| | | | | | | | | Retained earnings: | | | | | | | |
| | | | | | | | | 3310 | Legal reserve | 36,774 | 2 | 21,199 | 2 | 21,199 | 1 |
| | | | | | | | | 3350 | Retained earnings | 99,790 | 6 | 166,340 | 11 | 84,782 | 6 |
| | | | | | | | | | | 136,564 | 8 | 187,539 | 13 | 105,981 | 7 |
| | | | | | | | | Other equity: | | | | | | | |
| | | | | | | | | 3410 | Exchange differences on translation of foreign financial statements | 29,572 | 2 | 35,567 | 2 | 35,480 | 3 |
| | | | | | | | | 3420 | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | (4,586) | - | (4,585) | - | (13,556) | (1) |
| | | | | | | | | | | 24,986 | 2 | 30,982 | 2 | 21,924 | 2 |
| | | | | | | | | | Total equity attributable to owners of parent | 685,482 | 44 | 621,556 | 42 | 530,940 | 38 |
| | | | | | | | | 36xx | Non-controlling interests | (25,628) | (2) | (28,694) | (2) | (27,469) | (2) |
| | | | | | | | | | Total equity | 659,854 | 42 | 592,862 | 40 | 503,471 | 36 |
| Total assets | | \$ 1,567,687 | 100 | 1,482,785 | 100 | 1,415,876 | 100 | Total liabilities and equity | | \$ 1,567,687 | 100 | 1,482,785 | 100 | 1,415,876 | 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 June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Ordinary Share)**

| | | For the three months ended June 30 | | | | For the six months ended June 30 | | | |
|------|--|---------------------------------------|-------------|----------------|------------|-------------------------------------|------------|----------------|------------|
| | | 2025 | | 2024 | | 2025 | | 2024 | |
| | | Amount | % | Amount | % | Amount | % | Amount | % |
| 4000 | Operating revenues (notes 6(p) and 7) | \$ 384,754 | 100 | 304,526 | 100 | 763,846 | 100 | 557,043 | 100 |
| 5000 | Operating costs (notes 6(d), 6(j), 6(l) and 7) | <u>230,316</u> | <u>60</u> | <u>184,156</u> | <u>60</u> | <u>468,560</u> | <u>61</u> | <u>349,873</u> | <u>63</u> |
| 5900 | Gross profit | <u>154,438</u> | <u>40</u> | <u>120,370</u> | <u>40</u> | <u>295,286</u> | <u>39</u> | <u>207,170</u> | <u>37</u> |
| 6000 | Operating expenses (notes 6(j), 6(l), 6(q) and 7): | | | | | | | | |
| 6100 | Selling expenses | 25,255 | 6 | 22,965 | 8 | 49,061 | 7 | 40,609 | 7 |
| 6200 | Administrative expenses | 34,407 | 9 | 38,521 | 13 | 79,071 | 10 | 74,837 | 13 |
| 6300 | Research and development expenses | <u>30,031</u> | <u>8</u> | <u>25,524</u> | <u>8</u> | <u>59,956</u> | <u>8</u> | <u>49,537</u> | <u>9</u> |
| | Total operating expenses | <u>89,693</u> | <u>23</u> | <u>87,010</u> | <u>29</u> | <u>188,088</u> | <u>25</u> | <u>164,983</u> | <u>29</u> |
| 6900 | Net operating income | <u>64,745</u> | <u>17</u> | <u>33,360</u> | <u>11</u> | <u>107,198</u> | <u>14</u> | <u>42,187</u> | <u>8</u> |
| 7000 | Non-operating income and expenses (notes 6(j) and 6(r)): | | | | | | | | |
| 7100 | Interest income | 3,756 | 1 | 3,485 | 1 | 6,955 | 1 | 6,179 | 1 |
| 7010 | Other income | 7,348 | 2 | 7,469 | 2 | 14,852 | 2 | 14,568 | 2 |
| 7020 | Other gains and losses | (61,969) | (16) | 4,796 | 2 | (53,363) | (7) | 17,614 | 3 |
| 7050 | Finance costs | <u>(2,566)</u> | <u>(1)</u> | <u>(3,455)</u> | <u>(1)</u> | <u>(5,491)</u> | <u>(1)</u> | <u>(6,904)</u> | <u>(1)</u> |
| | Total non-operating income and expenses | <u>(53,431)</u> | <u>(14)</u> | <u>12,295</u> | <u>4</u> | <u>(37,047)</u> | <u>(5)</u> | <u>31,457</u> | <u>5</u> |
| | Income from continuing operations before tax | 11,314 | 3 | 45,655 | 15 | 70,151 | 9 | 73,644 | 13 |
| 7950 | Less: Income tax expense (note 6(m)) | <u>49</u> | <u>-</u> | <u>474</u> | <u>-</u> | <u>214</u> | <u>-</u> | <u>474</u> | <u>-</u> |
| | Net income | <u>11,265</u> | <u>3</u> | <u>45,181</u> | <u>15</u> | <u>69,937</u> | <u>9</u> | <u>73,170</u> | <u>13</u> |
| 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 | (5) | - | (3) | - | (1) | - | (4) | - |
| 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> |
| | Components of other comprehensive income (loss) that will not be reclassified to profit or loss | <u>(5)</u> | <u>-</u> | <u>(3)</u> | <u>-</u> | <u>(1)</u> | <u>-</u> | <u>(4)</u> | <u>-</u> |
| 8360 | Components of other comprehensive income (loss) that will be reclassified to profit or loss | | | | | | | | |
| 8361 | Exchange differences on translation of foreign financial statements | (3,103) | (1) | (197) | - | (2,942) | - | 2,076 | - |
| 8399 | Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | Components of other comprehensive income (loss) that will be reclassified to profit or loss | <u>(3,103)</u> | <u>(1)</u> | <u>(197)</u> | <u>-</u> | <u>(2,942)</u> | <u>-</u> | <u>2,076</u> | <u>-</u> |
| 8300 | Other comprehensive income (loss), net | <u>(3,108)</u> | <u>(1)</u> | <u>(200)</u> | <u>-</u> | <u>(2,943)</u> | <u>-</u> | <u>2,072</u> | <u>-</u> |
| | Total comprehensive income (loss) | <u>\$ 8,157</u> | <u>2</u> | <u>44,981</u> | <u>15</u> | <u>66,994</u> | <u>9</u> | <u>75,242</u> | <u>13</u> |
| | Net income (loss) attributable to: | | | | | | | | |
| 8610 | Owners of parent | \$ 11,295 | 3 | 45,844 | 15 | 69,924 | 9 | 74,197 | 13 |
| 8620 | Non-controlling interests | <u>(30)</u> | <u>-</u> | <u>(663)</u> | <u>-</u> | <u>13</u> | <u>-</u> | <u>(1,027)</u> | <u>-</u> |
| | | <u>\$ 11,265</u> | <u>3</u> | <u>45,181</u> | <u>15</u> | <u>69,937</u> | <u>9</u> | <u>73,170</u> | <u>13</u> |
| | Comprehensive income (loss) attributable to: | | | | | | | | |
| 8710 | Owners of parent | \$ 4,766 | 1 | 46,021 | 15 | 63,928 | 8 | 77,703 | 14 |
| 8720 | Non-controlling interests | <u>3,391</u> | <u>1</u> | <u>(1,040)</u> | <u>-</u> | <u>3,066</u> | <u>1</u> | <u>(2,461)</u> | <u>(1)</u> |
| | | <u>\$ 8,157</u> | <u>2</u> | <u>44,981</u> | <u>15</u> | <u>66,994</u> | <u>9</u> | <u>75,242</u> | <u>13</u> |
| 9750 | Basic earnings per share (in New Taiwan dollar) (note 6(o)) | <u>\$ 0.28</u> | | <u>1.14</u> | | <u>1.74</u> | | <u>1.84</u> | |
| 9850 | Diluted earnings per share (in New Taiwan dollar) (note 6(o)) | <u>\$ 0.28</u> | | <u>1.14</u> | | <u>1.73</u> | | <u>1.84</u> | |

