

**TWINHEAD INTERNATIONAL CORP.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2026 and 2025**

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

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Independent Auditors' Review Report

To the Board of Directors
Twinhead International Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Twinhead International Corp. and its subsidiaries ("the Group") as of March 31, 2026 and 2025, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2026 and 2025, 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 \$93,579 thousand and \$89,763 thousand, constituting 5% and 6% of the consolidated total assets; and the total liabilities amounting to \$28,539 thousand and \$12,713 thousand, constituting 3% and 1% of the consolidated total liabilities as of March 31, 2026 and 2025, respectively; as well as the total comprehensive income (loss) amounting to \$(1,492) thousand and \$(649) thousand, constituting (3)% and (1)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2026 and 2025, 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 March 31, 2026 and 2025, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2026 and 2025 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 Wu, Chung-Shun.

KPMG

Taipei, Taiwan (Republic of China)

May 11, 2026

Notes to Readers

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

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

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollar)

Assets		March 31, 2026		December 31, 2025		March 31, 2025				March 31, 2026		December 31, 2025		March 31, 2025		
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
Current assets:																
1100	Cash and cash equivalents (note 6(a))	\$ 599,063	34	501,707	33	418,549	28	2100	Short-term borrowings (notes 6(i) and 8)	\$ 350,000	20	315,000	21	425,000	29	
1137	Current financial assets at amortised cost (note 6(b))	3,875	-	3,769	-	70,287	5	2130	Current contract liabilities (note 6(q))	78,034	4	24,934	2	49,022	3	
1150	Notes receivable, net (notes 6(c) and 6(q))	-	-	98	-	-	-	2150	Notes payable	5,408	-	64	-	59	-	
1170	Accounts receivable, net (notes 6(c) and 6(q))	75,833	4	75,346	5	99,788	6	2170	Accounts payable	260,304	15	137,905	9	176,748	12	
1180	Accounts receivable—related parties, net (notes 6(c), 6(q) and 7)	123	-	14	-	117	-	2200	Other payables (note 6(m))	97,672	6	117,183	8	87,372	6	
130x	Inventories (note 6(d))	467,614	27	326,449	22	296,978	20	2216	Dividends payable (note 6(o))	104,777	6	-	-	-	-	
1470	Prepayments and other current assets	18,503	1	15,661	1	18,719	1	2250	Provisions—current (note 6(j))	15,515	1	14,725	1	13,094	1	
	Total current assets	<u>1,165,011</u>	<u>66</u>	<u>923,044</u>	<u>61</u>	<u>904,438</u>	<u>60</u>	2280	Current lease liabilities (note 6(k))	20,668	1	20,421	1	19,553	1	
	Non-current assets:							2300	Other current liabilities	18,115	1	20,772	1	18,629	1	
1517	Non-current financial assets at fair value through other comprehensive income (note 6(e))	49	-	49	-	55	-		Total current liabilities	<u>950,493</u>	<u>54</u>	<u>651,004</u>	<u>43</u>	<u>789,477</u>	<u>53</u>	
1600	Property, plant and equipment (notes 6(f) and 8)	268,260	15	267,393	18	263,803	17	2550	Provisions—non-current (note 6(j))	13,237	1	12,091	1	5,835	-	
1755	Right-of-use assets (note 6(g))	61,983	4	65,458	4	72,252	5	2580	Non-current lease liabilities (note 6(k))	32,862	2	36,877	2	43,852	3	
1760	Investment property, net (notes 6(h), 6(l) and 8)	186,315	11	185,366	12	189,140	13	2645	Guarantee deposits received	7,102	-	6,980	1	7,080	1	
1840	Deferred income tax assets	34,155	2	34,132	2	35,864	2	2670	Other non-current liabilities	-	-	-	-	2,242	-	
1920	Refundable deposits	8,519	-	8,491	1	8,581	1		Total non-current liabilities	<u>53,201</u>	<u>3</u>	<u>55,948</u>	<u>4</u>	<u>59,009</u>	<u>4</u>	
1995	Other non-current assets	31,259	2	33,587	2	26,052	2		Total liabilities	<u>1,003,694</u>	<u>57</u>	<u>706,952</u>	<u>47</u>	<u>848,486</u>	<u>57</u>	
	Total non-current assets	<u>590,540</u>	<u>34</u>	<u>594,476</u>	<u>39</u>	<u>595,747</u>	<u>40</u>	3110	Equity attributable to owners of parent (notes 6(e) and 6(o)):							
								3120	Share capital:							
									Ordinary shares	523,886	30	523,886	35	402,989	27	
									Preference shares	11	-	11	-	11	-	
										<u>523,897</u>	<u>30</u>	<u>523,897</u>	<u>35</u>	<u>403,000</u>	<u>27</u>	
								3200	Capital surplus	35	-	35	-	35	-	
									Retained earnings:							
								3310	Legal reserve	36,774	2	36,774	2	21,199	1	
								3350	Unappropriated retained earnings	188,754	11	249,885	16	224,969	15	
										<u>225,528</u>	<u>13</u>	<u>286,659</u>	<u>18</u>	<u>246,168</u>	<u>16</u>	
									Other equity:							
								3410	Exchange differences on translation of foreign financial statements	36,376	2	33,866	2	36,096	2	
								3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(4,587)	-	(4,587)	-	(4,581)	-	
										<u>31,789</u>	<u>2</u>	<u>29,279</u>	<u>2</u>	<u>31,515</u>	<u>2</u>	
									Total equity attributable to owners of parent	<u>781,249</u>	<u>45</u>	<u>839,870</u>	<u>55</u>	<u>680,718</u>	<u>45</u>	
								36xx	Non-controlling interests	<u>(29,392)</u>	<u>(2)</u>	<u>(29,302)</u>	<u>(2)</u>	<u>(29,019)</u>	<u>(2)</u>	
									Total equity	<u>751,857</u>	<u>43</u>	<u>810,568</u>	<u>53</u>	<u>651,699</u>	<u>43</u>	
	Total assets	<u>\$ 1,755,551</u>	<u>100</u>	<u>1,517,520</u>	<u>100</u>	<u>1,500,185</u>	<u>100</u>		Total liabilities and equity	<u>\$ 1,755,551</u>	<u>100</u>	<u>1,517,520</u>	<u>100</u>	<u>1,500,185</u>	<u>100</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 Comprehensive Income
For the three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollar , Except for Earnings Per Ordinary Share)

