

Podak Co., Ltd. and Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

Address: 10F, No. 129, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City
Tel.: 02-25219090

Table of Contents

	Items	Page
Chapter 1	Cover Page	1
Chapter 2	Table of Contents	2
Chapter 3	Statement	3
Chapter 4	Independent Auditors' Report	4
Chapter 5	Consolidated Balance Sheets	10
Chapter 6	Consolidated Statements of Comprehensive Income	11
Chapter 7	Consolidated Statements of Changes in Equity	12
Chapter 8	Consolidated Statements of Cash Flows	13
Chapter 9	Notes to the Consolidated Financial Statements	
	1. Company History	14
	2. Approval Date and Procedures of the Consolidated Financial Statements	14
	3. Application of New Standards, Amendments and Interpretations	14
	4. Summary of Material Accounting Policies	16
	5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty	34
	6. Details of Significant Accounts	35
	7. Related Party Transactions	58
	8. Pledged Assets	59
	9. Significant Contingent Liabilities and Unrecognised Contract Commitments	59
	10. Significant Disaster Loss	60
	11. Significant Events after the Balance Sheet Date	60
	12. Others	60
	13. Supplementary Disclosures	
	(1) Significant transactions information	60
	(2) Information on investees	63
	(3) Information on investments in Mainland China	63
	(4) Major shareholders information	64
	14. Segment Information	65

Statement

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the Company that is required to be included in the consolidated financial statements of affiliates, is the same as the Company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10 endorsed by the Financial Supervisory Commission (FSC). Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Very truly yours,

Podak Co., Ltd.

Chairman: Chia-Yu, Chen

Date: March 4, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Podak Co., Ltd.:

Opinion

We have audited the accompanying consolidated balance sheets of Podak Co., Ltd. and subsidiary (the “Group”) as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Podak Co., Ltd. and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our judgment, shall be communicated in the audit report are set forth below:

1. Revenue recognition

Please refer to Note 4(14), revenue recognition, of the consolidated financial statements for the accounting policy regarding revenue recognition.

Descriptions of key audit matters:

The technology industry environment in which the Group operates is challenging, with rapid product cycles. Operating revenue is susceptible to fluctuations due to market competition. Furthermore, the Group announces its consolidated operating revenue monthly, which can significantly impact its stock price. Therefore, revenue recognition is a matter of concern for users of the financial statements and is one of the key audit matters for our audit of the Group's financial statements.

Corresponding audit procedure:

The audit procedures we performed included the following:

- Testing manual controls related to the sales and collection cycle and financial reporting, reconciling and adjusting sales data with general ledger entries, and assessing whether the Group's revenue recognition policy complies with relevant accounting bulletins.
- Reading relevant customer sales agreements and contract terms, testing the accounting consistency of the Group's sales terms, and considering the accounting treatment and disclosure of sales discount agreements.
- Performing a two-period variance analysis on the revenue of the top ten sales customers to assess for any significant anomalies.
- Testing the Group's review controls over the approval of customer discount amounts regarding discounts that it is required to provide to customers according to sales contract terms.
- Obtaining the accrued discount amount calculated by the Group's management and verifying it against contract data to assess whether there are any significant anomalies in the accrued discount amount calculated by management.

- Selecting documents for a period around the balance sheet date to verify the appropriate cut-off of sales revenue, sales returns and allowances, and accounts receivable records.
- Selecting an appropriate sample size from the accounts receivable statement to send confirmation letters to debtors or confirm subsequent collections.

2. Valuation of Inventory

Please refer to Note 4(8), inventories, of the consolidated financial statements for the accounting policy regarding inventory valuation; please refer to Note 6(5), inventories, of the consolidated financial statements for the estimated inventory valuation.

Descriptions of key audit matters:

Due to the challenging technology industry environment and rapid product cycles, the sales of related products may experience price declines, leading to the risk that the cost of inventories may exceed their net realizable value. Therefore, the testing of inventory valuation is one of the key audit matters for our audit of the Group's financial statements.

Corresponding audit procedure:

The audit procedures we performed included the following:

- Reviewing the inventory aging report and analyzing the changes in inventory aging for each period.
- Assessing the reasonableness of accounting policies, such as the policy for allowance for inventory valuation and obsolescence losses.
- Assessing whether the valuation of inventories has been carried out in accordance with the established accounting policies.
- Understanding the changes in average market prices adopted by management to assess the reasonableness of the net realizable value of inventories.
- Reviewing subsequent sales conditions and evaluating the basis of net realizable value used to verify the correctness of management's estimated allowance for inventory valuation.
- Assessing whether management's disclosures regarding inventory valuation are adequate.

Other Matter

We have also audited the parent company only financial statements of Podak Co., Ltd. as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standard on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Podak Co., Ltd. and its subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Podak Co., Ltd. and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Podak Co., Ltd. and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements (including the related notes), and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of Podak Co., Ltd. and its subsidiaries for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu, Cheng-Yen and Chen, Chun-Kuang.

KPMG

Taipei, Taiwan (Republic of China)

March 4, 2025

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Podak Co., Ltd. and Subsidiaries
Consolidated Balance Sheets
December 31, 2024 and 2023

Unit: NTD thousand

		December 31,		December 31,				December 31,		December 31,	
		2024		2023				2024		2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Notes 6(1) and (20))	\$ 270,567	14	303,915	15	2100	Short-term borrowings (Notes 6(9), (20) and (23))	\$ 398,000	20	440,000	22
1172	Notes and accounts receivable (Notes 6(3), (20) and 7)	1,069,605	53	1,054,052	52	2170	Notes and accounts payable (Note 6(20))	227,290	11	293,867	14
1200	Other receivables (Notes 6(4) and (20))	2,775	-	2,665	-	2200	Other payables (Note 6(20))	56,812	3	47,062	2
1300	Inventories - merchandising business (Note 6(5))	351,900	18	366,389	18	2230	Current income tax liabilities (Note 4)	20,680	1	41,100	2
1470	Other current assets	<u>43,582</u>	<u>2</u>	<u>44,509</u>	<u>2</u>	2280	Lease liabilities - current (Notes 6(12), (20) and (23))	2,872	-	2,471	-
		<u>1,738,429</u>	<u>87</u>	<u>1,771,530</u>	<u>87</u>	2320	Long-term liabilities, current portion (Notes 6(11), (20) and (23))	-	-	2,066	-
Non-current assets:						2300	Other current liabilities (Note 6(10))	<u>1,007</u>	<u>-</u>	<u>29,915</u>	<u>2</u>
1521	Financial assets at fair value through other comprehensive income - non-current (Note (2))	15,000	1	-	-			<u>706,661</u>	<u>35</u>	<u>856,481</u>	<u>42</u>
1550	Investments accounted for using equity method (Note 6(6))	4,652	-	5,341	-	Non-current liabilities:					
1600	Property, plant and equipment (Notes 6(7) and 8)	232,924	12	229,456	11	2570	Deferred income tax liabilities (Note 4)	28,979	2	25,610	2
1755	Right-of-use assets (Note 6 (8))	6,514	-	4,931	-	2580	Lease liabilities - non-current (Notes 6(12), (20) and (23))	3,728	-	2,563	-
1840	Deferred income tax assets (Note 4)	4,458	-	13,294	1	2640	Net defined benefit liability - non-current (Notes 4 and 6(13))	<u>2,532</u>	<u>-</u>	<u>5,076</u>	<u>-</u>
1900	Other non-current assets (Note 6(2))	<u>4,235</u>	<u>-</u>	<u>16,939</u>	<u>1</u>			<u>35,239</u>	<u>2</u>	<u>33,249</u>	<u>2</u>
		267,783	13	269,961	13	Total liabilities (Note 6(22))		<u>741,900</u>	<u>37</u>	<u>889,730</u>	<u>44</u>
						Equity attributable to owners of the parent:					
						3110	Share capital (Note 6(15))	<u>562,430</u>	<u>28</u>	<u>535,647</u>	<u>26</u>
						3200	Capital surplus (Note 6(15))	<u>105,466</u>	<u>5</u>	<u>105,466</u>	<u>5</u>
							Retained earnings (Note 6(15))				
						3310	Legal reserve	236,864	12	221,963	11
						3320	Special reserve	24,490	1	21,546	1
						3350	Unappropriated retained earnings	<u>349,014</u>	<u>18</u>	<u>291,629</u>	<u>14</u>
								<u>610,368</u>	<u>31</u>	<u>535,138</u>	<u>26</u>
							Other equity (Note 6(15)):				
						3400	Other equity	<u>(13,952)</u>	<u>(1)</u>	<u>(24,490)</u>	<u>(1)</u>
Total assets		<u>\$ 2,006,212</u>	<u>100</u>	<u>2,041,491</u>	<u>100</u>	Total equity (Note 6(22))		<u>1,264,312</u>	<u>63</u>	<u>1,151,761</u>	<u>56</u>
						Total liabilities and equity		<u>\$ 2,006,212</u>	<u>100</u>	<u>2,041,491</u>	<u>100</u>

(Please refer to the notes to the consolidated financial statements)

Chairman: Chia-Yu, Chen
Manager: Mao-Yang, Li
Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(17) and 7)	\$ 2,822,285	100	2,836,006	100
5000	Operating costs (Note 6(5))	<u>2,408,439</u>	<u>85</u>	<u>2,429,608</u>	<u>86</u>
	Gross profit	413,846	15	406,398	14
5920	Less: Realized loss on sales (Note 7)	<u>(520)</u>	<u>-</u>	<u>(520)</u>	<u>-</u>
	Gross profit	<u>413,326</u>	<u>15</u>	<u>405,878</u>	<u>14</u>
	Operating expenses (Notes 6(12), (13), (18) and 12):				
6100	Selling expenses	145,747	5	146,559	5
6200	General and administrative expenses	73,046	4	69,749	2
6450	Expected credit impairment losses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>218,793</u>	<u>9</u>	<u>216,308</u>	<u>7</u>
	Net operating income	<u>194,533</u>	<u>6</u>	<u>189,570</u>	<u>7</u>
	Non-operating income and expenses (Note 6(19))				
7100	Interest income	6,494	-	6,258	-
7010	Other income	557	-	1,941	-
7020	Other gains and losses	68,417	2	2,172	-
7050	Finance costs	(8,572)	-	(8,856)	-
7770	Investment income (loss) recognized using equity method	<u>(170)</u>	<u>-</u>	<u>(162)</u>	<u>-</u>
	Total non-operating income and expenses	<u>66,726</u>	<u>2</u>	<u>1,353</u>	<u>-</u>
	Net income before tax from continuing operations	261,259	8	190,923	7
7950	Less: Income tax expense (Notes 4 and 6(14))	<u>54,581</u>	<u>2</u>	<u>42,005</u>	<u>2</u>
	Net profit	<u>206,678</u>	<u>6</u>	<u>148,918</u>	<u>5</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit obligation	<u>2,465</u>	<u>-</u>	<u>88</u>	<u>-</u>
		<u>2,465</u>	<u>-</u>	<u>88</u>	<u>-</u>
8360	Components of other comprehensive income that may subsequently be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements (Note 6(15))	<u>10,538</u>	<u>-</u>	<u>(2,944)</u>	<u>-</u>
		<u>10,538</u>	<u>-</u>	<u>(2,944)</u>	<u>-</u>
8300	Other comprehensive loss for the period, net of income tax	<u>13,003</u>	<u>-</u>	<u>(2,856)</u>	<u>-</u>
	Total comprehensive income	<u><u>\$ 219,681</u></u>	<u><u>6</u></u>	<u><u>146,062</u></u>	<u><u>5</u></u>
	Earnings per share (NTD) (Note 6(16))				
	Basic earnings per share (NTD)	<u><u>\$ 3.67</u></u>		<u><u>2.78</u></u>	
	Basic earnings per share (NTD) - retroactive adjustment			<u><u>2.65</u></u>	
	Diluted earnings per share (NTD)	<u><u>\$ 3.66</u></u>		<u><u>2.76</u></u>	
	Diluted earnings per share (NTD) - retroactive adjustment			<u><u>2.63</u></u>	

