

**TWINHEAD INTERNATIONAL CORP.
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material policies	10~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	11
(6) Explanation of significant accounts	12~29
(7) Related-party transactions	29~30
(8) Pledged assets	30
(9) Commitments and contingencies	31
(10) Losses due to major disasters	31
(11) Subsequent events	31
(12) Other	31
(13) Other disclosures	
(a) Information on significant transactions	32~33
(b) Information on investees	33
(c) Information on investment in Mainland China	33~34
(14) Segment information	34



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3

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 September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, as well as the changes in equity and cash flows for the nine months ended September 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 \$76,388 thousand and \$81,765 thousand, constituting 5% and 6% of the consolidated total assets; and the total liabilities amounting to \$16,841 thousand and \$15,127 thousand, both constituting 2% of the consolidated total liabilities as of September 30, 2025 and 2024, respectively; as well as the total comprehensive income (loss) amounting to \$(9,478) thousand, \$3,992 thousand, \$4,827 thousand and \$(9,637) thousand, constituting (10)%, 7%, 3% and (7)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 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 September 30, 2025 and 2024, and of its consolidated financial performance for the three months and nine months ended September 30, 2025 and 2024, as well as its consolidated cash flows for the nine months ended September 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)

November 13, 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

September 30, 2025, December 31 and September 30, 2024

(Expressed in Thousands of New Taiwan Dollar)

	Assets							Liabilities and Equity						
	September 30, 2025		December 31, 2024		September 30, 2024			September 30, 2025		December 31, 2024		September 30, 2024		
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	
Assets														
Current assets:														
1100 Cash and cash equivalents (note 6(a))	\$ 640,896	39	490,294	33	441,312	31	2100	Short-term borrowings (notes 6(i) and 8)	\$ 475,000	28	465,000	31	505,000	35
1137 Current financial assets at amortised cost (note 6(b))	3,616	-	-	-	-	-	2130	Current contract liabilities (note 6(p))	42,036	3	71,355	5	17,361	1
1170 Accounts receivable, net (notes 6(c) and 6(p))	64,358	4	76,062	5	79,802	5	2150	Notes payable	75	-	271	-	5	-
1180 Accounts receivable—related parties, net (notes 6(c), 6(p) and 7)	96	-	296	-	28	-	2200	Accounts payable	202,422	12	141,163	10	170,249	12
130x Inventories (note 6(d))	352,286	21	298,818	20	298,769	21	2250	Other payables (note 6(q))	93,171	6	100,308	7	76,709	5
1476 Other current financial assets	-	-	-	-	3,603	-	2280	Provisions—current	14,627	1	11,255	1	12,022	1
1470 Prepayments and other current assets	23,005	1	16,001	1	19,145	1	2300	Current lease liabilities (note 6(j))	17,857	1	20,211	1	20,187	1
Total current assets	<u>1,084,257</u>	<u>65</u>	<u>881,471</u>	<u>59</u>	<u>842,659</u>	<u>58</u>		Other current liabilities	<u>19,880</u>	<u>1</u>	<u>17,688</u>	<u>1</u>	<u>17,362</u>	<u>1</u>
Non-current assets:								Total current liabilities	<u>865,068</u>	<u>52</u>	<u>827,251</u>	<u>56</u>	<u>818,895</u>	<u>56</u>
1517 Non-current financial assets at fair value through other comprehensive income (note 6(e))	50	-	51	-	54	-	2550	Non-Current liabilities:						
1600 Property, plant and equipment (notes 6(f) and 8)	267,860	16	264,644	18	264,030	18	2645	Provisions—non-current	5,559	-	6,054	-	6,403	-
1755 Right-of-use assets (note 6(g))	60,859	3	77,401	5	79,603	5	2580	Non-current lease liabilities (note 6(j))	35,001	2	48,242	3	50,527	4
1760 Investment property, net (notes 6(h), 6(k) and 8)	184,034	11	189,121	13	189,318	13	2670	Guarantee deposits received	6,831	1	7,028	1	6,816	1
1840 Deferred income tax assets	35,615	2	35,825	2	37,306	3	2645	Other non-current liabilities	4,148	-	1,348	-	1,329	-
1920 Refundable deposits	8,445	1	8,562	1	9,094	1	2670	Total non-current liabilities	<u>51,539</u>	<u>3</u>	<u>62,672</u>	<u>4</u>	<u>65,075</u>	<u>5</u>
1995 Other non-current assets	30,941	2	25,710	2	24,437	2	3110	Total liabilities	<u>916,607</u>	<u>55</u>	<u>889,923</u>	<u>60</u>	<u>883,970</u>	<u>61</u>
Total non-current assets	<u>587,804</u>	<u>35</u>	<u>601,314</u>	<u>41</u>	<u>603,842</u>	<u>42</u>	<u>3120</u>	Equity attributable to owners of parent (note 6(n)):						
								Share capital:						
								Ordinary shares	523,886	31	402,989	27	402,989	28
								Preference shares	11	-	11	-	11	-
									523,897	31	403,000	27	403,000	28
								Capital surplus	35	-	35	-	35	-
								Retained earnings:						
								Legal reserve	36,774	2	21,199	2	21,199	1
								Retained earnings	194,458	12	166,340	11	143,561	10
									231,232	14	187,539	13	164,760	11
								Other equity:						
								Exchange differences on translation of foreign financial statements	32,304	2	35,567	2	35,052	3
								Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(4,586)	-	(4,585)	-	(13,551)	(1)
									27,718	2	30,982	2	21,501	2
									782,882	47	621,556	42	589,296	41
									(27,428)	(2)	(28,694)	(2)	(26,765)	(2)
									755,454	45	592,862	40	562,531	39
Total assets	<u>\$ 1,672,061</u>	<u>100</u>	<u>1,482,785</u>	<u>100</u>	<u>1,446,501</u>	<u>100</u>		Total equity	<u>\$ 1,672,061</u>	<u>100</u>	<u>1,482,785</u>	<u>100</u>	<u>1,446,501</u>	<u>100</u>
								Total liabilities and equity						