		For the three months ended March 31			
		2026		2025	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(q) and 7)	\$ 338,915	100	379,092	100
5000	Operating costs (notes 6(d), 6(j), 6(k) and 6(m))	<u>208,565</u>	<u>62</u>	<u>238,244</u>	<u>63</u>
5900	Gross profit	<u>130,350</u>	<u>38</u>	<u>140,848</u>	<u>37</u>
6000	Operating expenses (notes 6(k), 6(l), 6(m), 6(r) and 7):				
6100	Selling expenses	26,605	8	23,806	6
6200	Administrative expenses	42,082	12	44,664	12
6300	Research and development expenses	<u>31,067</u>	<u>9</u>	<u>29,925</u>	<u>8</u>
	Total operating expenses	<u>99,754</u>	<u>29</u>	<u>98,395</u>	<u>26</u>
6900	Net operating income	<u>30,596</u>	<u>9</u>	<u>42,453</u>	<u>11</u>
7000	Non-operating income and expenses (notes 6(k), 6(l) and 6(s)):				
7100	Interest income	2,925	1	3,199	1
7010	Other income	7,693	2	7,504	2
7020	Other gains and losses	4,978	1	8,606	2
7050	Finance costs	<u>(2,124)</u>	<u>-</u>	<u>(2,925)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>13,472</u>	<u>4</u>	<u>16,384</u>	<u>4</u>
	Income from continuing operations before tax	44,068	13	58,837	15
7950	Less: Income tax expense (benefit) (note 6(n))	<u>(15)</u>	<u>-</u>	<u>165</u>	<u>-</u>
	Net income	<u>44,083</u>	<u>13</u>	<u>58,672</u>	<u>15</u>
8300	Other comprehensive income (loss) (note 6(o)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	4	-
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>
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>-</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	1,983	1	161	-
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>
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>1,983</u>	<u>1</u>	<u>161</u>	<u>-</u>
8300	Other comprehensive income (loss), net	<u>1,983</u>	<u>1</u>	<u>165</u>	<u>-</u>
	Total comprehensive income (loss)	<u>\$ 46,066</u>	<u>14</u>	<u>58,837</u>	<u>15</u>
	Net income attributable to:				
8610	Owners of parent	\$ 43,646	13	58,629	15
8620	Non-controlling interests	<u>437</u>	<u>-</u>	<u>43</u>	<u>-</u>
		<u>\$ 44,083</u>	<u>13</u>	<u>58,672</u>	<u>15</u>
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ 46,156	14	59,162	15
8720	Non-controlling interests	<u>(90)</u>	<u>-</u>	<u>(325)</u>	<u>-</u>
		<u>\$ 46,066</u>	<u>14</u>	<u>58,837</u>	<u>15</u>
9750	Basic earnings per share (in New Taiwan dollar) (note 6(p))	<u>\$ 0.83</u>		<u>1.12</u>	
9850	Diluted earnings per share (in New Taiwan dollar) (note 6(p))	<u>\$ 0.83</u>		<u>1.11</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 three months ended March 31, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollar)