(Please refer to the notes to the consolidated financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

	<u>Retained earnings</u>					<u>Other equity items</u>	
	<u>Share capital</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Unappropriated retained earnings</u>	<u>Exchange differences on translation of foreign financial statements</u>	<u>Total equity</u>
Balance on January 1, 2023	\$ 535,647	105,466	197,645	31,863	290,536	(21,546)	1,139,611
Net profit	-	-	-	-	148,918	-	148,918
Other comprehensive income for the period	-	-	-	-	88	(2,944)	(2,856)
Total comprehensive income	-	-	-	-	149,006	(2,944)	146,062
Earnings appropriation and distribution:							
Legal reserve provided	-	-	24,318	-	(24,318)	-	-
Appropriation of special reserve	-	-	-	(10,317)	10,317	-	-
Cash dividends on common stock	-	-	-	-	(133,912)	-	(133,912)
Balance on December 31, 2023	535,647	105,466	221,963	21,546	291,629	(24,490)	1,151,761
Net profit	-	-	-	-	206,678	-	206,678
Other comprehensive income for the period	-	-	-	-	2,465	10,538	13,003
Total comprehensive income	-	-	-	-	209,143	10,538	219,681
Earnings appropriation and distribution:							
Legal reserve provided	-	-	14,901	-	(14,901)	-	-
Appropriation of special reserve	-	-	-	2,944	(2,944)	-	-
Cash dividends on common stock	-	-	-	-	(107,130)	-	(107,130)
Common stock dividends	26,783	-	-	-	(26,783)	-	-
Balance on December 31, 2024	<u><u>\$ 562,430</u></u>	<u><u>105,466</u></u>	<u><u>236,864</u></u>	<u><u>24,490</u></u>	<u><u>349,014</u></u>	<u><u>(13,952)</u></u>	<u><u>1,264,312</u></u>

(Please refer to the notes to the consolidated financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

Unit: NTD thousand

	2024	2023
Cash flows from operating activities:		
Net income before tax	\$ 261,259	190,923
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	15,717	11,401
Amortization expense	220	97
Interest expense	8,572	8,856
Inventory valuation and obsolescence losses (gain on reversal of losses)	(5,197)	2,757
Interest income	(6,494)	(6,258)
Share of investment loss accounted for using equity method	170	162
Losses on disposal of property, plant and equipment	20	5
Realized loss from sale	520	520
Gain on lease modifications	-	(2)
Total adjustments to reconcile profit (loss)	<u>13,528</u>	<u>17,538</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	(15,553)	(152,294)
Other receivables	(110)	929
Inventories	19,190	106,655
Prepayments	(18)	(282)
Other current assets	936	(11,396)
Total net changes in assets related to operating activities	<u>4,445</u>	<u>(56,388)</u>
Changes in operating liabilities:		
Notes and accounts receivable	(66,577)	118,643
Other payables	9,785	(1,056)
Other current liabilities	(28,908)	(33,266)
Net defined benefit liability	(79)	(108)
Total net changes in liabilities related to operating activities	<u>(85,779)</u>	<u>84,213</u>
Total net changes in assets and liabilities related to operating activities	<u>(81,334)</u>	<u>27,825</u>
Total adjustments	<u>(67,806)</u>	<u>45,363</u>
Cash inflow generated from operations	193,453	236,286
Interest received	6,503	6,316
Interest paid	(8,537)	(8,836)
Income tax paid	(62,796)	(62,823)
Net cash inflows from operating activities	<u>128,623</u>	<u>170,943</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(311)	(3,828)
Proceeds from disposal of property, plant and equipment	50	-
Acquisition of financial assets at fair value through other comprehensive income	(15,000)	-
Refundable deposits	(1,289)	(72)
Acquisition of intangible assets	-	(637)
Other non-current assets	-	(13,774)
Net cash used in investing activities	<u>(16,550)</u>	<u>(18,311)</u>
Cash flows from financing activities:		
Decrease in short-term borrowings	(42,000)	(61,850)
Repayment of long-term borrowings	(2,066)	(2,711)
Repayment of principal portion of lease liabilities	(2,576)	(1,711)
Cash dividends paid	(107,130)	(133,912)
Interest paid	(70)	-
Net cash used in financing activities	<u>(153,842)</u>	<u>(200,184)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>8,421</u>	<u>(1,781)</u>
Net (decrease) increase in cash and cash equivalents	<u>(33,348)</u>	<u>(49,333)</u>
Cash and cash equivalents at beginning of period	<u>303,915</u>	<u>353,248</u>
Cash and cash equivalents at end of period	<u><u>\$ 270,567</u></u>	<u><u>303,915</u></u>

(Please refer to the notes to the consolidated financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
(Unless otherwise stated, all amounts are in thousands of NTD)

1. Company History

Podak Co., Ltd. (hereinafter referred to as the “Company”) was incorporated with the approval of the Ministry of Economic Affairs on August 14, 1987, with its registered address at 10th Floor, No. 129, Section 2, Zhongshan North Road, Taipei City. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are primarily engaged in the import and export trading of various motors, electronic components, and electrical machinery, as well as acting as an agent, bidding, and distributing for domestic and foreign manufacturers of the aforementioned products.

2. Approval Date and Procedures of the Consolidated Financial Statements

The consolidated financial statements were authorised for issuance by the Board of Directors on March 4, 2025.

3. Application of New Standards, Amendments and Interpretations

- (1) Effect of adoption of new and amended standards and interpretations endorsed by the Financial Supervisory Commission (“FSC”)

The Group has adopted the newly amended IFRS Accounting Standards since January 1, 2024, which did not cause a significant impact on the consolidated financial statements.

- Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1, “Non-current liabilities with covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”
- Amendments to IFRS 16, “Lease liability in a sale and leaseback”

- (2) Effect of IFRS Accounting Standards that came into effect as endorsed by the FSC but not yet adopted by the Group

The adoption of the following newly amended IFRSs, Accounting Standards which will take effect from January 1, 2025, will not have a significant impact on the consolidated financial statements based on the Group’s assessment.

- Amendments to IAS 21, “Lack of Exchangeability”

- (3) New and revised standards and interpretations not yet endorsed by the FSC

The standards and interpretations that have been issued and revised by the International Accounting Standards Board (IASB) but have not yet been endorsed by the FSC and may be relevant to the Group are as follows:

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

New standards or amendments	Major amendments	Effective date announced by IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard brings three categories of income and expenses, two income statement subtotals and one single note on management-defined performance measures. (MPMs). The three amendments, combined with enhanced disaggregation guidance, set the stage for better and more consistent information for users and will affect all companies.</p> <ul style="list-style-type: none"> • More structured income statements: Under the existing standard, companies use different formats to present their operating results, making it difficult for investors to compare different companies’ financial performance. The new standard adopts a more structured income statement, a new definition of operating profit subtotal, and a requirement that all income and expenses should be classified into three new different categories based on a company’s main operating activities. • MPMs: The new standard adopts a definition of MPMs and a requirement that companies should explain, in a single note to the financial statements, why each measure provides useful information, how it is calculated and how it is reconciled to amounts recognized in accordance with the IFRS Accounting Standards. • More disaggregated information: The new standard includes guidance on how companies can enhance the disaggregation of information in their financial statements. This includes guidance on whether the information should be included in the main financial statements or further disaggregated in the notes. 	January 1, 2027

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The Group is currently evaluating the impact of the above standards and interpretations on the Group's financial position and operating performance and will disclose relevant impacts when completing the evaluation.

The Group does not expect that other new and revised standards that have not yet been endorsed will have a significant impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

4. Summary of Material Accounting Policies

The summary of significant accounting policies adopted by the consolidated financial statements is as follows. The following accounting policies have been consistently applied to all periods of the consolidated financial statements.

(1) Compliance statement

The 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (hereinafter referred to as "IFRSs Accounting Standards endorsed by the FSC").

(2) Basis of preparation

A. Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis.

B. Functional and presentation currencies

The functional currency of each division of the Group is the currency of the main economic environment where it operates. The consolidated financial statements are expressed in the functional currency of the Company, New Taiwan Dollars (NTD). All financial information expressed in NTD is expressed in thousands of NTD.

(3) Basis of consolidation

The entities for which consolidated financial statements are prepared include the Company and entities controlled by the Company (i.e., subsidiaries).

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The Company begins to include the financial statements of the subsidiary in the consolidated financial statements from the date it obtains control over the subsidiary until the date it loses control. Transactions, balances and any unrealized gains and losses between consolidated companies have been eliminated at the time the preparation of the consolidated financial statements.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The principles for preparing the consolidated financial statements and the subsidiaries included in the consolidated financial statements are consistent with Note 4(3) to the consolidated financial statements for the year ended December 31, 2023.

Subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2024	December 31, 2023
The Company	Kai Ta International Limited	Investing company	100%	100%
Kai Ta International Limited	Podak(H.K.) Co., Ltd.	Import and export trading of electronic components	100%	100%
Kai Ta International Limited	Podak International (SH) Co., Ltd.	Import and export trading of electronic components	100%	100%
Kai Ta International Limited	Podak (SZ) Co., Ltd.	Import and export trading of electronic components	100%	100%

(4) Foreign currency

A. Foreign currency transactions

Foreign currency transactions are converted into the functional currency at the exchange rate on the transaction date. At the ending date of each subsequent reporting period (the "Reporting Date"), monetary items denominated in foreign currencies are converted into the functional currency using the exchange rate at that date. Non-monetary items at fair value that are denominated in foreign currencies are converted into the functional currency at the exchange rate on the date of measurement of the fair value, while non-monetary items at historical cost that are denominated in foreign currencies are converted at the exchange rate on the transaction date.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Foreign currency exchange differences arising from translation are usually recognized in profit or loss, except for the following situations where they are recognized in other comprehensive income:

- (A) Equity instruments designated as measured at fair value through other comprehensive income;
- (B) Financial liabilities designated as net investment hedges of foreign operations, to the extent that the hedge is effective; or
- (C) Qualifying cash flow hedges, to the extent that the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisition, are translated into New Taiwan Dollars (NTD) at the exchange rate prevailing at the reporting date; income and expense items are translated into NTD at the average exchange rate for the current period, and the resulting exchange differences are recognized in other comprehensive income.