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 six months ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

Equity attributable to owners of parent

| | Share capital | | | | | Retained earnings | | | Exchange differences on translation of foreign financial statements | Other equity | | Total equity attributable to owners of parent | Non-controlling interests | Total equity |
|--|-----------------|-------------------|----------------------------------|---------------------|-----------------|-------------------|-------------------|-------------------------|---|---|--------------------|---|---------------------------|--------------|
| | Ordinary shares | Preference shares | Stock dividend to be distributed | Total share capital | Capital surplus | Legal reserve | Retained earnings | Total retained earnings | | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | Total other 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 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | - | - | 10,421 | (10,421) | - | - | - | - | - | - | - |
| Cash dividends of preference shares | - | - | - | - | - | - | (2) | (2) | - | - | - | (2) | - | (2) |
| Stock dividends of ordinary shares | - | - | 92,998 | 92,998 | - | - | (92,998) | (92,998) | - | - | - | - | - | - |
| Net income (loss) | - | - | - | - | - | - | 74,197 | 74,197 | - | - | - | 74,197 | (1,027) | 73,170 |
| Other comprehensive income (loss) | - | - | - | - | - | - | - | - | 3,510 | (4) | 3,506 | 3,506 | (1,434) | 2,072 |
| Total comprehensive income (loss) | - | - | - | - | - | - | 74,197 | 74,197 | 3,510 | (4) | 3,506 | 77,703 | (2,461) | 75,242 |
| Balance at June 30, 2024 | \$ 309,991 | 11 | 92,998 | 403,000 | 35 | 21,199 | 84,782 | 105,981 | 35,480 | (13,556) | 21,924 | 530,940 | (27,469) | 503,471 |
| 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 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | | | |
| Legal reserve appropriated | - | - | - | - | - | 15,575 | (15,575) | - | - | - | - | - | - | - |
| Cash dividends of preference shares | - | - | - | - | - | - | (2) | (2) | - | - | - | (2) | - | (2) |
| Stock dividends of ordinary shares | - | - | 120,897 | 120,897 | - | - | (120,897) | (120,897) | - | - | - | - | - | - |
| Net income | - | - | - | - | - | - | 69,924 | 69,924 | - | - | - | 69,924 | 13 | 69,937 |
| Other comprehensive income (loss) | - | - | - | - | - | - | - | - | (5,995) | (1) | (5,996) | (5,996) | 3,053 | (2,943) |
| Total comprehensive income (loss) | - | - | - | - | - | - | 69,924 | 69,924 | (5,995) | (1) | (5,996) | 63,928 | 3,066 | 66,994 |
| Balance at June 30, 2025 | \$ 402,989 | 11 | 120,897 | 523,897 | 35 | 36,774 | 99,790 | 136,564 | 29,572 | (4,586) | 24,986 | 685,482 | (25,628) | 659,854 |