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

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

	For the three months ended September 30				For the nine months ended September 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenues (notes 6(p) and 7)	\$ 399,798	100	367,254	100	1,163,644	100	924,297	100
5000 Operating costs (notes 6(d), 6(j), 6(l) and 7)	232,074	58	218,330	59	700,634	60	568,203	61
5900 Gross profit	167,724	42	148,924	41	463,010	40	356,094	39
6000 Operating expenses (notes 6(j), 6(l), 6(q) and 7):								
6100 Selling expenses	25,297	7	23,404	6	74,358	6	64,013	7
6200 Administrative expenses	46,977	12	39,663	12	126,048	11	114,500	13
6300 Research and development expenses	29,600	7	26,409	7	89,556	8	75,946	8
6300 Total operating expenses	101,874	26	89,476	25	289,962	25	254,459	28
6900 Net operating income	65,850	16	59,448	16	173,048	15	101,635	11
7000 Non-operating income and expenses (notes 6(j) and 6(r)): 								
7100 Interest income	4,200	1	3,115	1	11,155	1	9,294	1
7010 Other income	7,296	2	8,579	2	22,148	2	23,147	2
7020 Other gains and losses	19,663	5	(9,084)	(2)	(33,700)	(3)	8,530	1
7050 Finance costs	(3,019)	-	(3,255)	(1)	(8,510)	(1)	(10,159)	(1)
7050 Total non-operating income and expenses	28,140	8	(645)	-	(8,907)	(1)	30,812	3
7050 Income from continuing operations before tax	93,990	24	58,803	16	164,141	14	132,447	14
7950 Less: Income tax expense (note 6(m))	134	-	1	-	348	-	475	-
7950 Net income	93,856	24	58,802	16	163,793	14	131,972	14
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	-	(1)	-	1	-
8349 Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
8349 Components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	5	-	(1)	-	1	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	1,744	-	253	-	(1,198)	-	2,329	1
8399 Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
8399 Components of other comprehensive income (loss) that will be reclassified to profit or loss	1,744	-	253	-	(1,198)	-	2,329	1
8300 Other comprehensive income (loss), net	1,744	-	258	-	(1,199)	-	2,330	1
Total comprehensive income (loss)	\$ 95,600	24	59,060	16	162,594	14	134,302	15
Net income (loss) attributable to:								
8610 Owners of parent	\$ 94,668	24	58,779	16	164,592	14	132,976	14
8620 Non-controlling interests	(812)	-	23	-	(799)	-	(1,004)	-
8620 Comprehensive income (loss) attributable to:	\$ 93,856	24	58,802	16	163,793	14	131,972	14
8710 Owners of parent	\$ 97,400	24	58,356	16	161,328	14	136,059	15
8720 Non-controlling interests	(1,800)	-	704	-	1,266	-	(1,757)	-
8720 Basic earnings per share (in New Taiwan dollar) (note 6(o))	\$ 1.81		1.12		3.14		2.54	
9850 Diluted earnings per share (in New Taiwan dollar) (note 6(o))	\$ 1.80		1.12		3.13		2.53	