When a disposal of a foreign operation results in a loss of control, joint control or significant influence, the cumulative conversion differences related to the foreign operation are reclassified to profit or loss. Upon partial disposal of a subsidiary that includes a foreign operation, the related cumulative conversion differences are reclassified to non-controlling interests on a pro rata basis. Upon partial disposal of an investment in associate companies or joint ventures that include foreign operations, the related cumulative conversion differences are reclassified to profit or loss on a pro rata basis.

Foreign currency conversion gains or losses on monetary receivables or payables from/to foreign operations for which there is no settlement plan and which are unlikely to be settled in the foreseeable future are recognized in other comprehensive income as part of the net investment in such foreign operations.

(5) Standards for classification of current and non-current assets and liabilities

Assets that meet one of the following criteria are classified as current assets by the Group, and all other assets that are not current assets are classified as non-current assets:

- A. The asset is expected to be realized in its normal operating cycle or is intended to be sold or consumed;
- B. The asset is held primarily for trading purposes;
- C. The asset is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or cash equivalents (as defined in IAS 7), unless there are restrictions on the exchange or settlement of the asset at least twelve months after the reporting period.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Liabilities that meet one of the following criteria are classified as current liabilities by the Group, and all other liabilities that are not current liabilities are classified as non-current liabilities:

- A. The liability is expected to be settled in its normal operating cycle;
- B. The liability is held primarily for trading purposes;
- C. The liability is due for settlement within twelve months after the reporting period; or
- D. At the ending date of the reporting period, there is no right to defer settlement of the liability until at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash includes cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to a fixed amount of cash with minimal risk of changes in value. Time deposits that meet the above definition and are held to satisfy short-term cash commitments rather than for investment or other purposes are presented as cash equivalents.

(7) Financial instruments

Accounts receivable and debt securities issued are originally recognized when they are incurred. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the financial instruments. Financial assets (other than accounts receivable that do not contain a significant financial component) or financial liabilities that are not measured at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issuance. Accounts receivable that do not contain significant financial components are initially measured at transaction price.

A. Financial assets

For purchases or sales of financial assets in conformity with customary practice, the Group shall conduct consistent trade-date accounting for all purchases and sales of financial assets classified in the same manner.

At initial recognition, financial assets are classified as: financial assets measured at amortized cost, debt instrument investments measured at fair value through other comprehensive income, equity instrument investments measured at fair value through other comprehensive income, or financial assets measured at fair value through profit or loss. The Group will reclassify all affected financial assets from the first day of the next reporting period only when there is a change in the business model for financial assets management.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(A) Financial assets measured at amortised cost

A financial asset is measured at amortized cost if it is not designated as at fair value through profit or loss and meets the following conditions:

- The objective of the Group's business model is achieved by collecting contractual cash flows.
- The contractual terms of the financial asset generate cash flows on a specific date, which are entirely used to pay the principal and the interest on the principal amount outstanding.

These assets are subsequently measured at the original recognized amount plus or minus the cumulative amortization calculated using the effective interest method, adjusted for the amortized cost of any allowance for losses. Interest income, foreign currency exchange gains or losses and impairment losses are recognized in profit or loss. Upon derecognition, the gains or losses are recognized in profit or loss.

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

Debt instrument investments that simultaneously meet the following conditions and are not designated as at fair value through profit or loss are measured at fair value through other comprehensive income:

- The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset generate cash flows on a specific date, which are entirely used to pay the principal and the interest on the principal amount outstanding.

The Group holds some accounts receivable within a business model with an objective achieved by both collecting contractual cash flows and selling the financial assets. Therefore, these accounts are measured at fair value through other comprehensive income, but are presented under accounts receivable.

On initial recognition, the Group has an irrevocable option to report subsequent changes in the fair value of equity instruments not held for trading in other comprehensive income. The above option is made on an instrument-by-instrument basis.

Debt instrument investments are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains or losses, and impairment losses are recognized in profit or loss, while other net gains or losses are recognized in other comprehensive income. Upon derecognition, the cumulative amount of other comprehensive income is reclassified to profit or loss.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Investments in equity instruments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of a portion of the investment cost) is recognized in profit or loss. The remaining net gain or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend income from equity investments is recognized on the date the Group has the right to receive the dividend (usually the ex-dividend date).

(C) Financial assets at fair value through profit or loss

Financial assets not classified as financial assets at amortized cost or at fair value through other comprehensive income as described above are classified as financial assets at fair value through profit or loss, including derivative financial assets. At initial recognition, the Group may irrevocably designate financial assets at amortized cost or at fair value through other comprehensive income as financial assets at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

These assets are subsequently measured at fair value, and the net gain or loss (including any dividend and interest income) is recognized in profit or loss.

(D) Assessment of business model

The Group assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies. This includes whether management's strategy focuses on earning contractual cash flows, maintaining a specific interest yield profile, matching the duration of the financial assets to the duration of the related liabilities or expected cash outflows, or realizing cash flows through the sale of the financial assets.
- How the performance of the business model and the financial assets held within that business model is evaluated and reported to the enterprise's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated (e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

- The frequency, amount, and timing of sales of financial assets in prior periods, the reasons for such sales, and expectations about future sales activity.

In accordance with the aforementioned business objectives, transactions involving the transfer of financial assets to third parties that do not meet the derecognition criteria are not considered sales as referred to above, which is consistent with the Group's objective of continuing to recognize these assets.

Financial assets that are held for trading and whose performance is managed and evaluated on a fair value basis are measured at fair value through profit or loss.

- (E) Assessment of whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

For the purpose of this assessment, principal is the fair value of the financial asset at initial recognition. Interest consists of consideration for the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time, other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Group considers the contractual terms of a financial instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- Any contingent events that would change the amount or timing of the contractual cash flows;
- Terms that may adjust the contractual coupon rate, including variable floating rate features;
- Prepayment and extension features; and
- Terms that limit the Group's claim to cash flows from specified assets (e.g., non-recourse features).

- (F) Impairment of financial assets

The Group recognizes an allowance for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes receivable and accounts receivable, other receivables, refundable deposits, and other financial assets) and debt instrument investments measured at fair value through other comprehensive income.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The allowance for losses of the following financial assets are measured based on twelve-month expected credit losses, and the others are measured based on the expected credit losses over their lifetime:

- The credit risk of the debt securities is determined as low at the reporting date; and
- The credit risks of other debt securities and bank deposits (i.e., default risk occurs during the expected lifetime of the financial instruments) have not increased significantly since their initial recognition.

The allowance losses on accounts receivable is measured at an amount equal to lifetime expected credit losses.

The lifetime expected credit loss refers to the expected credit loss arising from all possible defaults during the expected lifetime of the financial instrument.

Twelve-month expected credit loss refers to the expected credit loss arising from possible defaults within twelve months after the reporting date of the financial instrument (or for a shorter period if the expected lifetime of the financial instrument is shorter than twelve months).

The maximum period for measuring expected credit losses is the maximum contractual period for which the Group is exposed to credit risk.

When determining whether credit risk has increased significantly since initial recognition, the Group shall consider reasonable and provable information (available without excessive cost or input), including qualitative and quantitative information, and analysis based on the Group's historical experience, credit rating and forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly when contractual payments are more than 30 days past due.

The Group considers a financial asset to be in default if the contractual amount is past due for more than 90 days or if it is unlikely that the borrower will be able to fulfill its credit obligation to pay the full amount to the Group.

The expected credit loss is the probability-weighted estimate of the credit loss over the expected lifetime of the financial instrument. Credit losses are measured at the present value of all cash deficiencies, which is the difference between the collectible cash flows of the Group under the contracts and the cash flows that the Group expects to collect. Expected credit losses are discounted at the effective interest rate of the financial assets.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

At each reporting date, the Group assesses whether financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income are credit-impaired. Credit impairment has occurred to a financial asset when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Evidence that credit impairment occurs to a financial asset includes observable information on the following matters

- Significant financial difficulty of the borrower or issuer;
- Default, such as being past due for more than 90 days;
- The Group makes concessions to the borrower that would not otherwise be considered for economic or contractual reasons related to the borrower's financial difficulties;
- The borrower is very likely to file for bankruptcy or other financial reorganization; or
- The active market for the financial asset disappears due to financial difficulties.

The allowance losses on financial assets measured at amortized cost are deducted from the carrying amount of the assets. The allowance for losses on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income without reducing the carrying amount of those assets.

When the Group does not have a reasonable expectation of recovering all or part of a financial asset, the total carrying amount of the financial asset will be directly reduced. For corporate accounts, the Group analyzes the timing and amount of write-offs on a case-by-case basis according to whether there is a reasonable expectation of recovery. The Company does not expect a significant reversal of the write-off amounts. However, the financial assets that have been written off are still enforceable in order to comply with the Group's procedures for recovering overdue amounts.

(G) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset terminate, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity, or almost all the risks and rewards of ownership are neither transferred nor retained and control of the financial asset is not retained.

If the Company enters into a transaction to transfer a financial asset and retains all or substantially all of the risks and rewards of ownership of the transferred asset, the financial asset will continue to be recognized on the balance sheet.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. Costs include other costs incurred in bringing the goods to the place and condition in which they are available for use, and are calculated using the method of weighted average.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(9) Investment in associates

An associate is an entity over which the Group has significant influence but not control over its financial and operating policies.

The Group accounts for its interests in associates using the equity method. Under the equity method, the investment in an associate is initially recognized at cost, and the cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill identified upon initial impairment, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of associates accounted for using the equity method based on the Group's ownership percentage, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. When an associate has changes in equity that are not profit or loss and other comprehensive income and do not affect the Group's ownership interest in the associate, the Group recognizes all changes in equity in capital surplus based on its ownership percentage.

Unrealized gains and losses resulting from transactions between the Group and its associates are recognized in the financial statements only to the extent that they are unrelated to the investor's interests in the associate. When the Group's proportionate share of losses of an associate equals or exceeds its interests in the associate, the Group ceases to recognize its share of further losses. Additional losses and related liabilities are recognized only to the extent that the Group has incurred legal obligations, constructive obligations, or has made payments on behalf of the investee.

(10) Property, plant and equipment

A. Recognition and measurement

An item of property, plant and equipment is measured at cost (including borrowing costs for capitalization) less accumulated depreciation and any accumulated impairment.

When significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The gain or loss on disposal of property, plant and equipment is determined as the difference between the carrying amount of the property, plant and equipment and the disposal proceeds, and is recognized on a net basis in “other gains and losses” in profit or loss.

B. Reclassification to investment property

When property that is for self-use is transferred to investment property, the property is reclassified at its carrying amount when the change in use occurs.

C. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Group.

D. Depreciations

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component part of property, plant and equipment.

Leased assets is depreciated over their useful lives if it is reasonably certain that the Group will obtain ownership by the end of the lease term. Otherwise, leased assets are depreciated over the shorter of the lease term or their useful lives.

Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

(A) Buildings	45-50 years
(B) Transportation equipment	4-5 years
(C) Office equipment	3-9 years
(D) Other equipment	4-5 years

The depreciation methods, useful lives, and residual values are reviewed at the end of each fiscal year and adjusted as necessary if the expected values differ from previous estimates. The change is accounted for as a change in accounting estimate.

(11) Lease

The Group assesses whether a contract is or contains a lease at the establishment date. A contract is or contains a lease if it transfers control over the use of an identified asset for a period of time in exchange for consideration.

A. Lessee

The Group recognizes a right-of-use asset and a lease liability at the lease inception date. The right-of-use asset is measured initially at cost, which includes the original measured amount of the lease liability, adjusted for any lease payments made on or before the lease inception date, plus the original direct costs incurred and the estimated costs to disassemble and remove the underlying asset and restore the subject asset or its location, and less any lease incentives received.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. In addition, the Group periodically evaluates the right-of-use asset for impairment and addresses any impairment losses incurred, and adjusts the right-of-use asset when the lease liabilities are remeasured.

Lease liabilities are originally measured at the present value of the lease payments outstanding on the commencement date of the lease. If the implicit rate of the lease is readily determinable, the discount rate will be that rate; if not, the Group's incremental borrowing rate will be used. In general, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities included:

- (A) Fixed payments, including substantially fixed payments;
- (B) Variable lease payments that depend on an index or rate, which are originally measured using the index or rate at the commencement date of the lease.
- (C) Residual guarantee amounts that are expected to be paid; and
- (D) The exercise price or penalty payable upon reasonable determination of the purchase option or lease termination option to be exercised.

Interest on lease liabilities is subsequently accrued using the effective interest method, and the lease liabilities are remeasured when the following occurs:

- (A) A change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- (B) A change in the residual guarantee amount expected to be paid;
- (C) A change in the assessment of an option to purchase an underlying asset;
- (D) A change in evaluation of whether to exercise the option to extend or terminate the lease, resulting in a change in the evaluation of the lease term.
- (E) Changes in the subject matter, scope or other terms of the lease.

When a lease liability is remeasured as a result of changes in the index or rate used to determine the lease payments, changes in the residual guarantee amount and changes in the evaluation of the option to purchase, extend or terminate, the carrying amount of the right-of-use asset is adjusted accordingly, and the remaining remeasurement amount is recognized in profit or loss when the carrying amount of the right-of-use asset is reduced to zero.

For lease modifications that reduce the lease scope, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the carrying amount and the remeasurement amount of the lease liability is recognized in profit or loss.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The Group presents the right-of-use assets and lease liabilities that do not meet the definition of investment real estate in the balance sheet as line items.

For short-term leases and leases of low-value underlying assets of office equipment, the Company has elected not to recognize right-of-use assets and lease liabilities, but instead recognizes the associated lease payments as an expense on a straight-line basis over the lease term.

Sale and leaseback transactions are assessed in accordance with IFRS 15 to determine whether the transfer of the asset to the buyer-lessor satisfies the requirements to be accounted for as a sale. If it is determined to be a sale, the asset is derecognized, and the profit or loss is recognized to the extent that the rights are transferred to the buyer-lessor. The leaseback transaction is accounted for using the lessee accounting model, and the right-of-use asset is measured at the original carrying amount of the portion of the asset leased back. If it is determined that the transfer does not satisfy the requirements to be accounted for as a sale, the transaction is accounted for as a financing transaction.

B. Lessor

For transactions in which the Group is the lessor, the lease contract is classified according to whether almost all risks and rewards attached to the ownership of the underlying asset are transferred on the commencement date of the lease. If so, it is classified as a financial lease; otherwise, it is classified as an operating lease. At the time of evaluation, the Group considers relevant specific indicators, including whether the lease term covers a major part of the economic life of the underlying asset.

If the Group is a sublessor, the main lease and sublease transactions will be accounted for separately, and the classification of sublease transactions will be evaluated based on the right-of-use assets arising from the main lease. If the main lease is a short-term lease and the recognition exemption is applicable, the sublease transaction shall be classified as an operating lease.

If the agreement includes both lease and non-lease components, the Group shall apply the provisions of IFRS 15 to allocate consideration in the contract.

Assets held under finance leases are presented as finance lease receivables at the net investment in the lease. Initial direct costs incurred in negotiating and arranging an operating lease are included in the net investment in the lease. The net investment in the lease is allocated and recognized in interest income over the lease term so as to reflect a fixed periodic rate of return on the net investment. For operating leases, the Group recognizes lease payments received as rental income on a straight-line basis over the lease term.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(12) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that the carrying amount of a non-financial asset (other than inventory, contract assets and deferred income tax assets) may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Goodwill is tested annually for impairment. For the purpose of impairment test, a group of assets is identified as the smallest identifiable asset group for which a significant portion of the cash inflows are independent of other individual assets or groups of assets. Goodwill on a business merger is allocated to each cash-generating unit or group of cash-generating units that is expected to benefit from the merger.

Recoverable amount is the higher of the fair value of an asset or cash-generating unit, less disposal cost, and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the recoverable amount of an asset or cash-generating unit is less than its carrying amount.

An impairment loss is recognized immediately in profit or loss and decreases the carrying amount of amortized goodwill of the cash-generating unit first, and then the carrying amount of each asset in proportion to the carrying amount of the other assets in the unit.

Non-financial assets other than goodwill are reversed only to the extent that the carrying amount of the asset (net of depreciation or amortization) would have been determined had no impairment loss been recognized for the asset in prior years.

(13) Liability provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, making it probable that the Group will be required to settle the obligation by an outflow of resources with economic benefits, and the amount of the obligation can be reliably estimated. Provisions are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Amortization of discount is recognized as interest expense.

Warranty provisions are recognized when goods or services are sold. The provision is based on historical warranty data and all possible outcomes weighted against their associated probabilities.

(14) Revenue recognition

A. Revenue from contracts with customers

Revenue is measured at the amount of the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer. The Group recognizes revenue when a performance obligation is satisfied, i.e., when control of the goods or services is transferred to the customer. The Group's major revenue sources are explained as follows:

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(A) Sales of goods

The Group purchases electronic components and sells them to computer manufacturers. The Group recognizes revenue when control of products is transferred. Transfer of control of a given product refers to when the product has been delivered to the customer, the customer has the full discretion to determine the sales channel and price of the product, and there are no remaining unfulfilled obligations that would affect the customer's acceptance of the product. Transfer of control occurs when products have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance clause has expired, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides fixed percentage discounts to its major customers based on their cumulative monthly purchases of electronic components reaching certain thresholds. The Group recognizes revenue based on the price specified in the contract, net of a fixed-percentage discount.

The Group recognizes accounts receivable when the goods are delivered to the customer as at this point in time the Group has an unconditional right to consideration.

(B) Financial components

The Group expects all customer contracts to have a period between the transfer of goods or services to the customer and when the customer pays for those goods or services of one year or less. Thus, the Group does not adjust the transaction price for the time value of money.

B. Cost of contracts with customers

(A) Incremental costs of obtaining a contract

The Group recognizes as assets any incremental costs of obtaining contracts from customers from which it expects to recover those costs. The incremental costs of obtaining a contract are those that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient in the standard to recognize the incremental costs of obtaining a contract as an expense when incurred if they are recognized as an asset and the amortization period of the asset is one year or less.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(B) Costs of fulfilling a contract

Costs incurred in fulfilling a customer contract that are not within the scope of other standards (IAS 2 Inventories, IAS 16 Property, Plant and Equipment, or IAS 38 Intangible Assets) are recognized as an asset only if those costs relate directly to a contract or to an anticipated contract that can be specifically identified, generate or enhance resources of the entity that will be used to satisfy (or continue to satisfy) a performance obligation in the future, and are expected to be recoverable.

General and administrative costs, costs of other resources used to fulfill the contract but not reflected in the contract price, costs that relate to satisfied (or partially satisfied) performance obligations, and costs for which an entity cannot distinguish whether the costs relate to unsatisfied or satisfied (or partially satisfied) performance obligations are recognized as expenses when incurred.

(15) Employee benefits

A. Defined contribution plan

Contributions to a defined contribution pension plan are recognized as employee benefit expenses in profit or loss during the period in which employees render services. The subsidiary, Kai Ta International Limited, does not have an employee pension plan and therefore IAS 19 is not applicable.

The sub-subsidiary, Podak (H.K.) Company Limited, implements a defined contribution pension plan in accordance with local regulations, contributing to a pension fund, and recognizes the amount of pension contributions payable in each period as an expense for that period.

The sub-subsidiaries, Podak International (SH) Co., Ltd. and Podak (SZ) Co., Ltd., contribute to a retirement and pension fund based on a certain percentage of employees' basic salaries and deposit these funds into a retirement and pension fund account managed by the Social Security Bureau.

B. Defined benefit plan

Post-employment benefit plans that are not defined contribution plans are defined benefit plans. The Group's net obligation to the defined benefit pension plans is calculated separately for each plan by discounting the present value of future benefits earned by employees for services rendered in current or prior periods, less the fair value of any plan assets.

The net obligation is actuarially determined annually by a qualified actuary using the projected unit credit method. When the calculation results are probable to be favorable to the Group, the assets are recognized to the extent of the present value of any economic benefits available in the form of refunds of contributions from the plan or reductions in future contributions to the plan. The present value of economic benefits is calculated taking into account any minimum contribution requirements.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Remeasurements of the net defined benefit liability (asset) comprise (1) actuarial gains and losses, (2) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and (3) any change in the asset ceiling effect, excluding amounts included in net interest on the net defined benefit liability (asset). Remeasurements of the net defined benefit liability (asset) are recognized in other comprehensive income. The Group recognizes remeasurements of defined benefit plans in retained earnings. The Group determines net interest expense (income) of the net defined benefit liability (asset) using the net defined benefit liability (asset) and discount rate determined at the beginning of the annual reporting period. Net interest expense and other expenses of the defined benefit plan are recognized in profit or loss. When a plan amendment or curtailment occurs, the gain or loss on the curtailment or settlement of a defined benefit plan is recognized. The gain or loss on a curtailment or settlement includes any change in the fair value of plan assets and any change in the present value of the defined benefit obligation.

C. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognize as an expense as the related service is rendered.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to make such payments as a result of past service rendered by employees and the obligation can be reliably estimated.

(16) Income tax

Income tax include current and deferred income taxes. Current income taxes and deferred income taxes are recognized in profit or loss, except when they relate to business merger or items recognized directly in equity or other comprehensive income.

Current income taxes include estimated income tax payable or tax refund receivable calculated based on taxable income (loss) in the current year, and any adjustments to income tax payable of the previous years, and any adjustments to income tax payable or tax refund receivable of the previous years. The amount is the best estimate of the amount expected to be paid or received, measured at the statutory tax rate or substantially legislated tax rate at the reporting date.