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 six months ended June 30, 2025 and 2024****(Expressed in Thousands of New Taiwan Dollar)**

| | For the six months ended June 30 | |
|---|---|-----------------|
| | 2025 | 2024 |
| Cash flows from (used in) operating activities: | | |
| Net income before tax | \$ 70,151 | 73,644 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss): | | |
| Depreciation | 16,212 | 15,512 |
| Amortization | 4,667 | 5,113 |
| Interest expense | 5,491 | 6,904 |
| Interest income | (6,955) | (6,179) |
| Total adjustments to reconcile profit | 19,415 | 21,350 |
| Changes in operating assets and liabilities: | | |
| Net changes in operating assets: | | |
| Accounts receivable | (21,550) | (34,091) |
| Accounts receivable—related parties | 231 | 95 |
| Inventories | (35,736) | (36,693) |
| Prepayments and other current assets | 90 | 1,463 |
| Total changes in operating assets, net | (56,965) | (69,226) |
| Net changes in operating liabilities: | | |
| Contract liabilities | (26,232) | (550) |
| Notes payable | (218) | (61) |
| Accounts payable | 64,499 | 46,262 |
| Accounts payable—related parties | - | 82 |
| Other payables | (4,268) | (5,297) |
| Provisions | 1,998 | 67 |
| Other current liabilities | 944 | 6,970 |
| Other non-current liabilities | 1,902 | 598 |
| Total changes in operating liabilities, net | 38,625 | 48,071 |
| Total changes in operating assets and liabilities, net | (18,340) | (21,155) |
| Total adjustments | 1,075 | 195 |
| Cash inflow generated from operating activities | 71,226 | 73,839 |
| Interest received | 6,016 | 5,828 |
| Interest paid | (4,695) | (5,995) |
| Income taxes paid | (661) | (1,083) |
| Net cash flows from operating activities | 71,886 | 72,589 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at amortised cost | (62,045) | - |
| Acquisition of property, plant and equipment | (6,738) | (3,766) |
| Increase in other non-current assets | (3,043) | (3,764) |
| Net cash flows used in investing activities | (71,826) | (7,530) |
| Cash flows from (used in) financing activities: | | |
| Increase in short-term borrowings | 565,000 | 205,000 |
| Decrease in short-term borrowings | (575,000) | (210,000) |
| Increase in guarantee deposits received | 23 | - |
| Payment of lease liabilities | (10,375) | (10,080) |
| Interest paid | (716) | (954) |
| Net cash flows used in financing activities | (21,068) | (16,034) |
| Effect of exchange rate changes on cash and cash equivalents | 3,412 | (1,054) |
| Net increase (decrease) in cash and cash equivalents | (17,596) | 47,971 |
| Cash and cash equivalents at beginning of period | 490,294 | 364,910 |
| Cash and cash equivalents at end of period | \$ 472,698 | 412,881 |

See accompanying notes to consolidated financial statements.

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2025 and 2024

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

(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 August 12, 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 Accounting Standards endorsed 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:

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

(Continued)

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

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

The following new and amended standards, which may be relevant to the 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” | <p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. | 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 19 “Subsidiaries without Public Accountability: Disclosures”

(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.

The consolidated entities were as follows:

| Name of investor | Name of subsidiary | Principal activity | Percentage of ownership | | | Remarks |
|------------------|--|--|-------------------------|-------------------|---------------|---------|
| | | | June 30, 2025 | December 31, 2024 | June 30, 2024 | |
| 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 |

(Continued)

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

| Name of investor | Name of subsidiary | Principal activity | Percentage of ownership | | | Remarks |
|------------------|---|---|-------------------------|-------------------|---------------|---------|
| | | | June 30, 2025 | December 31, 2024 | June 30, 2024 | |
| 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.

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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

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|---|--------------------------|------------------------------|--------------------------|
| Petty cash | \$ 344 | 371 | 381 |
| Checking and demand deposits | 174,080 | 236,120 | 170,180 |
| Time deposits | 298,274 | 253,803 | 242,320 |
| Cash and cash equivalents per consolidated statements of cash flows | <u><u>\$ 472,698</u></u> | <u><u>490,294</u></u> | <u><u>412,881</u></u> |

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

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|-------------------|--------------------------|------------------------------|--------------------------|
| Time deposits | <u><u>\$ 62,045</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| Interest rate (%) | <u><u>3.92~4.51</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |

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)

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|-------------------------------------|--------------------------|------------------------------|--------------------------|
| Accounts receivable | \$ 97,612 | 76,062 | 86,757 |
| Accounts receivable—related parties | 65 | 296 | 70 |
| | <u><u>\$ 97,677</u></u> | <u><u>76,358</u></u> | <u><u>86,827</u></u> |

(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:

| June 30, 2025 | | | |
|--------------------------|--|--|-------------------------------------|
| | Gross carrying amount (Including related parties) | Weighted- average loss rate | Loss allowance provision |
| Current | \$ 85,848 | - | - |
| 1 to 30 days past due | 11,829 | - | - |
| | \$ 97,677 | | - |
| 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 | | - |
| June 30, 2024 | | | |
| | Gross carrying amount (Including related parties) | Weighted- average loss rate | Loss allowance provision |
| Current | \$ 80,717 | - | - |
| 1 to 30 days past due | 6,110 | - | - |
| | \$ 86,827 | | - |

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

(Continued)

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

(d) Inventories

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

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|----------------------------|--------------------------|------------------------------|--------------------------|
| Merchandise | \$ 1,908 | 3,144 | 2,557 |
| Finished goods | 52,842 | 49,954 | 27,481 |
| Work in progress | 107,826 | 58,802 | 93,229 |
| Raw materials and supplies | 169,311 | 180,176 | 170,004 |
| Goods in transit | 2,667 | 6,742 | 3,119 |
| | <u>\$ 334,554</u> | <u>298,818</u> | <u>296,390</u> |

As of June 30, 2025, December 31 and June 30, 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 June 30 | For the six months ended June 30 | |
|--|---|---|---------------|
| | 2025 | 2024 | 2025 |
| Loss on decline in market value of inventory | <u>\$ 6,262</u> | <u>536</u> | <u>16,852</u> |
| | | | <u>3,672</u> |

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

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|--|--------------------------|------------------------------|--------------------------|
| Equity investments at fair value through other comprehensive income: | | | |
| Unlisted stocks (overseas) | <u>\$ 50</u> | <u>51</u> | <u>49</u> |

(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 six months ended June 30, 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.