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent										Other equity			Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Share capital			Retained earnings				Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		Total other equity					
	Ordinary shares	Preference shares	Total share capital	Capital surplus	Legal reserve	Retained earnings	Total retained earnings		(13,552)	18,418	453,239	453,239	(25,008)	428,231		
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	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)	-	-	-	-	-	132,976	132,976	-	-	-	132,976	(1,004)	131,972	131,972		
Other comprehensive income (loss)	-	-	-	-	-	-	-	3,082	1	3,083	3,083	(753)	2,330	2,330		
Total comprehensive income (loss)	-	-	-	-	-	132,976	132,976	3,082	1	3,083	136,059	(1,757)	134,302	134,302		
Balance at September 30, 2024	\$ 402,989	11	403,000	35	21,199	143,561	164,760	35,052	(13,551)	21,501	589,296	(26,765)	562,531			
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 (loss)	-	-	-	-	-	164,592	164,592	-	-	-	164,592	(799)	163,793	163,793		
Other comprehensive income (loss)	-	-	-	-	-	-	-	(3,263)	(1)	(3,264)	(3,264)	2,065	(1,199)	2,065		
Total comprehensive income (loss)	-	-	-	-	-	164,592	164,592	(3,263)	(1)	(3,264)	161,328	1,266	162,594	162,594		
Balance at September 30, 2025	\$ 523,886	11	523,897	35	36,774	194,458	231,232	32,304	(4,586)	27,718	782,882	(27,428)	755,454			

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollar)

	For the nine months ended September 30	
	2025	2024
Cash flows from (used in) operating activities:		
Net income before tax	\$ 164,141	132,447
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	24,462	23,147
Amortization	7,323	7,572
Interest expense	8,510	10,159
Interest income	(11,155)	(9,294)
Total adjustments to reconcile profit	<u>29,140</u>	<u>31,584</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Accounts receivable	11,704	(27,136)
Accounts receivable—related parties	200	137
Inventories	(53,468)	(39,072)
Prepayments and other current assets	<u>(5,459)</u>	<u>(5,523)</u>
Total changes in operating assets, net	<u>(47,023)</u>	<u>(71,594)</u>
Net changes in operating liabilities:		
Contract liabilities	(29,319)	(2,689)
Notes payable	(196)	(56)
Accounts payable	61,259	70,013
Other payables	(7,156)	(5,734)
Provisions	2,877	1,178
Other current liabilities	1,943	3,517
Other non-current liabilities	<u>2,800</u>	<u>765</u>
Total changes in operating liabilities, net	<u>32,208</u>	<u>66,994</u>
Total changes in operating assets and liabilities, net	<u>(14,815)</u>	<u>(4,600)</u>
Total adjustments	<u>14,325</u>	<u>26,984</u>
Cash inflow generated from operating activities	178,466	159,431
Interest received	10,636	8,300
Interest paid	(7,469)	(9,033)
Income taxes paid	(1,113)	(1,459)
Net cash flows from operating activities	180,520	157,239
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(3,616)	-
Acquisition of property, plant and equipment	(9,918)	(4,219)
Decrease in refundable deposits	12	-
Increase in other financial assets	-	(3,603)
Increase in other non-current assets	<u>(12,554)</u>	<u>(9,585)</u>
Net cash flows used in investing activities	(26,076)	(17,407)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	815,000	333,000
Decrease in short-term borrowings	(805,000)	(380,000)
Increase in guarantee deposits received	23	-
Payment of lease liabilities	(15,443)	(14,866)
Cash dividends paid	(2)	(2)
Interest paid	(1,022)	(1,377)
Net cash flows used in financing activities	(6,444)	(63,245)
Effect of exchange rate changes on cash and cash equivalents	2,602	(185)
Net increase in cash and cash equivalents	150,602	76,402
Cash and cash equivalents at beginning of period	490,294	364,910
Cash and cash equivalents at end of period	\$ 640,896	441,312

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 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 November 13, 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”

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 (Note)

(Continued)

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

Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.