	Equity attributable to owners of parent											Non-controlling interests	Total equity
	Share capital			Retained earnings				Exchange differences on translation of foreign financial statements	Other equity Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity	Total equity attributable to owners of parent		
	Ordinary shares	Preference shares	Total share capital	Capital surplus	Legal reserve	Unappropriated retained earnings	Total retained earnings						
Balance at January 1, 2025	\$ 402,989	11	403,000	35	21,199	166,340	187,539	35,567	(4,585)	30,982	621,556	(28,694)	592,862
Net income	-	-	-	-	-	58,629	58,629	-	-	-	58,629	43	58,672
Other comprehensive income (loss)	-	-	-	-	-	-	-	529	4	533	533	(368)	165
Total comprehensive income (loss)	-	-	-	-	-	58,629	58,629	529	4	533	59,162	(325)	58,837
Balance at March 31, 2025	\$ 402,989	11	403,000	35	21,199	224,969	246,168	36,096	(4,581)	31,515	680,718	(29,019)	651,699
Balance at January 1, 2026	\$ 523,886	11	523,897	35	36,774	249,885	286,659	33,866	(4,587)	29,279	839,870	(29,302)	810,568
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	-	(104,777)	(104,777)	-	-	-	(104,777)	-	(104,777)
Net income	-	-	-	-	-	43,646	43,646	-	-	-	43,646	437	44,083
Other comprehensive income (loss)	-	-	-	-	-	-	-	2,510	-	2,510	2,510	(527)	1,983
Total comprehensive income (loss)	-	-	-	-	-	43,646	43,646	2,510	-	2,510	46,156	(90)	46,066
Balance at March 31, 2026	\$ 523,886	11	523,897	35	36,774	188,754	225,528	36,376	(4,587)	31,789	781,249	(29,392)	751,857

See accompanying notes to consolidated financial statements.

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

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the three months ended March 31, 2026 and 2025****(Expressed in Thousands of New Taiwan Dollar)**

	For the three months ended March 31	
	2026	2025
Cash flows from (used in) operating activities:		
Net income before tax	\$ 44,068	58,837
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation	8,647	8,013
Amortization	3,402	2,321
Interest expense	2,124	2,925
Interest income	<u>(2,925)</u>	<u>(3,199)</u>
Total adjustments to reconcile profit	<u>11,248</u>	<u>10,060</u>
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Notes receivable	98	-
Accounts receivable	(488)	(23,726)
Accounts receivable—related parties	(109)	179
Inventories	(141,165)	1,840
Prepayments and other current assets	<u>(3,075)</u>	<u>(2,103)</u>
Total changes in operating assets, net	<u>(144,739)</u>	<u>(23,810)</u>
Net changes in operating liabilities:		
Contract liabilities	53,100	(22,333)
Notes payable	5,344	(212)
Accounts payable	122,399	35,585
Other payables	(19,561)	(13,019)
Provisions	1,936	1,620
Other current liabilities	(2,570)	917
Other non-current liabilities	-	894
Total changes in operating liabilities, net	<u>160,648</u>	<u>3,452</u>
Total changes in operating assets and liabilities, net	<u>15,909</u>	<u>(20,358)</u>
Total adjustments	<u>27,157</u>	<u>(10,298)</u>
Cash inflow generated from operating activities	71,225	48,539
Interest received	3,256	2,862
Interest paid	(1,735)	(2,466)
Income taxes paid	<u>(177)</u>	<u>(421)</u>
Net cash flows from operating activities	<u>72,569</u>	<u>48,514</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(106)	(70,287)
Acquisition of property, plant and equipment	(3,389)	(1,149)
Increase in other non-current assets	<u>(1,074)</u>	<u>(2,663)</u>
Net cash flows used in investing activities	<u>(4,569)</u>	<u>(74,099)</u>
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	100,000	150,000
Decrease in short-term borrowings	(65,000)	(190,000)
Payment of lease liabilities	(5,370)	(5,078)
Interest paid	<u>(339)</u>	<u>(376)</u>
Net cash flows from (used in) financing activities	<u>29,291</u>	<u>(45,454)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>65</u>	<u>(706)</u>
Net increase (decrease) in cash and cash equivalents	97,356	(71,745)
Cash and cash equivalents at beginning of period	<u>501,707</u>	<u>490,294</u>
Cash and cash equivalents at end of period	<u>\$ 599,063</u>	<u>418,549</u>

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

March 31, 2026 and 2025

(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 May 11, 2026.

(3) New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027 (Note)

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	<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. 	

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.

(Continued)

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

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”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

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

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

The consolidated entities were as follows:

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership			Remarks
			March 31, 2026	December 31, 2025	March 31, 2025	
The Company	Durabook Americas Inc. (Durabook)	The trading of computers and computer peripheral equipment	80.000 %	80.000 %	80.000 %	Note
The Company	Twinhead International (Asia) Pte Ltd. (Twinhead (Asia))	Investment holding	100.000 %	100.000 %	100.000 %	
Twinhead (Asia)	Twinhead Enterprises (B.V.I.) Ltd.	Investment holding	100.000 %	100.000 %	100.000 %	Note
Twinhead (Asia)	Twinhead International (Kunshan) Co., Ltd. (Twinhead Kunshan)	Sales and production of PDAs, calculators and their parts, and computer keyboards	100.000 %	100.000 %	100.000 %	

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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Name of investor	Name of subsidiary	Principal activity	Percentage of ownership			Remarks
			March 31, 2026	December 31, 2025	March 31, 2025	
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, 2025. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2025.

(6) **Explanation of significant accounts**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2025. Please refer to note 6 of the consolidated financial statements for the year ended December 31, 2025.