(Continued)

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

(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 |
| June 30, 2025 | \$ 105,080 | 147,809 | 5,537 | 8,545 | 266,971 |
| January 1, 2024 | \$ 105,080 | 152,635 | 4,071 | 3,383 | 265,169 |
| June 30, 2024 | \$ 105,080 | 150,299 | 5,769 | 4,284 | 265,432 |

For the six months ended June 30, 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 June 30, 2025 and 2024 and the six months ended June 30, 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 |
| June 30, 2025 | \$ 8,614 | 52,385 | 4,662 | 65,661 |
| January 1, 2024 | \$ 9,511 | 80,264 | 4,905 | 94,680 |
| June 30, 2024 | \$ 9,852 | 71,227 | 4,036 | 85,115 |

For the six months ended June 30, 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 June 30, 2025 and 2024 and the six months ended June 30, 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 six months ended June 30, 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 June 30, 2025 and 2024 and the six months ended June 30, 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.

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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:

| June 30, 2025 | | | | |
|--------------------|----------|-------------------|---------------|-------------------|
| | Currency | Interest rate (%) | Maturity year | Amount |
| Unsecured loans | TWD | 2.10~2.20 | 2025 | \$ 55,000 |
| Secured bank loans | TWD | 2.05~2.26 | 2025 | 400,000 |
| Total | | | | <u>\$ 455,000</u> |
| | | | | |
| 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 | | | | <u>\$ 465,000</u> |
| | | | | |
| June 30, 2024 | | | | |
| | Currency | Interest rate (%) | Maturity year | Amount |
| Unsecured loans | TWD | 2.25~2.26 | 2024~2025 | \$ 95,000 |
| Secured bank loans | TWD | 2.03~2.26 | 2024 | 452,000 |
| Total | | | | <u>\$ 547,000</u> |

As of June 30, 2025, December 31 and June 30, 2024, the unused credit facilities amounted to \$735,600 thousand, \$774,560 thousand and \$571,200 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:

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|-------------|--------------------------|------------------------------|--------------------------|
| Current | <u><u>\$ 18,469</u></u> | <u><u>20,211</u></u> | <u><u>20,192</u></u> |
| Non-current | <u><u>\$ 39,438</u></u> | <u><u>48,242</u></u> | <u><u>55,642</u></u> |

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

(Continued)

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 June 30 | | For the six months ended June 30 | |
|--|---|-------------|---|-------------|
| | 2025 | 2024 | 2025 | 2024 |
| Interest on lease liabilities | <u>\$ 340</u> | <u>464</u> | <u>716</u> | <u>954</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | <u>\$ 335</u> | <u>267</u> | <u>601</u> | <u>566</u> |

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

| | For the six months ended June 30 | |
|-------------------------------|---|---------------|
| | 2025 | 2024 |
| Total cash outflow for leases | <u>\$ 11,692</u> | <u>11,600</u> |

(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:

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|-----------------------------------|--------------------------|------------------------------|--------------------------|
| Less than one year | <u>\$ 24,708</u> | <u>24,943</u> | <u>18,284</u> |
| One to two years | <u>11,416</u> | <u>18,549</u> | <u>14,104</u> |
| Two to three years | <u>4,459</u> | <u>9,809</u> | <u>719</u> |
| Total undiscounted lease payments | <u>\$ 40,583</u> | <u>53,301</u> | <u>33,107</u> |

(Continued)

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 June 30 | | For the six months ended June 30 | |
|--------------------|---------------------------------------|--------------|-------------------------------------|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Operating costs | \$ 591 | 473 | 1,139 | 942 |
| Operating expenses | 1,887 | 1,761 | 3,764 | 3,445 |
| | <u>\$ 2,478</u> | <u>2,234</u> | <u>4,903</u> | <u>4,387</u> |

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 June 30 | | For the six months ended June 30 | |
|---|---------------------------------------|------------|-------------------------------------|------------|
| | 2025 | 2024 | 2025 | 2024 |
| Current income tax expense | | | | |
| Current period | \$ 182 | 474 | 347 | 474 |
| Adjustment for prior periods | (133) | - | (133) | - |
| Income tax expense from continuing operations | <u>\$ 49</u> | <u>474</u> | <u>214</u> | <u>474</u> |

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 in capital and other equity for the six months ended June 30, 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) Capital stock

In the shareholders' meeting of the Company held on June 10, 2025, the Company resolved to increase capital from the unappropriated retained earnings amounting to 120,897 thousand, with par value of \$10 per share, by issuing 12,090 thousand shares. This capital increase has been submitted to the competent authority to take effect. The record date of the aforementioned capital increase has been determined as September 5, 2025 by the Board of Directors.

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

(ii) 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.

In accordance with the Company's Articles of Incorporation as amended on June 10, 2025, the distributable earnings can be distributed as dividends in consideration of the characteristics of the industrial growth, the Company's financial structure, and the stockholders' best interests, but at least 30% 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 5% 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 less than 10% of the total stockholders' bonus, and the rest shall be distributed as stock dividends.

In accordance with the Company's Articles of Incorporation prior to amendment, the distributable earnings can be distributed as dividends, 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 June 10, 2025 and June 14, 2024, the shareholders' meeting resolved to distribute the 2024 earnings and the 2023 earnings, respectively. 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 | <u>120,897</u> | 3.0 | <u>92,998</u> |
| Dividends distributed to preference shareholders: | | | | |
| Cash | \$ 2.0 | <u>2</u> | 2.0 | <u>2</u> |

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

The Company's accumulated undistributed dividends for preference shares amounted to \$3 thousand, \$2 thousand and \$3 thousand as of June 30, 2025, December 31 and June 30, 2024, respectively.