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” and amendments to 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
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Durabook Americas Inc. (Durabook)	The trading of computers and computer peripheral equipment	80.000 %	80.000 %	80.000 %	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
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Twinhead International (Asia) Pte Ltd. (Twinhead (Asia))	Investment holding	100.000 %	100.000 %	100.000 %	
Twinhead (Asia)	Twinhead Enterprises (B.V.I.) Ltd.	Investment holding	100.000 %	100.000 %	100.000 %	Note
Twinhead (Asia)	Twinhead International (Kunshan) Co., Ltd. (Twinhead Kunshan)	Sales and production of PDAs, calculators and their parts, and computer keyboards	100.000 %	100.000 %	100.000 %	
Twinhead (Asia)	Kunshan Lun Teng System Co., Ltd. (Kunshan Lun Teng)	Import and export of computers, electronic components, and digital cameras, and technical consultant services	100.000 %	100.000 %	100.000 %	Note

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

(c) Income taxes

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

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

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

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

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

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

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

	September 30, 2025	December 31, 2024	September 30, 2024
Petty cash	\$ 361	371	357
Checking and demand deposits	257,474	236,120	198,358
Time deposits	383,061	253,803	242,597
Cash and cash equivalents per consolidated statements of cash flows	\$ 640,896	490,294	441,312

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

	September 30, 2025	December 31, 2024	September 30, 2024
Time deposits	\$ 3,616	-	-
Interest rate (%)	3.92	-	-

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.

As of September 30, 2025, the Group's above-mentioned financial assets were not provided as pledged assets.

(c) Accounts receivable (including related parties)

	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable	\$ 64,358	76,062	79,802
Accounts receivable—related parties	96	296	28
	\$ 64,454	76,358	79,830

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 receivable (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:

September 30, 2025			
	Gross carrying amount (Including related parties)	Weighted- average loss rate	Loss allowance provision
Current	\$ 54,655	-	-
1 to 30 days past due	9,776	-	-
31 to 60 days past due	<u>23</u>	-	-
	\$ 64,454		-

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	<u>15,436</u>	-	-
	\$ 76,358		-

September 30, 2024			
	Gross carrying amount (Including related parties)	Weighted- average loss rate	Loss allowance provision
Current	\$ 74,275	-	-
1 to 30 days past due	<u>5,555</u>	-	-
	\$ 79,830		-

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

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

(d) Inventories

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

	September 30, 2025	December 31, 2024	September 30, 2024
Merchandise	\$ 2,840	3,144	2,153
Finished goods	38,410	49,954	23,258
Work in progress	99,629	58,802	91,301
Raw materials and supplies	208,867	180,176	176,700
Goods in transit	2,540	6,742	5,357
	\$ 352,286	298,818	298,769

As of September 30, 2025, December 31 and September 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 (gains) directly recorded under operating costs were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Loss (reversal of loss) on decline in market value of inventory	\$ (3,061)	3,048	13,791	6,720

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

	September 30, 2025	December 31, 2024	September 30, 2024
Equity investments at fair value through other comprehensive income:			
Unlisted stocks (overseas)	\$ 50	51	54

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

The Group designated the investments shown above as equity securities 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 nine months ended September 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.

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
September 30, 2025	\$ 105,080	146,644	6,582	9,554	267,860
January 1, 2024	\$ 105,080	152,635	4,071	3,383	265,169
September 30, 2024	\$ 105,080	149,361	5,518	4,071	264,030

For the nine months ended September 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 September 30, 2025 and 2024 and the nine months ended September 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
September 30, 2025	\$ 8,955	47,799	4,105	60,859
January 1, 2024	\$ 9,511	80,264	4,905	94,680
September 30, 2024	\$ 9,706	66,465	3,432	79,603

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

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

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.

(i) Short-term borrowings

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

September 30, 2025			
Currency	Interest rate (%)	Maturity year	Amount
TWD	2.06~2.20	2025~2026	\$ 135,000
Secured bank loans	2.00~2.10	2025	340,000
Total			\$ 475,000

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

September 30, 2024			
Currency	Interest rate (%)	Maturity year	Amount
Unsecured loans	2.17~2.26	2024~2025	\$ 125,000
Secured bank loans	2.02~2.26	2024	380,000
Total			\$ 505,000

As of September 30, 2025, December 31 and September 30, 2024, the unused credit facilities amounted to \$670,200 thousand, \$774,560 thousand and \$690,000 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:

	September 30, 2025	December 31, 2024	September 30, 2024
Current	\$ 17,857	20,211	20,187
Non-current	\$ 35,001	48,242	50,527

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

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

The amounts recognized in profit or loss were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
	\$ <u>306</u>	\$ <u>423</u>	\$ <u>1,022</u>	\$ <u>1,377</u>
Interest on lease liabilities				
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>314</u>	\$ <u>534</u>	\$ <u>915</u>	\$ <u>1,100</u>