Deferred income taxes are measured and recognized for temporary differences between the carrying amounts of related assets and liabilities on the reporting date and their tax basis. Deferred income tax is not recognized for temporary differences arising from:

- A. Assets or liabilities that are not originally recognized in a business merger transaction and (i) do not affect the accounting profit and taxable income (loss), and (ii) do not generate equivalent taxable and deductible temporary differences, at the time of the transaction;

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

- B. Temporary differences arising from investments in subsidiaries, associate companies and joint ventures, where the Group can control the timing of the reversal of the temporary differences and the temporary differences are very unlikely to be reversed in the foreseeable future; and
- C. Taxable temporary differences arising from the initial recognition of goodwill.

Deferred income tax assets are recognized for deductible temporary differences in unused tax losses and unused income tax credits in later period of transfer, to the extent that it is probable that future taxable income will be available. It will be re-evaluated at each reporting date and the related income tax benefit are reduced to the extent that it is not likely to be realized; or the reduced amount is reversed to the extent that it is very likely to generate sufficient taxable income. Deferred income taxes are measured at the tax rates that would be expected to apply if the temporary differences are reversed, using statutory tax rate or substantially legislated tax rate at the reporting date.

The Group offsets the deferred income tax assets and deferred income tax liabilities only when the following conditions are met:

- A. It has the legally enforceable right to offset current income tax assets and current income tax liabilities; and
- B. The deferred income tax asset and deferred income tax liability are related to one of the following taxpayers that are subject to income tax levied by the same taxing authority:
 - (A) The same taxpayer; or
 - (B) different tax entities; however, during each future period in which an entity intends to recover a significant amount of deferred income tax assets and settle a significant amount of deferred income tax liabilities, the current income tax liabilities and assets will be settled on a net basis, or the assets will be realized and the liabilities settled simultaneously.

Deferred income tax assets are recognized for deductible temporary differences in unused tax losses and unused income tax credits in later period of transfer, to the extent that it is probable that future taxable income will be available. It will be re-evaluated at each reporting date and the related income tax benefit are reduced to the extent that it is not likely to be realized; or the reduced amount is reversed to the extent that it is very likely to generate sufficient taxable income.

The subsidiary, Kai Ta International Limited, is based in Mauritius, and its income is exempt from tax under the laws of that country. The sub-subsidiary, Podak (H.K.) Company Limited, is based in Hong Kong, and its income tax is estimated based on the local income tax rate in Hong Kong. The income tax expenses of the sub-subsidiaries, Podak International (SH) Co., Ltd. and Podak (SZ) Co., Ltd., are estimated based on the pre-tax accounting income and the applicable income tax rate prescribed by the local

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

government of China. The Group's income tax expense is the aggregate amount of income tax expenses of each entity included in the consolidated financial statements.

(17) Earnings per share

The Group presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. The Group's basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company's ordinary shares by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by adjusting the effects of all dilutive potential ordinary shares for profit or loss attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding. The Group's dilutive potential ordinary shares include the estimated number of employee bonuses payable in shares.

(18) Segment Information

The operating segments are components of the Group engaging in operating activities that may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the Group). The operating results of all operating segments are regularly reviewed by the main operating decision maker of the Group to make decisions about the allocation of resources to the segments and evaluate their performance. Separate financial information is available for each operating segment. The Group's chief operating decision-maker is the Board of Directors.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

When management prepares the consolidated financial statements, it shall make judgments and estimates about the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from estimates.

Management reviews estimates and underlying assumptions on an ongoing basis, which are consistent with the Group's risk management and climate-related commitments, and changes in estimates are recognized in the period in which the change occurs and are deferred in the future periods affected.

Information about significant judgments that have been made in applying accounting policies and that have the most significant effect on the amounts recognized in these consolidated financial statements: None.

Information about uncertainties in assumptions and estimations with a significant risk of resulting in a material adjustment within the next fiscal year is as follows: None.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	\$ 693	1,417
Bank deposits		
Checking deposit	118	147
Demand deposits	87,462	70,025
Time deposits	-	30,289
Foreign currency deposits	182,294	202,037
Cash and cash equivalents listed in the consolidated statement of cash flows	<u>\$ 270,567</u>	<u>303,915</u>

The original maturity dates of the Group's time deposits are all within three months, with high liquidity and minimal risk of changes in value.

Please refer to Note 6(20) for the disclosure of interest rate risk and sensitivity analysis of the Group's financial assets and liabilities.

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

	December 31, 2024	December 31, 2023
Equity instruments at fair value through other comprehensive income:		
Domestic unlisted stocks - LumiSTAR Biotechnology, Inc.	<u>\$ 15,000</u>	<u>-</u>

A. These equity instrument investments held by the Group are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

B. On March 22, 2024, the Group made a new investment of NTD 15,000 thousand in LumiSTAR Biotechnology, Inc. to create a differentiated competitive advantage within the industry.

C. Please refer to Note 6(21) for the information on the credit and the market risks.

D. The above financial assets have not been pledged as collateral.

(3) Notes and Accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable from operating activities	\$ 1,943	1,705
Accounts receivable - at amortized cost	1,067,662	1,052,347
Accounts receivable, net	<u>\$ 1,069,605</u>	<u>1,054,052</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The Group adopts a simplified approach to estimating the expected credit losses for all notes and accounts receivables, which are measured at lifetime expected credit losses. To this end, such notes and accounts receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated, including macroeconomic and relevant industry information. An analysis of the expected credit losses for the Group's notes receivable and accounts receivable is as follows:

	December 31, 2024		
	Carrying amount of accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 1,054,068	0%	-
Past due for less than 30 days	3,675	0%	-
31~60 days past due	11,862	0%	-
	<u>\$ 1,069,605</u>		<u>-</u>

	December 31, 2023		
	Carrying amount of accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 1,046,239	0%	-
Past due for less than 30 days	7,813	0%	-
	<u>\$ 1,054,052</u>		<u>-</u>

The Group's average credit period for the sales of goods ranges from 30 to 150 days. In determining the recoverability of accounts receivable and notes receivable, the Group considers any change in the credit quality of accounts receivable and notes receivable from the date of initial credit extension up to the reporting date. For accounts receivable and notes receivable that are overdue by more than 30 days beyond the credit period, the allowance for doubtful accounts is estimated by referring to the counterparty's past default records and analyzing their current financial position to estimate the unrecoverable amount. The Group believes that, based on historical default rates, no allowance for doubtful accounts is necessary for notes receivable, accounts receivable, and other receivables that are not overdue or overdue by less than 30 days. Up to 99% of the notes receivable and accounts receivable, which includes the balances of the Group's most important customers, are from customer groups with good payment records with the Group.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

On January 24, 2022, the Company and its sub-subsidiary, Podak (H.K.) Co., Ltd., renegotiated the accounts receivable factoring agreement with CTBC Bank. The non-recourse accounts receivable factoring limit expired on February 28, 2022, and the factored accounts receivable before the expiration date were terminated after the payment is settled on May 13, 2022. The recourse accounts receivable factoring transaction limit has been effective from the date of renegotiation to September 30, 2025. As of December 31, 2024 and 2023, the details of the recourse accounts receivable factoring transactions are as follows:

Unit: USD thousand								
Date	Transaction company	Purchaser	Amount of resale	Limit	Advanced amount	Retention	Interest rate	Collateral
December 31, 2024	Podak Co., Ltd.	CTBC Bank	\$ -	15,000	-	-	-	Promissory note 15,000
"	Podak (H.K.) Co., Ltd.	"	-	3,000	-	-	-	Promissory note 3,000
December 31, 2023	Podak Co., Ltd.	CTBC Bank	-	15,000	-	-	-	Promissory note 15,000
"	Podak (H.K.) Co., Ltd.	"	-	3,000	-	-	-	Promissory note 3,000

(4) Other receivables

	December 31, 2024	December 31, 2023
Other receivables - service fee	\$ 2,560	2,492
Others	215	173
	<u><u>\$ 2,775</u></u>	<u><u>2,665</u></u>

For other credit risk information, please refer to Note 6(20).

(5) Inventories

	December 31, 2024	December 31, 2023
Inventories	\$ 360,928	380,583
Less: Allowance for market value decline and loss on obsolete and slow-moving inventories	(9,028)	(14,194)
Inventories	<u><u>\$ 351,900</u></u>	<u><u>366,389</u></u>

As of December 31, 2024 and 2023, none of the Group's inventories had been provided as a pledge.

The details of the Group's cost of goods sold are as follows:

	2024	2023
Cost of goods	\$ 2,413,636	2,426,851
Inventory valuation and obsolescence losses (gain on value recovery)	(5,197)	2,757
	<u><u>\$ 2,408,439</u></u>	<u><u>2,429,608</u></u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(6) Investments accounted for under equity method

The Group's investments accounted for using equity method on the reporting date are presented as follows:

	December 31, 2024	December 31, 2023
Associates	<u>\$ 4,652</u>	<u>5,341</u>

In July 2021, the Group made a new investment in Podak Tien-Ho Technology Co., Ltd. and holds a 45% stake. The company is primarily engaged in international trade and the wholesale and retail of precision instruments. As of both December 31, 2024 and 2023, the initial investment cost in this company was NTD 2,700 thousand. Please refer to Note 7 for related transaction information.

(7) Property, plant and equipment

The details of changes in the cost and depreciation of the Group's property, plant, and equipment during 2024 and 2023 are as follows:

	Land	Buildings and structures	Transportation equipment	Office equipment	Computer and telecommunication equipment	Other equipment	Total
Balance on January 1, 2024	\$ 105,946	140,272	11,878	8,163	4,165	21,407	291,831
Additions	-	-	-	-	310	-	310
Reclassifications	-	-	-	-	-	14,239	14,239
Disposals	-	-	(523)	-	(333)	-	(856)
Effect of exchange rate changes	-	2,890	119	182	26	-	3,217
Balance on December 31, 2024	<u>\$ 105,946</u>	<u>143,162</u>	<u>11,474</u>	<u>8,345</u>	<u>4,168</u>	<u>35,646</u>	<u>308,741</u>
Balance on January 1, 2023	\$ 105,946	141,657	9,030	7,764	4,150	510	269,057
Additions	-	164	2,914	483	267	-	3,828
Reclassifications	-	-	-	-	-	20,897	20,897
Disposals	-	-	-	(3)	(241)	-	(244)
Effect of exchange rate changes	-	(1,549)	(66)	(81)	(11)	-	(1,707)
Balance on December 31, 2023	<u>\$ 105,946</u>	<u>140,272</u>	<u>11,878</u>	<u>8,163</u>	<u>4,165</u>	<u>21,407</u>	<u>291,831</u>
Balance on January 1, 2024	\$ -	(44,201)	(3,914)	(6,821)	(3,298)	(4,141)	(62,375)
Depreciation expense for the period	-	(2,906)	(1,589)	(434)	(246)	(7,983)	(13,158)
Disposals	-	-	471	-	315	-	786
Effect of exchange rate changes	-	(793)	(81)	(176)	(20)	-	(1,070)
Balance on December 31, 2024	<u>\$ -</u>	<u>(47,900)</u>	<u>(5,113)</u>	<u>(7,431)</u>	<u>(3,249)</u>	<u>(12,124)</u>	<u>(75,817)</u>
Balance on January 1, 2023	\$ -	(41,322)	(2,513)	(6,422)	(3,111)	(96)	(53,464)
Depreciation expense for the period	-	(3,291)	(1,445)	(480)	(432)	(4,045)	(9,693)
Disposals	-	-	-	3	236	-	239
Effect of exchange rate changes	-	412	44	78	9	-	543
Balance on December 31, 2023	<u>\$ -</u>	<u>(44,201)</u>	<u>(3,914)</u>	<u>(6,821)</u>	<u>(3,298)</u>	<u>(4,141)</u>	<u>(62,375)</u>
Carrying amount:							
December 31, 2024	<u>\$ 105,946</u>	<u>95,262</u>	<u>6,361</u>	<u>914</u>	<u>919</u>	<u>23,522</u>	<u>232,924</u>
December 31, 2023	<u>\$ 105,946</u>	<u>96,071</u>	<u>7,964</u>	<u>1,342</u>	<u>867</u>	<u>17,266</u>	<u>229,456</u>
January 1, 2023	<u>\$ 105,946</u>	<u>100,335</u>	<u>6,517</u>	<u>1,342</u>	<u>1,039</u>	<u>414</u>	<u>215,593</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Please refer to Note 8 for details of collateral for borrowings and financing limits as of December 31, 2024 and 2023, and refer to Note 6(19) for disposal gains or losses.