(iii) 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 | (5,995) | - | 3,053 | (2,942) |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | (1) | - | (1) |
| Balance at June 30, 2025 | <u>\$ 29,572</u> | <u>(4,586)</u> | <u>1,949</u> | <u>26,935</u> |
| Balance at January 1, 2024 | \$ 31,970 | (13,552) | 630 | 19,048 |
| Foreign exchange differences arising from foreign operation | 3,510 | - | (1,434) | 2,076 |
| Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | - | (4) | - | (4) |
| Balance at June 30, 2024 | <u>\$ 35,480</u> | <u>(13,556)</u> | <u>(804)</u> | <u>21,120</u> |

(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 June 30 | | For the six months ended June 30 | |
|---|---------------------------------------|---------------|-------------------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income of the Company | \$ 11,295 | 45,844 | 69,924 | 74,197 |
| Dividends on non-redeemable preference shares | - | - | (1) | (1) |
| Net income attributable to ordinary shareholders of the Company | <u>\$ 11,295</u> | <u>45,844</u> | <u>69,923</u> | <u>74,196</u> |
| Weighted average number of ordinary shares outstanding | <u>40,299</u> | <u>40,299</u> | <u>40,299</u> | <u>40,299</u> |
| Basic earnings per share (in TWD) | <u>\$ 0.28</u> | <u>1.14</u> | <u>1.74</u> | <u>1.84</u> |

(Continued)

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

(ii) Diluted earnings per share

| | For the three months ended June 30 | | For the six months ended June 30 | |
|---|---------------------------------------|---------------|-------------------------------------|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Net income attributable to ordinary shareholders of the Company (basic) | \$ 11,295 | 45,844 | 69,923 | 74,196 |
| Dividends on non-redeemable preference shares | - | - | 1 | 1 |
| Net income attributable to ordinary shareholders of the Company (diluted) | <u>\$ 11,295</u> | <u>45,844</u> | <u>69,924</u> | <u>74,197</u> |
| Weighted average number of ordinary shares outstanding (basic) | 40,299 | 40,299 | 40,299 | 40,299 |
| Effect of dilutive potential ordinary shares | | | | |
| Effect of remuneration to employees | 72 | 79 | 137 | 121 |
| Effect of convertible preference shares | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |
| Weighted average number of ordinary shares outstanding (diluted) | <u>40,372</u> | <u>40,379</u> | <u>40,437</u> | <u>40,421</u> |
| Diluted earnings per share (in TWD) | <u>\$ 0.28</u> | <u>1.14</u> | <u>1.73</u> | <u>1.84</u> |

- (iii) The Company resolved at the general shareholders' meeting held on June 10, 2025, to issue stock dividends. Subsequently, the Board of Directors approved September 5, 2025 as the record date of the capital increase. If such capital increase had occurred prior to the publication of the financial statements, the proforma retrospective adjustments to EPS would have been as follows:

| | For the three months ended June 30 | | For the six months ended June 30 | |
|----------------------------|---------------------------------------|-------------|-------------------------------------|-------------|
| | 2025 | 2024 | 2025 | 2024 |
| Basic earnings per share | <u>\$ 0.22</u> | <u>0.88</u> | <u>1.33</u> | <u>1.42</u> |
| Diluted earnings per share | <u>\$ 0.22</u> | <u>0.87</u> | <u>1.33</u> | <u>1.41</u> |

(Continued)

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 June 30 | | For the six months ended June 30 | |
|--------------------------------|---------------------------------------|----------------|-------------------------------------|----------------|
| | 2025 | 2024 | 2025 | 2024 |
| Primary geographical markets: | | | | |
| Europe | \$ 193,720 | 164,923 | 376,000 | 307,264 |
| America | 88,136 | 82,500 | 208,360 | 143,733 |
| Asia | 101,623 | 55,090 | 177,807 | 103,835 |
| Others | 1,275 | 2,013 | 1,679 | 2,211 |
| | <u>\$ 384,754</u> | <u>304,526</u> | <u>763,846</u> | <u>557,043</u> |
| Major products/services lines: | | | | |
| Laptop | \$ 338,067 | 261,784 | 666,939 | 473,653 |
| Mainboard and accessories | 23,056 | 21,822 | 49,918 | 47,625 |
| Sales of materials and others | 23,631 | 20,920 | 46,989 | 35,765 |
| | <u>\$ 384,754</u> | <u>304,526</u> | <u>763,846</u> | <u>557,043</u> |

(ii) Contract Balance

| | June 30, 2025 | December 31, 2024 | June 30, 2024 |
|-------------------------------------|------------------|----------------------|------------------|
| Accounts receivable | \$ 97,612 | 76,062 | 86,757 |
| Accounts receivable—related parties | 65 | 296 | 70 |
| Total | <u>\$ 97,677</u> | <u>76,358</u> | <u>86,827</u> |
| Contract liabilities | <u>\$ 45,123</u> | <u>71,355</u> | <u>19,500</u> |

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 and six months ended June 30, 2025 and 2024 that were included in the contract liabilities at the beginning of the period were \$11,965 thousand, \$1,266 thousand, \$70,193 thousand and \$18,374 thousand, respectively.