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

	For the nine months ended September 30	
	2025	2024
	\$ <u>17,380</u>	\$ <u>17,343</u>
Total cash outflow for leases		

(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:

	September 30, 2025	December 31, 2024	September 30, 2024
Less than one year	\$ <u>21,739</u>	\$ <u>24,943</u>	\$ <u>15,878</u>
One to two years	\$ <u>10,701</u>	\$ <u>18,549</u>	\$ <u>11,380</u>
Two to three years	\$ <u>1,783</u>	\$ <u>9,809</u>	\$ <u>-</u>
Total undiscounted lease payments	\$ <u>34,223</u>	\$ <u>53,301</u>	\$ <u>27,258</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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Operating costs	\$ 597	486	1,736	1,428
Operating expenses	<u>1,964</u>	<u>1,761</u>	<u>5,728</u>	<u>5,206</u>
	<u>\$ 2,561</u>	<u>2,247</u>	<u>7,464</u>	<u>6,634</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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Current income tax expense (income)				
Current period	\$ 132	1	479	475
Adjustment for prior periods	<u>2</u>	<u>-</u>	<u>(131)</u>	<u>-</u>
Income tax expense from continuing operations	<u>\$ 134</u>	<u>1</u>	<u>348</u>	<u>475</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 nine months ended September 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. The related statutory registration procedures have been completed.

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

In the shareholders' meeting of the Company held on June 14, 2024, the Company resolved to increase capital from the unappropriated retained earnings amounting to 92,998 thousand, with par value of \$10 per share, by issuing 9,300 thousand shares. The record date of the aforementioned capital increase has been determined on September 6, 2024, by the Board of Directors. The related statutory registration procedures have been completed.

(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.

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

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>

The Company's accumulated undistributed dividends for preference shares amounted to \$2 thousand as of September 30, 2025, December 31 and September 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	
				(1,104)	29,878
Balance at January 1, 2025	\$ 35,567	(4,585)	(1,104)	29,878	
Foreign exchange differences arising from foreign operation	(3,263)	-	2,065	(1,198)	
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1)	-	(1)	
Balance at September 30, 2025	<u>\$ 32,304</u>	<u>(4,586)</u>	<u>961</u>	<u>28,679</u>	
Balance at January 1, 2024	\$ 31,970	(13,552)	630	19,048	
Foreign exchange differences arising from foreign operation	3,082	-	(753)	2,329	
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1	-	1	
Balance at September 30, 2024	<u>\$ 35,052</u>	<u>(13,551)</u>	<u>(123)</u>	<u>21,378</u>	

(Continued)

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

(o) Earnings per share

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

(i) Basic earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Net income of the Company	\$ 94,668	58,779	164,592	132,976
Dividends on non-redeemable preference shares	(1)	(1)	(2)	(2)
Net income attributable to ordinary shareholders of the Company	<u><u>\$ 94,667</u></u>	<u><u>58,778</u></u>	<u><u>164,590</u></u>	<u><u>132,974</u></u>
Weighted average number of ordinary shares outstanding	<u><u>52,389</u></u>	<u><u>52,389</u></u>	<u><u>52,389</u></u>	<u><u>52,389</u></u>
Basic earnings per share (in TWD)	<u><u>\$ 1.81</u></u>	<u><u>1.12</u></u>	<u><u>3.14</u></u>	<u><u>2.54</u></u>

(ii) Diluted earnings per share

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Net income attributable to ordinary shareholders of the Company (basic)	\$ 94,667	58,778	164,590	132,974
Dividends on non-redeemable preference shares	1	1	2	2
Net income attributable to ordinary shareholders of the Company (diluted)	<u><u>\$ 94,668</u></u>	<u><u>58,779</u></u>	<u><u>164,592</u></u>	<u><u>132,976</u></u>
Weighted average number of ordinary shares outstanding (basic)	52,389	52,389	52,389	52,389
Effect of dilutive potential ordinary shares				
Effect of remuneration to employees	194	120	237	148
Effect of convertible preference shares	1	1	1	1
Weighted average number of ordinary shares outstanding (diluted)	<u><u>52,584</u></u>	<u><u>52,510</u></u>	<u><u>52,627</u></u>	<u><u>52,538</u></u>
Diluted earnings per share (in TWD)	<u><u>\$ 1.80</u></u>	<u><u>1.12</u></u>	<u><u>3.13</u></u>	<u><u>2.53</u></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 September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Primary geographical markets:				
Europe	\$ 207,524	179,423	583,524	486,687
America	77,800	85,873	286,160	229,606
Asia	113,465	100,864	291,272	204,699
Others	1,009	1,094	2,688	3,305
	<u>\$ 399,798</u>	<u>367,254</u>	<u>1,163,644</u>	<u>924,297</u>
Major products/services lines:				
Laptop	\$ 352,819	312,579	1,019,758	786,232
Mainboard and accessories	15,492	25,028	65,410	72,653
Sales of materials and others	31,487	29,647	78,476	65,412
	<u>\$ 399,798</u>	<u>367,254</u>	<u>1,163,644</u>	<u>924,297</u>