(a) **Cash and cash equivalents**

	March 31, 2026	December 31, 2025	March 31, 2025
Petty cash	\$ 302	383	328
Checking and demand deposits	280,541	140,347	168,316
Time deposits	318,220	360,977	249,905
Cash and cash equivalents per consolidated statements of cash flows	<u>\$ 599,063</u>	<u>501,707</u>	<u>418,549</u>

(Continued)

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

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(t).

(b) Financial assets measured at amortized cost

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Time deposits	\$ <u>3,875</u>	<u>3,769</u>	<u>70,287</u>
Interest rate (%)	<u>3.92</u>	<u>3.92</u>	<u>3.92~4.51</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.

As of March 31, 2026, December 31 and March 31, 2025, the Group's above-mentioned financial assets were not provided as pledged assets.

(c) Notes receivable and accounts receivable (including related parties)

	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Notes receivable	\$ -	98	-
Accounts receivable	75,909	75,421	99,788
Accounts receivable – related parties	123	14	117
Less: allowance for impairment	<u>76</u>	<u>75</u>	-
	<u>\$ 75,956</u>	<u>75,458</u>	<u>99,905</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes receivable and accounts receivable (including related parties). To measure the expected credit losses, notes receivable and 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:

	<u>March 31, 2026</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 70,067	-	-
1 to 30 days past due	5,067	-	-
61 to 90 days past due	<u>898</u>	-	-
	<u>\$ 76,032</u>		<u>-</u>

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

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 68,119	-	-
1 to 30 days past due	6,358	-	-
31 to 60 days past due	1,015	-	-
91 to 180 days past due	41	-	-
	\$ 75,533		-
	March 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 94,594	-	-
1 to 30 days past due	5,311	-	-
	\$ 99,905		-

The movement in the allowance for impairment with respect to notes and accounts receivable of the Group was as follows:

	For the three months ended March 31	
	2026	2025
Balance at beginning of the period	\$ 75	-
Effect of changes in exchange rate	1	-
Balance at end of the period	\$ 76	-

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

(d) Inventories

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

	March 31, 2026	December 31, 2025	March 31, 2025
Merchandise	\$ 1,163	1,265	3,999
Finished goods	35,814	46,142	35,570
Work in progress	126,704	77,300	104,234
Raw materials and supplies	290,227	195,658	149,415
Goods in transit	13,706	6,084	3,760
	\$ 467,614	326,449	296,978

As of March 31, 2026, December 31 and March 31, 2025, the Group's inventories were not provided as pledged assets.

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

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

	For the three months ended March 31		
	2026	2025	
Loss on decline in market value of inventory	\$ 3,427	10,590	
 (e) Non-current financial assets at fair value through other comprehensive income			
	March 31, 2026	December 31, 2025	March 31, 2025
Equity investments at fair value through other comprehensive income:			
Unlisted stocks (overseas)	\$ 49	49	55

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

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

No strategic investments were disposed for the three months ended March 31, 2026 and 2025, 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(t).

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

(f) Property, plant and equipment

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

	Land	Buildings	Machinery	Other equipment	Total
January 1, 2026	\$ 105,080	146,210	6,857	9,246	267,393
March 31, 2026	\$ 105,080	144,993	7,923	10,264	268,260
January 1, 2025	\$ 105,080	148,832	5,469	5,263	264,644
March 31, 2025	\$ 105,080	147,615	5,324	5,784	263,803

For the three months ended March 31, 2026 and 2025, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on property, plant and equipment. For the information on depreciation expenses for the three months ended March 31, 2026 and 2025, 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(f) of the consolidated financial statements for the year ended December 31, 2025.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(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:

	<u>Land</u>	<u>Building</u>	<u>Transportation equipment</u>	<u>Total</u>
January 1, 2026	\$ 9,278	52,632	3,548	65,458
March 31, 2026	\$ 9,527	49,465	2,991	61,983
January 1, 2025	\$ 9,735	61,890	5,776	77,401
March 31, 2025	\$ 9,805	57,228	5,219	72,252

For the three months ended March 31, 2026 and 2025, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on right-of-use assets. For the information on depreciation expenses of right-of-use assets for the three months ended March 31, 2026 and 2025, please refer to note 12; for other related information, please refer to note 6(g) of the consolidated financial statements for the year ended December 31, 2025.

(h) Investment property

For the three months ended March 31, 2026 and 2025, the Group did not have any significant purchase, disposal, or provision (reversal) of impairment on investment properties. For the information on depreciation expenses of investment property for the three months ended March 31, 2026 and 2025, 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(h) of the consolidated financial statements for the year ended December 31, 2025.

The fair value of the Group's investment properties does not significantly differ from the information disclosed in note 6(h) of the consolidated financial statements for the year ended December 31, 2025.

(i) Short-term borrowings

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

	<u>March 31, 2026</u>			
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity year</u>	
Unsecured loans	TWD	2.04	2026	\$ 50,000
Secured bank loans	TWD	1.90~1.95	2026	300,000
Total				<u>\$ 350,000</u>
	<u>December 31, 2025</u>			
	<u>Currency</u>	<u>Interest rate (%)</u>	<u>Maturity year</u>	
Unsecured loans	TWD	2.06~2.08	2026	\$ 115,000
Secured bank loans	TWD	1.95	2026	200,000
Total				<u>\$ 315,000</u>

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

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

As of March 31, 2026, December 31 and March 31, 2025, the unused credit facilities amounted to \$846,400 thousand, \$879,120 thousand and \$816,240 thousand, respectively.