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

(q) Remunerations to employees and directors

In accordance with the Articles of Incorporation as amended on June 10, 2025, 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. Among the employee compensation, the portion allocated to basic-level employees shall not be less than 0.5% of the profit. 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. In accordance with the Company's Articles of Incorporation prior to amendment, 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 June 30, 2025 and 2024 and the six months ended June 30, 2025 and 2024, the estimated employee remuneration amounted to \$1,016 thousand, \$4,101 thousand, \$6,290 thousand and \$6,677 thousand, respectively, and the estimated directors' remuneration amounted to \$381 thousand, \$1,538 thousand, \$2,359 thousand and \$2,504 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.

(Continued)

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

(r) Non-operating income and expenses

(i) Interest income

| | For the three months ended June 30 | | For the six months ended June 30 | |
|------------------------------------|---|--------------|---|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Interest income from bank deposits | <u>\$ 3,756</u> | <u>3,485</u> | <u>6,955</u> | <u>6,179</u> |

(ii) Other income

| | For the three months ended June 30 | | For the six months ended June 30 | |
|----------------------|---|--------------|---|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Rental income | \$ 7,045 | 6,972 | 14,299 | 13,868 |
| Other income — Other | 303 | 497 | 553 | 700 |
| Total other income | <u>\$ 7,348</u> | <u>7,469</u> | <u>14,852</u> | <u>14,568</u> |

(iii) Other gains and losses

| | For the three months ended June 30 | | For the six months ended June 30 | |
|--------------------------------------|---|--------------|---|---------------|
| | 2025 | 2024 | 2025 | 2024 |
| Foreign exchange gains (losses), net | \$ (61,296) | 5,485 | (51,997) | 18,985 |
| Others | (673) | (689) | (1,366) | (1,371) |
| Other gains and losses, net | <u>\$ (61,969)</u> | <u>4,796</u> | <u>(53,363)</u> | <u>17,614</u> |

(iv) Finance costs

| | For the three months ended June 30 | | For the six months ended June 30 | |
|------------------|---|--------------|---|--------------|
| | 2025 | 2024 | 2025 | 2024 |
| Interest expense | <u>\$ 2,566</u> | <u>3,455</u> | <u>5,491</u> | <u>6,904</u> |

(Continued)

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

(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 |
|--|--------------------|---------------------------|------------------|---------------|---------------|-----------------|
| June 30, 2025 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short-term borrowings | \$ 455,000 | 456,156 | 456,156 | - | - | - |
| Notes payable | 53 | 53 | 53 | - | - | - |
| Accounts payable | 205,662 | 205,662 | 205,662 | - | - | - |
| Other payables | 96,120 | 96,120 | 96,120 | - | - | - |
| Dividends payable | 2 | 2 | 2 | - | - | - |
| Lease liabilities | 57,907 | 60,016 | 19,533 | 17,434 | 23,049 | - |
| Guarantee deposits received | 6,677 | 6,677 | - | 3,271 | 3,406 | - |
| Preference shares (including preference shares dividends) | 11 | 14 | 14 | - | - | - |
| | <u>\$ 821,432</u> | <u>824,700</u> | <u>777,540</u> | <u>20,705</u> | <u>26,455</u> | <u>-</u> |
| 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 | - | - | - |
| | <u>\$ 782,234</u> | <u>787,271</u> | <u>730,575</u> | <u>21,931</u> | <u>34,765</u> | <u>-</u> |
| June 30, 2024 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Short-term borrowings | \$ 547,000 | 548,733 | 548,733 | - | - | - |
| Accounts payable (including related parties) | 146,580 | 146,580 | 146,580 | - | - | - |
| Other payables | 77,352 | 77,352 | 77,352 | - | - | - |
| Dividends payable | 2 | 2 | 2 | - | - | - |
| Lease liabilities | 75,834 | 79,340 | 21,706 | 19,110 | 38,524 | - |
| Guarantee deposits received | 6,846 | 6,846 | 3,207 | - | 3,639 | - |
| Preference shares (including preference shares dividends) | 11 | 14 | 14 | - | - | - |
| | <u>\$ 853,625</u> | <u>858,867</u> | <u>797,594</u> | <u>19,110</u> | <u>42,163</u> | <u>-</u> |

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

(Continued)

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

(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:

| | <u>Foreign currency</u> | <u>Exchange rate</u> | <u>TWD</u> |
|--------------------------|-----------------------------|--------------------------|------------|
| June 30, 2025 | | | |
| Financial assets: | | | |
| Monetary items: | | | |
| USD | \$ 30,164 | 29.30 | 883,805 |
| Financial liabilities: | | | |
| Monetary items: | | | |
| USD | \$ 3,908 | 29.30 | 114,504 |
| 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 |
| June 30, 2024 | | | |
| Financial assets: | | | |
| Monetary items: | | | |
| USD | \$ 23,479 | 32.45 | 761,894 |
| Financial liabilities: | | | |
| Monetary items: | | | |
| USD | \$ 2,350 | 32.45 | 76,258 |

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 June 30, 2025 and 2024, with all other variable factors remaining constant, would have (decreased) increased the net income before tax for the six months ended June 30, 2025 and 2024 by \$7,693 thousand and \$6,856 thousand, respectively. The analysis was performed on the same basis for both periods with all other variable factors remaining constant.

(Continued)

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

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 (losses), including realized and unrealized, were \$(61,296) thousand, \$5,485 thousand, \$(51,997) thousand and \$18,985 thousand for the three months and six months ended June 30, 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 \$473 thousand and \$1,523 thousand for the six months ended June 30, 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.