(8) Right-of-use assets

	Buildings and structures	Transportation equipment	Total
Cost of right-of-use assets:			
Balance on January 1, 2024	\$ 5,330	4,185	9,515
Additions	-	4,116	4,116
Effect of exchange rate changes	68	-	68
Balance on December 31, 2024	<u>\$ 5,398</u>	<u>8,301</u>	<u>13,699</u>
Balance on January 1, 2023	\$ 4,397	4,185	8,582
Additions	3,376	-	3,376
Disposals	(2,402)	-	(2,402)
Effect of exchange rate changes	(41)	-	(41)
Balance on December 31, 2023	<u>\$ 5,330</u>	<u>4,185</u>	<u>9,515</u>
Accumulated depreciation of right-of-use assets:			
Balance on January 1, 2024	\$ 1,515	3,069	4,584
Provision of depreciation	1,629	930	2,559
Effect of exchange rate changes	42	-	42
Balance on December 31, 2024	<u>\$ 3,186</u>	<u>3,999</u>	<u>7,185</u>
Balance on January 1, 2023	\$ 2,620	2,232	4,852
Provision of depreciation	871	837	1,708
Disposals	(1,951)	-	(1,951)
Effect of exchange rate changes	(25)	-	(25)
Balance on December 31, 2023	<u>\$ 1,515</u>	<u>3,069</u>	<u>4,584</u>
Carrying amount:			
December 31, 2024	<u>\$ 2,212</u>	<u>4,302</u>	<u>6,514</u>
December 31, 2023	<u>\$ 3,815</u>	<u>1,116</u>	<u>4,931</u>
January 1, 2023	<u>\$ 1,777</u>	<u>1,953</u>	<u>3,730</u>

(9) Short-term borrowings

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

	December 31, 2024	December 31, 2023
Secured bank loans	\$ 122,000	132,000
Credit borrowings	276,000	308,000
Total	<u>\$ 398,000</u>	<u>440,000</u>
Unused credit line	<u>\$ 396,900</u>	<u>292,834</u>
Interest rate	<u>1.76%~2.55%</u>	<u>1.38%~2.16%</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

Please refer to Note 8 for the Group's asset pledged as collateral for bank loans, Note 7 for the related explanation of joint guarantees by the Group's key management personnel, and Note 9(2) for the issuance of promissory notes as borrowing collateral. Please refer to Note 6(19) for interest expense.

(10) Other current liabilities

The details of the Group's other current liabilities are as follows:

	December 31, 2024	December 31, 2023
Advance receipts	\$ 167	10,185
Temporary receipts for business promotion expenses	-	18,941
Others	840	789
	<u>\$ 1,007</u>	<u>29,915</u>

(11) Long-term borrowings

The details, conditions, and terms of the Group's long-term borrowings are as follows:

December 31, 2024				
	Currency	Interest rate	Maturity date	Amount
Long-term secured bank loans	NTD	1.72%-2.065%	2024.9.29	\$ -
Less: Due within one year				-
Total				<u>\$ -</u>
Unused credit line				<u>\$ -</u>
December 31, 2023				
	Currency	Interest rate	Maturity date	Amount
Long-term secured bank loans	NTD	1.815%-1.94%	2024.9.29	\$ 2,066
Less: Due within one year				(2,066)
Total				<u>\$ -</u>
Unused credit line				<u>\$ -</u>

Please refer to Note 8 for the Group's asset pledged as collateral for bank loans. Please refer to Note 7 for the related explanation of joint guarantees by the Group's key management personnel, and Note 9(2) for the issuance of promissory notes as borrowing collateral. Please refer to Note 6(19) for interest expense.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(12) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Current	<u>\$ 2,872</u>	<u>2,471</u>
Non-current	<u>\$ 3,728</u>	<u>2,563</u>

For maturity analysis, please refer to Note 6(20) Financial instruments.

The amounts recognized in profit or loss are as follows:

	2024	2023
Interest expense on lease liability	<u>\$ 70</u>	<u>84</u>
Expense of short-term leases	<u>\$ 5,756</u>	<u>7,240</u>

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

	2024	2023
Total cash outflow from lease	<u>\$ 8,402</u>	<u>9,035</u>

The Group leases buildings and structures as office premises and warehouses. The lease terms are typically one to three years, and the leases include options to extend for the same period at the end of the original contract term.

The Group leases transportation equipment for a term of five years. The leases provide the Group with options to purchase the leased assets at the end of the lease term.

(13) Employee benefits

A. Defined benefit plan

A reconciliation of the present value of the Group's defined benefit obligation to the fair value of plan assets is as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ 12,513	21,546
Fair value of plan assets	(9,981)	(16,470)
Net defined benefit liability	<u>\$ 2,532</u>	<u>5,076</u>

The Group's defined benefit plan is contributed to the Labor Pension Reserve Account at the Bank of Taiwan. The retirement payment for each employee under the Labor Standards Act is calculated according to the base amount obtained based on the length of service and the average salary of the six months prior to retirement.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(A) Composition of plan assets

The Group's pension fund under the Labor Standards Act is managed by the Bureau of Labor Funds, Ministry of Labor (hereinafter referred to as the "Bureau of Labor Funds, MOL"). In accordance with the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund", the minimum return on the fund's investment for each period's final allocation shall not be lower than the return calculated based on the interest rate of two-year time deposits of the local banks.

As of the reporting date, the balance of the Labor Pension Reserve Account of the Group at the Bank of Taiwan was NTD 9,981 thousand. For information on the utilization of the assets of the Labor Pension Fund, including the rate of return and asset allocation, please refer to the information published on the website of the Bureau of Labor Funds, MOL.

(B) Changes in present value of defined benefit obligation

The changes in the present value of the Group's defined benefit obligations are as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligation on January 1	\$ 21,546	24,491
Current service cost and interest	351	419
Remeasurement of net defined benefit liability		
- Actuarial gains and losses resulting from changes in financial assumptions	(1,010)	64
Benefits paid by the plan	<u>(8,374)</u>	<u>(3,428)</u>
Defined benefit obligation on December 31	<u><u>\$ 12,513</u></u>	<u><u>21,546</u></u>

(C) Changes in fair value of plan assets

The changes in the fair value of the Group's defined benefit plan assets during 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Fair value of plan assets on January 1	\$ 16,470	19,219
Interest income	193	257
Remeasurement of net defined benefit liability		
- Return on plan assets (excluding current interest)	1,455	152
Amount appropriated to the plan	237	270
Benefits paid by the plan	<u>(8,374)</u>	<u>(3,428)</u>
Fair value of plan assets on December 31	<u><u>\$ 9,981</u></u>	<u><u>16,470</u></u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(D) Expenses recognized in profit or loss

The details of the Group's expenses are as follows:

	2024	2023
Current service cost	\$ 90	87
Net interest on net defined benefit liability (asset)	68	75
Remeasurement of net defined benefit liability	\$ 158	162
	2024	2023
Selling expenses	\$ 158	162

(E) Actuarial assumptions

The significant actuarial assumptions used by the Group to determine the present value of the defined benefit obligation as of the ending date of the financial statements are as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.75%	1.38%
Future salary increase rate	3.00%	3.00%

The Group expects to pay a contribution of NTD 201 thousand to the defined benefit plan within one year after the reporting date of the 2024.

The weighted average duration of the defined benefit plan is 8.36 years.

(F) Sensitivity analysis

The effects of changes in the major actuarial assumptions adopted as of December 31, 2024 and 2023 on the present value of the defined benefit obligation are as follows:

	Effect on the defined benefit obligation	
	Increase by 0.25%	Decrease by 0.25%
December 31, 2024		
Discount rate (change by 25%)	(159)	162
Increase in future salary (change by 25%)	156	(153)
December 31, 2023		
Discount rate (change by 25%)	(331)	340
Increase in future salary (change by 25%)	325	(319)

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

In the above sensitivity analysis, the effect of changes in a single assumption was analyzed with all other assumptions remaining unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liability on the balance sheet.

The methods and assumptions used in preparing the sensitivity analysis for the current period are the same as those used in the prior period.