(ii) Contract Balance

	September 30, 2025	December 31, 2024	September 30, 2024
	\$	\$	\$
Accounts receivable	64,358	76,062	79,802
Accounts receivable—related parties	96	296	28
Total	<u>\$ 64,454</u>	<u>76,358</u>	<u>79,830</u>
Contract liabilities	<u>\$ 42,036</u>	<u>71,355</u>	<u>17,361</u>

Please refer to the note 6(c) for the details on accounts receivable (including related parties) 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 nine months ended September 30, 2025 and 2024 that were included in the contract liabilities at the beginning of the period were \$568 thousand, \$17 thousand, \$70,761 thousand and \$18,391 thousand, respectively.

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

(q) Remunerations to employees and directors

In accordance with the Articles of Incorporation 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 September 30, 2025 and 2024 and the nine months ended September 30, 2025 and 2024, the estimated employee remuneration amounted to \$8,511 thousand, \$5,289 thousand, \$14,801 thousand and \$11,966 thousand, respectively, and the estimated directors' remuneration amounted to \$3,191 thousand, \$1,983 thousand, \$5,550 thousand and \$4,487 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles, and expensed under operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amount, the adjustments will be regarded as changes in accounting estimate and will be reflected in profit or loss in the following year.

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

(r) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Interest income from bank deposits	\$ <u>4,200</u>	\$ <u>3,115</u>	\$ <u>11,155</u>	\$ <u>9,294</u>

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

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Rental income	\$ 6,984	7,021	21,283	20,889
Other income—Others	312	1,558	865	2,258
Total other income	\$ 7,296	8,579	22,148	23,147

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Foreign exchange gains (losses), net	\$ 20,330	(8,391)	(31,667)	10,594
Others	(667)	(693)	(2,033)	(2,064)
Other gains and losses, net	\$ 19,663	(9,084)	(33,700)	8,530

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
	\$	\$	\$	\$
Interest expense	\$ 3,019	3,255	8,510	10,159

(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.

September 30, 2025	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities						
Short-term borrowings	\$ 475,000	476,373	476,373	-	-	-
Notes payable	75	75	75	-	-	-
Accounts payable	202,422	202,422	202,422	-	-	-
Other payables	93,171	93,171	93,171	-	-	-
Lease liabilities	52,858	54,660	18,820	17,008	18,832	-
Guarantee deposits received	6,831	6,831	3,424	474	2,933	-
Preference shares (including preference shares dividends)	11	13	13	-	-	-
	\$ 830,368	833,545	794,298	17,482	21,765	-

(Continued)

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 465,000	467,208	467,208	-	-	-
Notes payable	271	271	271	-	-	-
Accounts payable	141,163	141,163	141,163	-	-	-
Other payables	100,308	100,308	100,308	-	-	-
Lease liabilities	68,453	71,280	21,512	18,286	31,482	-
Guarantee deposits received	7,028	7,028	100	3,645	3,283	-
Preference shares (including preference shares dividends)	11	13	13	-	-	-
	\$ 782,234	787,271	730,575	21,931	34,765	-
September 30, 2024						
Non-derivative financial liabilities						
Short-term borrowings	\$ 505,000	506,417	506,417	-	-	-
Notes payable	5	5	5	-	-	-
Accounts payable	170,249	170,249	170,249	-	-	-
Other payables	76,709	76,709	76,709	-	-	-
Lease liabilities	70,714	73,787	21,562	18,218	34,007	-
Guarantee deposits received	6,816	6,816	2,733	3,609	474	-
Preference shares (including preference shares dividends)	11	13	13	-	-	-
	\$ 829,504	833,996	777,688	21,827	34,481	-

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

(ii) Currency risk

1) Exposure to foreign currency risk

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

	Foreign currency	Exchange rate	TWD
September 30, 2025			
Financial assets:			
Monetary items:			
USD	\$ 29,894	30.45	910,272
Financial liabilities:			
Monetary items:			
USD	\$ 3,592	30.45	109,376

(Continued)

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

	Foreign currency	Exchange rate	TWD
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
September 30, 2024			
Financial assets:			
Monetary items:			
USD	\$ 24,936	31.65	789,224
Financial liabilities:			
Monetary items:			
USD	\$ 3,016	31.65	95,456

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 September 30, 2025 and 2024, with all other variable factors remaining constant, would have (decreased) increased the net income before tax for the nine months ended September 30, 2025 and 2024 by \$8,009 thousand and \$6,938 thousand, respectively. The analysis was performed on the same basis for both periods with all other variable factors remaining constant.