(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:

| | | June 30, 2025 | | | | |
|---|--|--------------------|------------|----------|-----------|-----------|
| | | Carrying amount | Fair value | | | |
| | | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Unlisted stocks (overseas) | | \$ <u>50</u> | <u>-</u> | <u>-</u> | <u>50</u> | <u>50</u> |
| | | December 31, 2024 | | | | |
| | | Carrying amount | Fair value | | | |
| | | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | | | |
| Unlisted stocks (overseas) | | \$ <u>51</u> | <u>-</u> | <u>-</u> | <u>51</u> | <u>51</u> |

(Continued)

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

| | June 30, 2024 | | | | |
|---|----------------------------|-------------------|----------------|----------------|--------------|
| | Carrying amount | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted stocks (overseas) | \$ <u>49</u> | <u>-</u> | <u>-</u> | <u>49</u> | <u>49</u> |

- 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.

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 loss recognized: | |
| In other comprehensive income | (1) |
| Balance at June 30, 2025 | \$ <u>50</u> |
| Balance at January 1, 2024 | \$ 53 |
| Total loss recognized: | |
| In other comprehensive income | (4) |
| Balance at June 30, 2024 | \$ <u>49</u> |

(Continued)

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

The aforementioned total 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.

(v) Investing and financing activities not affecting cash flow

For the six months ended June 30, 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 | June 30, 2025 |
|---|--------------------|-----------------|--|------------------|
| Short-term borrowings | \$ 465,000 | (10,000) | - | 455,000 |
| Lease liabilities | 68,453 | (10,375) | (171) | 57,907 |
| Guarantee deposits received | 7,028 | 23 | (374) | 6,677 |
| Total liabilities from financing activities | <u>\$ 540,481</u> | <u>(20,352)</u> | <u>(545)</u> | <u>519,584</u> |

| | January 1, 2024 | Cash flows | Non-cash changes Effect of changes in exchange rate and others | June 30, 2024 |
|---|--------------------|-----------------|--|------------------|
| Short-term borrowings | \$ 552,000 | (5,000) | - | 547,000 |
| Lease liabilities | 85,367 | (10,080) | 547 | 75,834 |
| Guarantee deposits received | 6,672 | - | 174 | 6,846 |
| Total liabilities from financing activities | <u>\$ 644,039</u> | <u>(15,080)</u> | <u>721</u> | <u>629,680</u> |

(Continued)

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

(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:

| <u>Name of related party</u> | <u>Relationship with the Group</u> |
|------------------------------|--|
| 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:

| | <u>For the three months ended June 30</u> | | <u>For the six months ended June 30</u> | |
|------------------------|---|-------------|---|-------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Other related parties: | | | | |
| NCS | \$ <u>74</u> | <u>97</u> | <u>189</u> | <u>374</u> |

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

(ii) Purchase

The amounts of purchase by the Group from related party were as follows:

| | <u>For the three months ended June 30</u> | | <u>For the six months ended June 30</u> | |
|------------------------|---|-------------|---|-------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Other related parties: | | | | |
| NCS | \$ <u>-</u> | <u>80</u> | <u>-</u> | <u>80</u> |

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

(iii) Accounts receivable-related parties

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

| <u>Account</u> | <u>Type of related parties</u> | <u>June 30, 2025</u> | <u>December 31, 2024</u> | <u>June 30, 2024</u> |
|---------------------------------------|------------------------------------|--------------------------|------------------------------|--------------------------|
| Accounts receivable — related parties | Other related parties: | | | |
| | NCS | \$ <u>65</u> | <u>296</u> | <u>70</u> |

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

(iv) Accounts payable — related parties

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

| <u>Account</u> | <u>Type of related parties</u> | <u>June 30, 2025</u> | <u>December 31, 2024</u> | <u>June 30, 2024</u> |
|------------------------------------|------------------------------------|----------------------|------------------------------|----------------------|
| Accounts payable — related parties | Other related parties: | | | |
| | NCS | \$ <u>-</u> | <u>-</u> | <u>82</u> |

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

| | <u>For the three months ended June 30</u> | | <u>For the six months ended June 30</u> | |
|------------------------------|---|--------------|---|---------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Short-term employee benefits | \$ 5,996 | 6,961 | 13,812 | 13,601 |
| Post-employment benefits | 54 | 54 | 108 | 108 |
| | <u>\$ 6,050</u> | <u>7,015</u> | <u>13,920</u> | <u>13,709</u> |

(8) Pledged assets

The carrying values of pledged assets were as follows:

| <u>Pledged assets</u> | <u>Object</u> | <u>June 30, 2025</u> | <u>December 31, 2024</u> | <u>June 30, 2024</u> |
|-------------------------------|-----------------------|--------------------------|------------------------------|--------------------------|
| Property, plant and equipment | Short-term borrowings | \$ 249,602 | 251,780 | 253,957 |
| Investment property | Short-term borrowings | 137,852 | 138,554 | 139,255 |
| | | <u>\$ 387,454</u> | <u>390,334</u> | <u>393,212</u> |

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

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

(12) Other

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

| By nature | By function | Three months ended June 30, 2025 | | | Three months ended June 30, 2024 | | |
|----------------------------|-------------|----------------------------------|--------------------|--------|----------------------------------|--------------------|--------|
| | | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits | | | | | | | |
| Salary | | 11,227 | 47,825 | 59,052 | 8,745 | 45,348 | 54,093 |
| Labor and health insurance | | 1,253 | 3,678 | 4,931 | 973 | 3,769 | 4,742 |
| Pension | | 591 | 1,887 | 2,478 | 473 | 1,761 | 2,234 |
| Remuneration of directors | | - | 1,146 | 1,146 | - | 2,303 | 2,303 |
| Others | | 1,065 | 1,634 | 2,699 | 736 | 1,364 | 2,100 |
| Depreciation (Note) | | 1,397 | 6,129 | 7,526 | 1,272 | 5,883 | 7,155 |
| Amortization | | - | 2,346 | 2,346 | - | 2,538 | 2,538 |