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

(j) Provisions

	Decommissioning liabilities	Other	Total
Balance as of January 1, 2026	\$ 3,729	23,087	26,816
Provisions made during the period	-	3,342	3,342
Provisions used during the period	-	(1,122)	(1,122)
Provisions reversed during the period	-	(435)	(435)
Effect of changes in exchange rates	-	151	151
Balance as of March 31, 2026	\$ 3,729	25,023	28,752
Current	-	15,515	15,515
Non-current	3,729	9,508	13,237
	\$ 3,729	25,023	28,752
Balance as of January 1, 2025	\$ 3,729	13,580	17,309
Provisions made during the period	-	3,042	3,042
Provisions used during the period	-	(1,160)	(1,160)
Provisions reversed during the period	-	(267)	(267)
Effect of changes in exchange rates	-	5	5
Balance as of March 31, 2025	\$ 3,729	15,200	18,929
Current	-	13,094	13,094
Non-current	3,729	2,106	5,835
	\$ 3,729	15,200	18,929

(i) Decommissioning liabilities

The provision was the estimation for removing, moving and restoring the lease assets according to the lease contract, which were recognized as long-term liabilities. The future cost shall result in an uncertainty of provision due to the long-term lease of the office. Related costs are expected to occur after the lease term reaches its maturity.

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

(ii) Other provisions

Provisions were estimated based on the historical data on warranties on merchandise and services, which are mainly associated with the Group's business products. The Group expects to settle the majority of the liability over the next one to three years.

(k) Lease liabilities

The Group's lease liabilities were as follow:

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Current	\$ <u>20,668</u>	<u>20,421</u>	<u>19,553</u>
Non-current	\$ <u>32,862</u>	<u>36,877</u>	<u>43,852</u>

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

The amounts recognized in profit or loss were as follows:

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2026</u>	<u>2025</u>
Interest on lease liabilities	\$ <u>339</u>	<u>376</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>313</u>	<u>266</u>

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

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2026</u>	<u>2025</u>
Total cash outflow for leases	\$ <u>6,022</u>	<u>5,720</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 five to seven 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 one to two 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.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(l) 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:

	<u>March 31,</u> <u>2026</u>	<u>December 31,</u> <u>2025</u>	<u>March 31,</u> <u>2025</u>
Less than one year	\$ 15,099	18,325	25,128
One to two years	7,134	9,809	15,045
Two to three years	-	-	7,134
Total undiscounted lease payments	<u>\$ 22,233</u>	<u>28,134</u>	<u>47,307</u>

Rental income from investment properties was \$6,351 thousand and \$6,306 thousand for the three months ended March 31, 2026 and 2025, respectively. The direct expenses from investment properties were \$369 thousand and \$368 thousand for the three months ended March 31, 2026 and 2025, respectively.

(m) Employee benefits

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

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2026</u>	<u>2025</u>
Operating costs	\$ 590	548
Operating expenses	2,004	1,877
	<u>\$ 2,594</u>	<u>2,425</u>

For other related information, please refer to note 6(m) to the consolidated financial statements for the year ended December 31, 2025.

(n) 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.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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The amount of the Group's income tax expense (benefit) was as follows:

	For the three months ended	
	March 31	
	2026	2025
Current income tax expense (benefit)		
Current period	\$ 149	165
Adjustment for prior periods	(164)	-
Income tax expense (benefit) from continuing operations	\$ (15)	165

The ROC income tax authorities have examined the Company's income tax returns for all years through 2024.

(o) Capital and other equity

Except for the following disclosures, there were no significant changes in capital and other equity for the three months ended March 31, 2026 and 2025. For other related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2025.

(i) Retained earnings—Distribution of retained earnings

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

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.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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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 March 13, 2026, the Company's Board of Directors resolved the distribution of 2025 earnings in cash dividends and proposed other appropriations of 2025 earnings. On June 10, 2025, the shareholders' meeting resolved to distribute the 2024 earnings. These earnings were appropriated as follows:

	2025		2024	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.00	104,777	-	-
Stock	1.00	<u>52,389</u>	3.00	<u>120,897</u>
Total		<u>\$ 157,166</u>		<u>120,897</u>
Dividends distributed to preference shareholders:				
Cash	\$ 2.00	<u>2</u>	2.00	<u>2</u>

The Company's accumulated undistributed dividends for preference shares amounted to \$3 thousand, \$2 thousand and \$3 thousand as of March 31, 2026, December 31 and March 31, 2025, respectively.