3) Foreign exchange gain and loss on monetary item

Due to the numerous types of functional currency, the Group aggregate discloses its exchange gains and losses on monetary items. The Group's exchange gains (losses), including realized and unrealized, were \$20,330 thousand, \$(8,391) thousand, \$(31,667) thousand and \$10,594 thousand for the three months and nine months ended September 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.

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

If the interest rate had increased/decreased by 1%, the Group's net income before tax would have decreased/increased by \$662 thousand and \$1,968 thousand for the nine months ended September 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:

	September 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>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>51</u>	<u>51</u>
September 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>54</u>	-	-	<u>54</u>	<u>54</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.

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

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

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
Balance at January 1, 2025	\$ 51
Total gain (loss) recognized:	
In other comprehensive income	(1)
Balance at September 30, 2025	<u><u>\$ 50</u></u>
Balance at January 1, 2024	\$ 53
Total gain (loss) recognized:	
In other comprehensive income	1
Balance at September 30, 2024	<u><u>\$ 54</u></u>

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

(t) Financial risk management

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

(u) Capital management

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

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

(v) Investing and financing activities not affecting cash flow

For the nine months ended September 30, 2025 and 2024, the reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>Effect of changes in exchange rate</u>	<u>September 30, 2025</u>
Short-term borrowings	\$ 465,000	10,000		-	475,000
Lease liabilities	68,453	(15,443)		(152)	52,858
Guarantee deposits received	7,028	23		(220)	6,831
Total liabilities from financing activities	<u>\$ 540,481</u>	<u>(5,420)</u>		<u>(372)</u>	<u>534,689</u>

	<u>January 1, 2024</u>	<u>Cash flows</u>	<u>Non-cash changes</u>	<u>Effect of changes in exchange rate and others</u>	<u>September 30, 2024</u>
Short-term borrowings	\$ 552,000	(47,000)		-	505,000
Lease liabilities	85,367	(14,866)		213	70,714
Guarantee deposits received	6,672	-		144	6,816
Total liabilities from financing activities	<u>\$ 644,039</u>	<u>(61,866)</u>		<u>357</u>	<u>582,530</u>

(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 September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties:				
NCS	<u>\$ 122</u>	<u>560</u>	<u>311</u>	<u>934</u>

(Continued)

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

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:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Other related parties:				
NCS	\$ <u> </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:

Account	Type of related parties	September 30, 2025	December 31, 2024	September 30, 2024
Accounts receivable—related parties	Other related parties:			
	NCS	\$ <u> </u>		

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	For the three months ended September 30		For the nine months ended September 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ <u>10,947</u>	<u>8,707</u>	<u>24,759</u>	<u>22,308</u>
Post-employment benefits	<u>54</u>	<u>54</u>	<u>162</u>	<u>162</u>
	\$ <u>11,001</u>	<u>8,761</u>	<u>24,921</u>	<u>22,470</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2025	December 31, 2024	September 30, 2024
Property, plant and equipment	Short-term borrowings	\$ <u>248,514</u>	<u>251,780</u>	<u>252,869</u>
Investment property	Short-term borrowings	<u>137,501</u>	<u>138,554</u>	<u>138,904</u>
		\$ <u>386,015</u>	<u>390,334</u>	<u>391,773</u>

(Continued)

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

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

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

By function By nature	Three months ended September 30, 2025			Three months ended September 30, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	11,355	55,478	66,833	9,285	46,957	56,242
Labor and health insurance	1,280	3,926	5,206	995	3,470	4,465
Pension	597	1,964	2,561	486	1,761	2,247
Remuneration of directors	-	3,946	3,946	-	2,718	2,718
Others	1,023	1,653	2,676	809	1,862	2,671
Depreciation (Note)	1,412	6,171	7,583	1,279	5,664	6,943
Amortization	-	2,656	2,656	-	2,459	2,459