B. Defined contribution plan

The pension expenses under the Group's defined contribution pension plan, which have been contributed to the Bureau of Labor Insurance, and fund companies approved by the Hong Kong Mandatory Provident Fund Schemes Authority and China's Ministry of Human Resources and Social Security, are as follows:

	<u>2024</u>	<u>2023</u>
Selling expenses	\$ 1,883	1,732
General and administrative expenses	3,187	3,037
	<u><u>\$ 5,070</u></u>	<u><u>4,769</u></u>

(14) Income tax

The details of the Group's income tax expenses are as follows:

A. Income tax expense

The details of the Group's income tax expenses are as follows:

	<u>2024</u>	<u>2023</u>
Current income tax expense		
Recognized in the current period	\$ 39,876	40,692
Adjustment to income tax for the prior period	2,012	(913)
	<u>41,888</u>	<u>39,779</u>
Deferred income tax expense		
Occurrence and reversal of temporary differences	12,205	1,737
Changes in unrecognized deductible temporary differences	488	489
	<u>12,693</u>	<u>2,226</u>
Income tax expense	<u><u>\$ 54,581</u></u>	<u><u>42,005</u></u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The reconciliation of the Group's 2024 and 2023 income tax expense (benefit) to net profit before tax is as follows:

	<u>2024</u>	<u>2023</u>
Net income before tax	\$ 261,259	190,923
Income tax calculated at the tax rate of the country where the Company is located	\$ 52,252	38,185
Effect of different foreign jurisdiction tax rates	(172)	(521)
Non-deductible expenses	2	2
Underestimation (overestimation) of prior periods	2,011	(913)
A surtax on unappropriated retained earnings	-	4,763
Changes in unrecognized temporary differences	488	489
Total	<u><u>\$ 54,581</u></u>	<u><u>42,005</u></u>

B. Deferred income tax assets and liabilities

(A) Unrecognized deferred income tax assets

The items that have not been recognized as deferred income tax assets for the Group are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Deductible temporary differences	<u><u>\$ 7,103</u></u>	<u><u>6,690</u></u>

(B) Recognized deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities in 2024 and 2023 are as follows:

	<u>2024</u>		
		Recognized in the statement of	
	<u>Opening balance</u>	<u>profit or loss</u>	<u>Ending balance</u>
Deferred income tax liabilities:			
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	\$ 25,610	(215)	25,395
Debit of other comprehensive income	-	16	16
Unrealized exchange gains	-	3,568	3,568
Total deferred income tax liabilities	<u><u>\$ 25,610</u></u>	<u><u>3,369</u></u>	<u><u>28,979</u></u>
	<u>2023</u>		
		Recognized in the statement of	
	<u>Opening balance</u>	<u>profit or loss</u>	<u>Ending balance</u>
Deferred income tax liabilities:			
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	\$ 28,234	(2,624)	25,610
Total deferred income tax liabilities	<u><u>\$ 28,234</u></u>	<u><u>(2,624)</u></u>	<u><u>25,610</u></u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

2024			
	Recognized in		
	Opening balance	the statement of profit or loss	Ending balance
Deferred income tax assets:			
Allowance for sales discounts	\$ 2,147	(967)	1,180
Unrealised exchange loss	7,158	(7,158)	-
Allowance for inventory valuation loss	2,700	(950)	1,750
Unrealized sales profit and loss	1,289	239	1,528
Total deferred income tax assets	\$ 13,294	(8,836)	4,458

2023			
	Recognized in the statement of profit or loss		
	Opening balance	profit or loss	Ending balance
Deferred income tax assets:			
Allowance for sales discounts	\$ 1,063	1,084	2,147
Unrealised exchange loss	1,706	5,452	7,158
Allowance for inventory valuation loss	2,093	607	2,700
Allowance for purchase discounts	11,503	(11,503)	-
Unrealized sales profit and loss	1,290	(1)	1,289
Total deferred income tax assets	\$ 17,655	(4,361)	13,294

(C) Income tax examination

The profit-seeking enterprise income tax returns filed by the Company up to 2022 have been approved by the tax authority.

(15) Capital and other equity items

A. Issuance of ordinary shares

On June 25, 2024, the Company's shareholders' meeting resolved to conduct a capital increase of NTD 26,782 thousand from unappropriated retained earnings, issuing ordinary shares with a par value of NTD 10 per share, totaling 2,678 thousand shares. The Board of Directors authorized the Chairman to set the capital increase record date on July 3, 2024. The Chairman decided that August 12, 2024, would be the capital increase record date, and the relevant statutory registration procedures have been completed.

B. Capital surplus

The balance of the Group's capital surplus is as follows:

	December 31, 2024	December 31, 2016
Additional paid-in capital in excess of par	<u>\$ 105,466</u>	<u>105,466</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

According to the Company Act amended in January 2012, a deficit should be offset first before new shares or cash may be paid out to shareholders from the realized capital surplus in proportion to their shareholdings. The realized capital surplus as referred to in the preceding paragraph includes the excess from the additional paid-in capital in excess of par and the income from donated surplus. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus that can be allocated to capital, and the total amount allocated per year should not exceed 10% of the paid-in capital.

C. Retained earnings

According to the Company's Articles of Incorporation, the Group's net profit at the end of each fiscal year shall be distributed in the following order:

- Payment of taxes.
- Offsetting losses.
- Appropriation of 10% as legal reserve, except when the legal reserve has reached the total capital of the Group.
- Appropriation or reversal of special reserve in accordance with the law.
- The Group will consider the Company's environment and growth stage, respond to future capital needs and long-term financial plan, and, while maintaining a sound financial structure, use the remaining balance after appropriations in subparagraphs 1 to 4, together with prior years' accumulated unappropriated earnings, as the distributable amount for shareholders' dividends and bonuses, and appropriate 10% to 100% of the distributable amount. The Board of Directors will formulate an earnings distribution proposal and submit it to the shareholders' meeting for approval before distribution or change. The cash dividends distributed in the current year shall not be less than 30% of the total dividends. The Company may, upon a resolution passed by a majority of the directors present at a meeting attended by at least two-thirds of all directors, distribute all or part of the distributable dividends, bonuses, legal reserve, or capital surplus in cash and report to the shareholders' meeting.

(A) Legal reserve

When the Company has no deficit, it may, upon a resolution by the shareholders' meeting, issue new shares or pay out cash from the legal reserve, but only to the extent that such a reserve exceeds 25% of the paid-in capital.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(B) Special reserve

According to the FSC's Order Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012, when the Company distributes distributable earnings, it shall appropriate a special reserve of the same amount from the current year's profit and loss and prior years' unappropriated earnings for the net debit balance of other equity items occurring in the current year; for the debit balance of other equity items accumulated in prior years, a special reserve of the same amount shall be appropriated from prior years' unappropriated earnings and shall not be distributed. If the amount of the deduction of other shareholders' equity is subsequently reversed, the portion reversed may be used for earnings distribution. As of December 31, 2024 and 2023, the balance of the special reserve was NTD 24,490 thousand and NTD 21,546 thousand, respectively.

(C) Earnings distribution

The Company's Board of Directors resolved the cash dividend amount of the 2023 earnings distribution plan on March 8, 2024, and proposed the stock dividend amount of the 2023 earnings distribution plan, which was resolved by the shareholders' meeting on June 25, 2024, and the Board of Directors resolved the 2022 earnings distribution plan on March 7, 2023. The dividend payout ratio for owners are as follows:

	<u>2023</u>	<u>2022</u>
Dividends distributed to common shareholders (NTD)		
Cash	\$ 2.00	2.50
Stock	<u>0.50</u>	<u>-</u>
Total	<u><u>\$ 2.50</u></u>	<u><u>2.50</u></u>

On March 4, 2025, the Company's Board of Directors resolved the cash dividend amount of the 2024 earnings distribution plan. The dividend payout ratio for owners are as follows:

	<u>2024</u>
Cash dividend per common share (NTD)	
Cash	\$ 2.30
Total	<u><u>\$ 2.30</u></u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

D. Other equity

	Exchange differences on translation of foreign financial statements
January 1, 2024	\$ (24,490)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>10,538</u>
Balance on December 31, 2024	<u>\$ (13,952)</u>
January 1, 2023	\$ (21,546)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>4,038</u>
Balance on December 31, 2023	<u>\$ (17,508)</u>

(16) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share is as follows:

	<u>2024</u>	<u>2023</u>
Basic earnings per share		
Net profit attributable to the parent company	<u>\$ 206,678</u>	<u>148,918</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	<u>56,243</u>	<u>53,565</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	\$ -	<u>56,243</u>
Basic earnings per share (NTD)	<u>\$ 3.67</u>	<u>2.78</u>
Basic earnings per share - retroactive adjustment	\$ -	<u>2.65</u>
Diluted earnings per share		
Net profit attributable to ordinary equity holders of the parent company (adjusted for dilution)	<u>\$ 206,678</u>	<u>148,918</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	56,243	53,565
Effect of employee compensation on dilutive potential ordinary shares	<u>274</u>	<u>404</u>
Weighted average number of ordinary shares outstanding (adjusted for dilutive potential ordinary shares)	<u>56,517</u>	<u>53,969</u>
Number of shares with dilutive effect after retrospective adjustment	-	<u>56,647</u>
Diluted earnings per share (NTD)	<u>\$ 3.66</u>	<u>2.76</u>
Diluted earnings per share - retroactive adjustment	-	<u>2.63</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(17) Revenue from contracts with customers

A. Breakdown of income

		2024			
		B1	B3	Other	
		segment	segment	segments	Total
Main regional markets:					
Taiwan	\$	114,801	42,580	522,447	679,828
China		1,167,519	580,221	169,636	1,917,376
Other countries		213,744	-	11,337	225,081
		<u>\$ 1,496,064</u>	<u>622,801</u>	<u>703,420</u>	<u>2,822,285</u>
Major products/ service lines:					
Sales of electronic components	\$	<u>1,496,064</u>	<u>622,801</u>	<u>703,420</u>	<u>2,822,285</u>
		2023			
		B1	B3	Other	
		segment	segment	segments	Total
Main regional markets:					
Taiwan	\$	82,272	64,860	365,145	512,277
China		1,346,665	625,041	187,553	2,159,259
Other countries		163,708	-	762	164,470
		<u>\$ 1,592,645</u>	<u>689,901</u>	<u>553,460</u>	<u>2,836,006</u>
Major products/ service lines:					
Sales of electronic components	\$	<u>1,592,645</u>	<u>689,901</u>	<u>553,460</u>	<u>2,836,006</u>

(18) Remuneration to employees and directors

According to the Company's Articles of Incorporation, if there is annual profit, 4% shall be appropriated as employee compensation and no more than 1.5% as director remuneration. However, if the Company has accumulated losses, the amount to offset the losses shall be reserved in advance. The recipients of the aforementioned employee compensation in the form of shares or cash include employees of subsidiaries who meet certain conditions.

The estimated amounts of 2024 and 2023 employee compensation for the Group were NTD 11,063 thousand and NTD 8,060 thousand, respectively, and the estimated amounts of director and supervisor remuneration were NTD 4,149 thousand and NTD 3,022 thousand, respectively. These said amounts were estimated based on the Group's pre-tax net profit for the respective periods before deducting employee compensation and director/supervisor remuneration, multiplied by the distribution percentages for employee compensation and director/supervisor remuneration stipulated in the Company's Articles of Incorporation, and are reported as operating expenses for 2024 and 2023. There were no differences between the aforementioned amounts of employee compensation and director/supervisor remuneration resolved by the Board of Directors and the estimated amounts in the Group's 2024 and 2023 consolidated financial statements.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(19) Non-operating Income and expenses

A. Interest income

The details of interest revenue of the Group are as follows:

	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ 6,467	6,236
Interest income - other	<u>27</u>	<u>22</u>
	<u>\$ 6,494</u>	<u>6,258</u>

B. Other income

The details of other income of the Group are as follows:

	<u>2024</u>	<u>2023</u>
Service revenue	\$ -	263
Income from insurance maturity proceeds	111	56
Insurance claim income	58	203
Compensation for breach of contract	-	222
Rental revenue	70	70
Others	<u>318</u>	<u>1,127</u>
	<u>\$ 557</u>	<u>1,941</u>

C. Other gains and losses

The details of other profits and losses of the Group are as follows:

	<u>2024</u>	<u>2023</u>
Foreign currency exchange gains (losses)	\$ 68,529	4,072
Losses on disposal of property, plant and equipment	(20)	(5)
Gain on lease modifications	-	2
Other losses	<u>(92)</u>	<u>(1,897)</u>
	<u>\$ 68,417</u>	<u>2,172</u>

D. Finance costs

The details of finance costs of the Group are as follows:

	<u>2024</u>	<u>2023</u>
Interest expense	<u>\$ 8,572</u>	<u>8,856</u>

E. Investment income recognized using the equity method

	<u>2024</u>	<u>2023</u>
Investment loss recognized using the equity method	<u>\$ 170</u>	<u>162</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(20) Financial instruments

A. Credit risk

(A) Exposure to credit risk

The carrying amount of the financial assets represents the maximum exposure to credit risk. The maximum credit exposure as of December 31, 2024 and 2023 was NTD 1,346,792 thousand and NTD 1,363,188 thousand, respectively.