(ii) Other equities (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interests	Total
Balance at January 1, 2026	\$ 33,866	(4,587)	68	29,347
Foreign exchange differences arising from foreign operation	2,510	-	(527)	1,983
Balance at March 31, 2026	<u>\$ 36,376</u>	<u>(4,587)</u>	<u>(459)</u>	<u>31,330</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Non- controlling interests	Total
Balance at January 1, 2025	\$ 35,567	(4,585)	(1,104)	29,878
Foreign exchange differences arising from foreign operation	529	-	(368)	161
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	4	-	4
Balance at March 31, 2025	<u>\$ 36,096</u>	<u>(4,581)</u>	<u>(1,472)</u>	<u>30,043</u>

(p) Earnings per share

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

(i) Basic earnings per share

	For the three months ended March 31	
	2026	2025
Net income of the Company	\$ 43,646	58,629
Dividends on non-redeemable preference shares	(1)	(1)
Net income attributable to ordinary shareholders of the Company	<u>\$ 43,645</u>	<u>58,628</u>
Weighted average number of ordinary shares outstanding	<u>52,389</u>	<u>52,389</u>
Basic earnings per share (in TWD)	<u>\$ 0.83</u>	<u>1.12</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(ii) Diluted earnings per share

	For the three months ended	
	March 31	
	2026	2025
Net income attributable to ordinary shareholders of the Company (basic)	\$ 43,645	58,628
Dividends on non-redeemable preference shares	<u>1</u>	<u>1</u>
Net income attributable to ordinary shareholders of the Company (diluted)	<u>\$ 43,646</u>	<u>58,629</u>
Weighted average number of ordinary shares outstanding (basic)	52,389	52,389
Effect of dilutive potential ordinary shares		
Effect of remuneration to employees	315	198
Effect of convertible preference shares	<u>1</u>	<u>1</u>
Weighted average number of ordinary shares outstanding (diluted)	<u>52,705</u>	<u>52,588</u>
Diluted earnings per share (in TWD)	<u>\$ 0.83</u>	<u>1.11</u>

(q) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended	
	March 31	
	2026	2025
Primary geographical markets:		
Europe	\$ 193,496	182,280
America	97,657	120,224
Asia	46,456	76,184
Others	<u>1,306</u>	<u>404</u>
	<u>\$ 338,915</u>	<u>379,092</u>
Major products/services lines:		
Laptop	\$ 302,361	328,872
Mainboard and accessories	15,919	26,862
Sales of materials and others	<u>20,635</u>	<u>23,358</u>
	<u>\$ 338,915</u>	<u>379,092</u>

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(ii) Contract Balance

	March 31, 2026	December 31, 2025	March 31, 2025
Notes receivable	\$ -	98	-
Accounts receivable	75,909	75,421	99,788
Accounts receivable—related parties	123	14	117
Less: allowance for impairment	76	75	-
Total	<u>\$ 75,956</u>	<u>75,458</u>	<u>99,905</u>
Contract liabilities	<u>\$ 78,034</u>	<u>24,934</u>	<u>49,022</u>

Please refer to the note 6(c) for the details on notes receivable and 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 ended March 31, 2026 and 2025 that were included in the contract liabilities at the beginning of the period were \$12,836 thousand and \$58,228 thousand, respectively.

(r) 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.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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For the three months ended March 31, 2026 and 2025, the estimated employee remuneration amounted to \$3,902 thousand and \$5,274 thousand, respectively, and the estimated directors' remuneration amounted to \$1,463 thousand and \$1,978 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, 2025 and 2024, the Company recognized its employees' compensation of \$19,820 thousand and \$14,807 thousand, respectively, and its directors' remuneration of \$7,433 thousand and \$5,553 thousand, respectively. There was no difference between the distribution and the recognized amounts. For relevant information, please refer to Market Observation Post System.

(s) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2026	2025
Interest income from bank deposits	\$ 2,925	3,199

(ii) Other income

	For the three months ended March 31	
	2026	2025
Rental income	\$ 7,133	7,254
Other income — Others	560	250
Total other income	\$ 7,693	7,504

(iii) Other gains and losses

	For the three months ended March 31	
	2026	2025
Foreign exchange gains, net	\$ 5,675	9,299
Others	(697)	(693)
Other gains and losses, net	\$ 4,978	8,606

(Continued)

TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(iv) Finance costs

	For the three months ended	
	March 31	
	2026	2025
Interest expense	<u>\$ 2,124</u>	<u>2,925</u>

(t) 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(t) of the consolidated financial statements for the year ended December 31, 2025.

(i) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
March 31, 2026						
Non-derivative financial liabilities						
Short-term borrowings	\$ 350,000	350,929	350,929	-	-	-
Notes payable	5,408	5,408	5,408	-	-	-
Accounts payable	260,304	260,304	260,304	-	-	-
Other payables	97,672	97,672	97,672	-	-	-
Dividends payable	104,777	104,777	104,777	-	-	-
Lease liabilities	53,530	55,242	21,717	20,824	12,701	-
Guarantee deposits received	7,102	7,102	3,696	3,283	123	-
Preference shares (including preference shares dividends)	<u>11</u>	<u>14</u>	<u>14</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 878,804	881,448	844,517	24,107	12,824	-
December 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 315,000	315,759	315,759	-	-	-
Notes payable	64	64	64	-	-	-
Accounts payable	137,905	137,905	137,905	-	-	-
Other payables	117,183	117,183	117,183	-	-	-
Lease liabilities	57,298	59,287	21,557	20,236	17,494	-
Guarantee deposits received	6,980	6,980	3,574	3,283	123	-
Preference shares (including preference shares dividends)	<u>11</u>	<u>13</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 634,441	637,191	596,055	23,519	17,617	-