By function By nature	Nine months ended September 30, 2025			Nine months ended September 30, 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	34,412	157,365	191,777	27,587	136,391	163,978
Labor and health insurance	3,689	12,080	15,769	2,930	10,402	13,332
Pension	1,736	5,728	7,464	1,428	5,206	6,634
Remuneration of directors	-	7,835	7,835	-	6,752	6,752
Others	3,053	4,900	7,953	2,191	4,413	6,604
Depreciation (Note)	4,145	18,284	22,429	3,816	17,268	21,084
Amortization	-	7,323	7,323	-	7,572	7,572

Note: The amounts did not include the depreciation expenses for investment property recognized under other gains and losses amounted to \$667 thousand, \$692 thousand, \$2,033 thousand and \$2,063 thousand for the three months and nine months ended September 30, 2025 and 2024, respectively.

(b) Seasonality or cyclical nature of interim operations

The business of the Group is neither seasonal nor cyclical.

(Continued)

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 nine months ended September 30, 2025:

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

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction	Accounts / notes receivable (payable)	Percentage of total accounts / notes receivable (payable)	Remarks	
			Purchase / (sale)	Amount	Percentage of total purchases (sales)	Credit period					
The Company	Durabook	Subsidiary	(Sale)	(146,311)	(13) %	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	129,202 (Note 1)	53 %	Note 2
Durabook	The Company	Parent company	Purchase	146,311	97 %	The payables can be offset with accounts receivable from sales or be O/A 60 days	No significant differences	The payables can be offset with accounts receivable from sales or be O/A 60 days	(193,642)	(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:

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	290,462 (Note 3)	-	290,462 (Note 3)	The receivable has been traced and recognized as long-term accounts receivable	-	-
The Company	Durabook	Subsidiary	193,642 (Note 4)	0.99	64,440 (Note 4)	The receivable has been traced and recognized as long-term accounts receivable	6,974	-

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

Note 2: Until November 13, 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 September 30, 2025, the Company's accounts receivable from Durabook were \$193,642 thousand. The overdue receivables of \$64,440 thousand were reclassified to long-term accounts receivable.

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

(vi) Business relationships and significant intercompany transactions:

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	146,311	The transaction is not significantly different from normal transactions	12.57%
0	The Company	Kunshan Lun Teng	1	Sales revenue	22,165	The transaction is not significantly different from normal transactions	1.90 %

(Continued)

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

No. (Note 1)	Name of company	Name of counter- party	Existing relationship with the counter-party (Note 2)	Transaction details				Percentage of the total consolidated revenue or total assets
				Account name	Amount (Note 4)	Trading terms		
0	The Company	Durabook	1	Accounts receivable — related parties	129,202	The receivables can be offset with accounts payable from purchase or be O/A 60 days		7.73 %
0	The Company	Twinhead Kunshan	1	Long-term accounts receivable—related parties	67,844 (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.		4.06 %

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 nine months ended September 30, 2025 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (loss) of investee	Investment income (losses)	Remarks
				September 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 %	(53,503) (Note 3)	(3,997)	(3,198)	Subsidiary (Note 2)
The Company	Twinhead (Asia)	Singapore	Investment holding	539,919	539,919	5,872	100.00 %	- (Note 4)	6,406	6,406	Subsidiary (Note 2)
Twinhead (Asia)	Twinhead Enterprises (B.V.I.) LTD.	British Virgin Islands	Investment holding	1,388	1,388	50	100.00 %	1,015	(185)	(185)	Subsidiary (Note 2)

Note 1: The exchange rate as of September 30, 2025: USD1=TWD30.45.

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

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

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

(c) Information on investment in Mainland China:

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

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 September 30, 2025	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses) (Note 2)	Book value as of September 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	380,625 (USD12,500)	(2)	380,625 (USD12,500)	-	-	380,625 (USD12,500)	7,850	100.00 %	7,850	(236,383)	-
Twinhead Huazhong Technology Limited Corp.	Installation and sales of laptop parts and accessories; sales and production of related software	121,800 (USD4,000)	(2)	60,900 (USD2,000)	-	-	60,900 (USD2,000)	-	- %	-	-	-
Kunshan Lun Teng System Co., Ltd	Import and export of computers, electronic components, and digital cameras, and technical consultant services	6,395 (USD210)	(2)	6,395 (USD210)	-	-	6,395 (USD210)	(528)	100.00 %	(528)	11,793	-

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 September 30, 2025: USD1=TWD30.45.

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 September 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	487,505 (USD16,010)	487,505 (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 September 30, 2025: USD1=TWD30.45.

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.