| By nature | By function | Six months ended June 30, 2025 | | | Six months ended June 30, 2024 | | |
|----------------------------|-------------|--------------------------------|--------------------|---------|--------------------------------|--------------------|---------|
| | | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits | | | | | | | |
| Salary | | 23,057 | 101,887 | 124,944 | 18,302 | 89,434 | 107,736 |
| Labor and health insurance | | 2,409 | 8,154 | 10,563 | 1,935 | 6,932 | 8,867 |
| Pension | | 1,139 | 3,764 | 4,903 | 942 | 3,445 | 4,387 |
| Remuneration of directors | | - | 3,889 | 3,889 | - | 4,034 | 4,034 |
| Others | | 2,030 | 3,247 | 5,277 | 1,382 | 2,551 | 3,933 |
| Depreciation (Note) | | 2,733 | 12,113 | 14,846 | 2,537 | 11,604 | 14,141 |
| Amortization | | - | 4,667 | 4,667 | - | 5,113 | 5,113 |

Note: The amounts did not include the depreciation expenses for investment property recognized under other gains and losses amounted to \$673 thousand, \$689 thousand, \$1,366 thousand and \$1,371 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

- (b) Seasonality or cyclicity of interim operations

The business of the Group is neither seasonal nor cyclical.

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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 six months ended June 30, 2025:

- (i) Loans extended to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of June 30, 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:

(in Thousands of New Taiwan Dollar)

| Name of company | Counter-party | Relationship | Transaction details | | | | Status and reason for deviation from arm's-length transaction | | Accounts / notes receivable (payable) | | Remarks |
|------------------------|---------------|----------------|---------------------|-----------|---------------------------------------|---|---|---|---------------------------------------|---|---------|
| | | | Purchase / (sale) | Amount | Percentage of total purchases (sales) | Credit period | Unit price | Credit period | Balance | Percentage of total accounts / notes receivable (payable) | |
| The Company | Durabook | Subsidiary | (Sale) | (124,038) | (17) % | The receivables can be offset with accounts payable from purchase or be O/A 60 days | No significant differences | The receivables can be offset with accounts payable from purchase or be O/A 60 days | 125,912 (Note 1) | 47 % | Note 2 |
| Durabook Americas Inc. | The Company | Parent company | Purchase | 124,038 | 98 % | The payables can be offset with accounts receivables from sales or be O/A 60 days | No significant differences | The payables can be offset with accounts receivables from sales or be O/A 60 days | (210,438) | (99) % | Note 2 |

Note 1: The Company's accounts receivable was offset against the credit balance of the investments of Durabook, accounted for using the equity method.

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

- (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 | 285,589 (Note 3) | - | 285,589 (Note 3) | The receivable has been traced and recognized as long-term accounts receivable | - | - |
| The Company | Durabook | Subsidiary | 210,438 (Note 4) | 1.21 | 84,526 (Note 4) | The receivable has been traced and recognized as long-term accounts receivable | 13,033 | - |

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

Note 2: Until August 12, 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 June 30, 2025, the Company's accounts receivable from Durabook were \$210,438 thousand. The overdue receivables of \$84,526 thousand were reclassified to long-term receivables.

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

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
Notes to 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 | 124,038 | The transaction is not significantly different from normal transactions | 16.24% |
| 0 | The Company | Kunshan Lun Teng | 1 | Sales revenue | 17,970 | The transaction is not significantly different from normal transactions | 2.35 % |
| 0 | The Company | Durabook | 1 | Accounts receivable — related parties | 125,912 | The receivables can be offset with accounts payable from purchase or be O/A 60 days | 8.03 % |
| 0 | The Company | Twinhead Kunshan | 1 | Long-term accounts receivable— related parties | 66,008 (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. | 4.21 % |

- Note 1: Company numbering is as follows:
- (1) Parent company is 0.
 - (2) Subsidiary starts from 1.
- 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 six months ended June 30, 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 |
| | | | | June 30, 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 % | (28,170) (Note 3) | 66 | 52 | Subsidiary (Note 2) |
| The Company | Twinhead (Asia) | Singapore | Investment holding | 539,919 | 539,919 | 5,872 | 100.00 % | - (Note 4) | 4,835 | 4,835 | Subsidiary (Note 2) |
| Twinhead (Asia) | Twinhead Enterprises (B.V.I.) LTD. | British Virgin Islands | Investment holding | 1,388 | 1,388 | 50 | 100.00 % | 966 | (234) | (234) | Subsidiary (Note 2) |

- Note 1: The exchange rate as of June 30, 2025: USD1=TWD29.30.
- 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.

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

| 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 June 30, 2025 | Net income (losses) of investee | Direct / indirect investment holding percentage | Investment income (losses) (Note 2) | Book value as of June 30, 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 | 366,250 (USD12,500) | (2) | 366,250 (USD12,500) | - | - | 366,250 (USD12,500) | 5,342 | 100.00 % | 5,342 | (234,026) | - |
| Twinhead Huazhong Technology Limited Corp. | Installation and sales of laptop parts and accessories; sales and production of related software | 117,200 (USD4,000) | (2) | 58,600 (USD2,000) | - | - | 58,600 (USD2,000) | - | - % | - | - | - |
| Kunshan Lun Teng System Co., Ltd | Import and export of computers, electronic components, and digital cameras, and technical consultant services | 6,153 (USD210) | (2) | 6,153 (USD210) | - | - | 6,153 (USD210) | 593 | 100.00 % | 593 | 12,318 | - |

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 June 30, 2025: USD1=TWD29.30.

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 June 30, 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 | 469,093 (USD16,010) | 469,093 (USD16,010) | - (Note 3) |

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

Note 2: The exchange rate as of June 30, 2025: USD1=TWD29.30.

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.