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2025						
Non-derivative financial liabilities						
Short-term borrowings	\$ 425,000	427,025	427,025	-	-	-
Notes payable	59	59	59	-	-	-
Accounts payable	176,748	176,748	176,748	-	-	-
Other payables	87,372	87,372	87,372	-	-	-
Lease liabilities	63,405	65,857	20,731	17,860	27,266	-
Guarantee deposits received	7,080	7,080	100	3,697	3,283	-
Preference shares (including preference shares dividends)	11	14	14	-	-	-
	<u>\$ 759,675</u>	<u>764,155</u>	<u>712,049</u>	<u>21,557</u>	<u>30,549</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.

(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>
March 31, 2026			
Financial assets:			
Monetary items:			
USD	\$ 24,142	32.00	772,544
EUR	3,986	36.71	146,326
Financial liabilities:			
Monetary items:			
USD	\$ 5,967	32.00	190,944
December 31, 2025			
Financial assets:			
Monetary items:			
USD	\$ 24,411	31.43	767,238
EUR	3,027	36.90	111,696
Financial liabilities:			
Monetary items:			
USD	\$ 2,026	31.43	63,677

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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	Foreign currency	Exchange rate	TWD
March 31, 2025			
Financial assets:			
Monetary items:			
USD	\$ 26,029	33.21	864,423
Financial liabilities:			
Monetary items:			
USD	\$ 2,841	33.21	94,350

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that were denominated in foreign currencies. 1% appreciation (depreciation) of the TWD against the USD and EUR as of March 31, 2026 and 2025, with all other variable factors remaining constant, would have (decreased) increased the net income before tax for the three months ended March 31, 2026 and 2025 by \$7,279 thousand and \$7,701 thousand, respectively. The analysis was performed on the same basis for both periods with all other variable factors remaining constant.

3) Foreign exchange gain and loss on monetary item

Due to the numerous types of functional currency, the Group aggregately discloses its exchange gains and losses on monetary items. The Group's exchange gains, including realized and unrealized, were \$5,675 thousand and \$9,299 thousand for the three months ended March 31, 2026 and 2025, 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 \$875 thousand and \$1,063 thousand for the three months ended March 31, 2026 and 2025, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowings at floating rate.

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

(iv) Fair value

1) Categories and fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities were as follows, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

March 31, 2026					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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>
December 31, 2025					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
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>
March 31, 2025					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Unlisted stocks (overseas)	\$ <u>55</u>	<u>-</u>	<u>-</u>	<u>55</u>	<u>55</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.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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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
January 1, 2026 (being March 31, 2026)	\$ 49
Balance at January 1, 2025	\$ 51
Total gain recognized:	
In other comprehensive income	4
Balance at March 31, 2025	\$ 55

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

(u) Financial risk management

The objectives and policies of the Group's financial risk management are the same as these in note 6(u) of the consolidated financial statements for the year ended December 31, 2025.

(v) 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, 2025. 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, 2025. For further information, please refer to note 6(v) to the consolidated financial statements for the year ended December 31, 2025.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES
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(w) Investing and financing activities not affecting cash flow

For the three months ended March 31, 2026 and 2025, the reconciliation of liabilities arising from financing activities was as follows:

	<u>January 1, 2026</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>March 31, 2026</u>
			<u>Additions to right-of- use assets</u>	<u>Effect of changes in exchange rate</u>	
Short-term borrowings	\$ 315,000	35,000	-	-	350,000
Lease liabilities	57,298	(5,370)	1,432	170	53,530
Guarantee deposits received	6,980	-	-	122	7,102
Total liabilities from financing activities	<u>\$ 379,278</u>	<u>29,630</u>	<u>1,432</u>	<u>292</u>	<u>410,632</u>

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>March 31, 2025</u>
			<u>Acquisition right-of-use assets</u>	<u>Effect of changes in exchange rate and others</u>	
Short-term borrowings	\$ 465,000	(40,000)	-	-	425,000
Lease liabilities	68,453	(5,078)	-	30	63,405
Guarantee deposits received	7,028	-	-	52	7,080
Total liabilities from financing activities	<u>\$ 540,481</u>	<u>(45,078)</u>	<u>-</u>	<u>82</u>	<u>495,485</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 March 31</u>	
	<u>2026</u>	<u>2025</u>
Other related parties:		
NCS	<u>\$ 122</u>	<u>115</u>

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

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

(ii) Accounts receivable-related parties

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

<u>Account</u>	<u>Type of related parties</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Accounts receivable—related parties	Other related parties:			
	NCS	\$ <u>123</u>	<u>14</u>	<u>117</u>

(c) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	For the three months ended	
	March 31	
	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 7,461	7,816
Post-employment benefits	54	54
	<u>\$ 7,515</u>	<u>7,870</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2026</u>	<u>December 31, 2025</u>	<u>March 31, 2025</u>
Property, plant and equipment	Short-term borrowings and credit facilities	\$ 246,337	247,426	250,691
Investment property	Short-term borrowings and credit facilities	<u>136,799</u>	<u>137,150</u>	<u>138,203</u>
		<u>\$ 383,136</u>	<u>384,576</u>	<u>388,894</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
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(12) Other

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

By function By nature	Three months ended March 31, 2026			Three months ended March 31, 2025		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	11,804	55,336	67,140	11,830	54,062	65,892
Labor and health insurance	1,265	4,733	5,998	1,156	4,476	5,632
Pension	590	2,004	2,594	548	1,877	2,425
Remuneration of directors	-	2,228	2,228	-	2,743	2,743
Others	850	1,622	2,472	965	1,613	2,578
Depreciation (Note)	1,436	6,514	7,950	1,336	5,984	7,320
Amortization	-	3,402	3,402	-	2,321	2,321

Note: The amounts did not include the depreciation expenses for investment property recognized under other gains and losses amounted to \$697 thousand and \$693 thousand for the three months ended March 31, 2026 and 2025, 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 three months ended March 31, 2026:

- (i) Loans extended to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Material securities held as of March 31, 2026 (excluding investment in subsidiaries, associates and joint ventures): None.
- (iv) Sales to and purchases from related parties in excess of \$100 million or 20% of the Company's issued share capital: None.
- (v) Receivables from related parties in excess of NT\$100 million or 20% of the Company's issued share capital:

(in Thousands of New Taiwan Dollar)

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Notes 1 and 5)	Turnover rate	Overdue amount		Amounts received in subsequent period (Note 2)	Allowances for bad debts
					Amount	Action taken		
The Company	Twinhead Kunshan	Subsidiary	296,350 (Note 3)	-	296,350 (Note 3)	The receivable has been traced and recognized as long-term accounts receivable	-	-
The Company	Durabook	Subsidiary	208,537 (Note 4)	1.15	99,374 (Note 4)	The receivable has been traced and recognized as long-term accounts receivable	11,719	-

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

Note 2: Until May 11, 2026.

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: This amount includes accounts receivable of \$109,163 thousand and long-term accounts receivable of \$99,374 thousand, which are offset against investments accounted for using the equity method.

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

(vi) Business relationships and significant intercompany transactions:

(in Thousands of New Taiwan Dollar)

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			Percentage of the total consolidated revenue or total assets
				Account name	Amount (Note 4)	Trading terms	
0	The Company	Durabook	1	Sales revenue	57,663	The transaction is not significantly different from normal transactions	17.01%
0	The Company	Durabook	1	Accounts receivable – related parties	109,163	The receivables can be offset with accounts payable from purchase or be O/A 60 days	6.22 %
0	The Company	Twinhead Kunshan	1	Long-term accounts receivable – related parties	73,630 (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.	4.19 %

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.

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TWINHEAD INTERNATIONAL CORP. AND SUBSIDIARIES

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

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

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2026 (excluding information on investees in Mainland China):

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

Name of investor	Name of investee	Location	Scope of business	Original cost		Ending balance			Net income (loss) of investee	Investment income (losses)	Remarks
				March 31, 2026	December 31, 2025	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 %	(25,868) (Note 3)	2,182	1,745	Subsidiary (Note 2)
The Company	Twinhead (Asia)	Singapore	Investment holding	539,919	539,919	5,872	100.00 %	- (Note 4)	1,414	1,414	Subsidiary (Note 2)
Twinhead (Asia)	Twinhead Enterprises (B.V.I.) LTD.	British Virgin Islands	Investment holding	1,388	1,388	50	100.00 %	986	(61)	(61)	Subsidiary (Note 2)

Note 1: The exchange rate as of March 31, 2026: USD1=TWD32.00.

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

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

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

(c) Information on investment in Mainland China:

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

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2026	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2026	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (losses) (Note 2)	Book value as of March 31, 2026	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	400,000 (USD12,500)	(2)	400,000 (USD12,500)	-	-	400,000 (USD12,500)	2,831	100.00 %	2,831	(236,313)	-
Twinhead Huazhong Technology Limited Corp.	Installation and sales of laptop parts and accessories; sales and production of related software	128,000 (USD4,000)	(2)	64,000 (USD2,000)	-	-	64,000 (USD2,000)	-	- %	-	-	-
Kunshan Lun Teng System Co., Ltd	Import and export of computers, electronic components, and digital cameras, and technical consultant services	6,720 (USD210)	(2)	6,720 (USD210)	-	-	6,720 (USD210)	(1,384)	100.00 %	(1,384)	11,284	-

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

- (1) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (2) Remittance from third-region companies to invest in Mainland China (Through Twinhead (Asia) to invest in Mainland China).
- (3) Through the establishment of third-region companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

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

Note 3: The exchange rate as of March 31, 2026: USD1=TWD32.00.

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

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(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of March 31, 2026 (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	512,320 (USD16,010)	512,320 (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 March 31, 2026: USD1=TWD32.00.

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.