(B) Credit risk concentration

As of December 31, 2024 and 2023, 83% and 80% of the Group's accounts receivable balances were composed of balances from four and three customer groups, respectively, indicating a significant concentration of credit risk for the Group. The Group's sales are concentrated in a few major customers. To reduce the credit risk of accounts receivable, the Group continuously assesses the financial condition of its customers and requires them to provide collateral or guarantees when necessary. The Group regularly assesses the recoverability of accounts receivable and recognizes an allowance for doubtful accounts, and the total bad debt losses are within management's expectations.

(C) Credit risk of receivables

Please refer to Note 6(2) for information on the credit risk exposed to notes and accounts receivable.

Other financial assets measured at amortized cost are other receivables.

The above are all financial assets with low credit risk, and therefore there is no significant amount of expected credit losses.

B. Liquidity risk

The table below indicates the contractual maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2024							
Non-derivative financial liabilities							
Secured bank loans	\$ 122,000	122,050	122,050	-	-	-	-
Unsecured bank loans	276,000	277,089	277,089	-	-	-	-
Notes and accounts receivable	227,290	227,290	227,290	-	-	-	-
Other payables	56,812	56,812	56,812	-	-	-	-
Lease liabilities	6,600	6,765	1,705	1,255	1,963	1,842	-
	<u>\$ 688,702</u>	<u>690,006</u>	<u>684,946</u>	<u>1,255</u>	<u>1,963</u>	<u>1,842</u>	<u>-</u>
December 31, 2023							
Non-derivative financial liabilities							
Secured bank loans	\$ 134,066	134,179	133,484	695	-	-	-
Unsecured bank loans	308,000	309,420	288,998	20,422	-	-	-
Notes and accounts receivable	293,867	293,867	293,867	-	-	-	-
Other payables	47,062	47,062	47,062	-	-	-	-
Lease liabilities	5,034	5,119	1,267	1,267	1,785	800	-
	<u>\$ 788,029</u>	<u>789,647</u>	<u>764,678</u>	<u>22,384</u>	<u>1,785</u>	<u>800</u>	<u>-</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

C. Foreign exchange risk

The Group's financial assets and liabilities exposed to significant foreign exchange rate risk are as follows:

	December 31, 2024				December 31, 2023		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	36,069	32.7850	1,182,522	37,894	30.7050	1,163,550
JPY		1,926	0.2099	404	-	-	-
CNY		3,744	4.4780	16,766	13,238	4.3270	57,282
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	6,541	32.7850	214,447	8,671	30.7050	266,238
CNY		3,171	4.4780	14,200	6,615	4.3270	28,624

The Group's foreign exchange risk mainly arises from cash and cash equivalents, accounts receivable and other receivables, financial assets measured at fair value through other comprehensive income, borrowings, accounts payable, and other payables denominated in foreign currencies, which generate foreign currency exchange gains or losses upon translation. On December 31, 2024 and 2023, when the NTD depreciated or appreciated by 1% against the USD, HKD, CNY, and JPY, with all other factors held constant, the net income after tax for 2024 and 2023 would have increased or decreased by NTD 7,768 thousand and NTD 7,408 thousand, respectively. The analyses in the two periods are on the same basis.

With the wide variety of the Group's functional currencies, the information on the exchange gains or losses on monetary items is disclosed in an aggregate manner. The foreign exchange gains and losses (including realized and unrealized) for 2024 and 2023 were NTD 68,529 thousand and NTD 4,072 thousand, respectively.

D. Interest rate analysis

The exposure of the Group's financial assets and financial liabilities to interest rate risk is described in liquidity risk management in this note.

E. Fair value information

The Group's management believes that the carrying amounts of the Group's financial assets and financial liabilities in the consolidated financial statements approximate their fair values.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(A) Types and fair values of financial instruments

The Group's financial assets through other comprehensive income are measured at fair value on a recurring basis. The carrying amount and fair value of various types of financial assets and financial liabilities are listed as follows (including fair value hierarchy information, but it is not required to disclose the information on the fair values of the financial instruments not measured at fair value with the carrying amounts being reasonable approximations of the fair values and lease liabilities):

December 31, 2024					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic unlisted stocks	\$ 15,000	-	-	15,000	15,000
Subtotal	15,000	-	-	15,000	15,000
Financial assets measured at amortised cost					
Cash and cash equivalents	270,567	-	-	-	-
Notes and Accounts receivable	1,069,605	-	-	-	-
Other receivables	2,775	-	-	-	-
Subtotal	1,342,947	-	-	-	-
Total	<u>\$ 1,357,947</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Financial liabilities at amortised cost					
Bank loans	\$ 398,000	-	-	-	-
Notes and accounts payable	227,290	-	-	-	-
Other payables	56,812	-	-	-	-
Lease liabilities	6,600	-	-	-	-
Subtotal	688,702	-	-	-	-
Total	<u>\$ 688,702</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortised cost					
Cash and cash equivalents	\$ 303,915	-	-	-	-
Notes and Accounts receivable	1,054,052	-	-	-	-
Other receivables	2,665	-	-	-	-
Subtotal	1,360,632	-	-	-	-
Total	<u>\$ 1,360,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities at amortised cost					
Bank loans	\$ 440,000	-	-	-	-
Notes and accounts payable	293,867	-	-	-	-
Other payables	47,062	-	-	-	-
Lease liabilities	5,034	-	-	-	-
Subtotal	785,963	-	-	-	-
Total	<u>\$ 785,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

- (B) Quantitative information on the measurement of significant unobservable fair value inputs (Level 3)

The Group's fair value measurements categorized as Level 3 are financial assets measured at fair value through other comprehensive income. As there are no quoted prices in an active market, reference is made to the valuation reports issued by the company's commissioned parties. Due to the practical inability to fully keep abreast of the relations between significant unobservable inputs and fair value, quantitative information is not disclosed.

- (C) Analysis of sensitivity of Level 3 fair values to reasonably possible alternative assumptions

The Group's measurements of fair values of financial instruments are considered reasonable, but the use of different valuation models or valuation parameters may result in different valuation results. For financial instruments classified as Level 3, if the valuation parameters change, the effect on the current profit or loss or other comprehensive income is as follows:

		Increase or decrease	Changes in fair values reflected in the current profit or loss		Changes in fair values reflected in other comprehensive income	
Input			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2024						
Financial assets at fair value through other comprehensive income						
Equity instruments investment in inactive market	Discount for lack of marketability	1%	-	-	150	(150)

The favorable and unfavorable changes to the Group refer to the fluctuation of the fair values, and the fair values are determined with valuation techniques based on different levels of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input, the above table only reflects the effect of a change in a single input and does not include the correlation and variability between inputs.

(21) Financial risk management

A. Overview

The Group is exposed to the following risks due to the use of financial instruments:

- (A) Credit risk
- (B) Liquidity risk
- (C) Market risk

This note presents information about the Group's exposure to the above risks and the Group's objectives, policies and procedures for risk measurement and management. For further quantitative disclosures, please refer to the respective notes to the consolidated financial statements.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

B. Risk management structure

The Group's financial management department provides services to various business units, monitors and manages the financial risks related to the Group's operations through internal risk reports that contain analysis of exposures according to the degree and breadth of risk. It reports to the Group's supervisors on a quarterly basis, and internal auditors continuously review the compliance with policies and exposure limits. The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

C. Credit risk

Credit risk refers to the risk of financial loss that the Group may incur as a result of the failure of its customers or financial instruments counterparties to fulfill their contractual obligations, which mainly arises from the Group's accounts receivable from customers.

The Group has established a credit policy under which each new customer is individually analyzed for creditworthiness before standard payment and delivery terms and conditions are offered. The Group's review includes external ratings and, in some cases, bank inquiries. Purchase limits are set for each individual customer and represent the maximum outstanding amount that does not require board approval. These limits are reviewed regularly. Customers who do not meet the Group's benchmark credit rating are only allowed to trade with the Group on a prepayment basis.

The Group does not require collateral for accounts receivable and other receivables.

D. Liquidity risk

Liquidity risk is the risk that the Group will be unable to settle its financial liabilities with cash or other financial assets and fail to fulfill its related obligations. The Group manages liquidity by ensuring, as much as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As of December 31, 2024 and 2023, the Group's short-term and long-term borrowings are floating-rate debts. Thus, changes in market interest rates will cause fluctuations in the effective interest rates of its short-term and long-term borrowings, resulting in volatility in its future cash flows. An increase of 1% in market interest rates would increase the Group's cash outflows by about NTD 3,980 thousand and NTD 4,421 thousand, respectively.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

E. Market risk

Market risk refers to the risk that the Group's earnings or the value of financial instruments held by the Group will be affected by changes in market prices, such as changes in foreign exchange rates, interest rates, and prices of equity instruments. The objective of market risk management is to manage the market risk exposure within a tolerable range and to optimize the return on investment.

The Group has no significant market risk-sensitive financial assets and liabilities.

(22) Capital management

The capital management objectives of the Group are to safeguard the ability to continue as a going concern in order to continue to provide returns for shareholders and interests for other stakeholders, and to maintain an optimal capital structure to minimize the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders, return capital to shareholders through capital reductions, issue new shares, or sell assets to settle liabilities.

Like our peers, the Group manages its capital based on the debt-to-capital ratio. The ratio is calculated as net liability divided by total capital. Net liability refers to the total liabilities presented on the balance sheet less cash and cash equivalents. Total capital refers to all components of equity (i.e., capital stock, capital reserve, retained earnings and other equity), plus net liability.

The Group's capital management strategy in 2024 was consistent with that in 2023.

The debt-to-capital ratios as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 741,900	889,730
Less: Cash and cash equivalents	<u>(270,567)</u>	<u>(303,915)</u>
Net liability	<u>\$ 471,333</u>	<u>585,815</u>
Total equity	<u>\$ 1,264,312</u>	<u>1,151,761</u>
Debt-to-capital ratio	<u>37.28%</u>	<u>50.86%</u>

The decrease in the Group's ending purchase volume in 2024 led to a decrease in accounts payable and a lower debt-to-capital ratio.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(23) Non-cash investing and financing transactions

The Group's non-cash investing and financing activities in 2024 and 2023 are as follows:

A. Right-of-use assets obtained through leases are detailed in Note 6(8).

The reconciliation of liabilities from the Group's financing activities is as follows:

	January 1, 2024	Cash flow	Changes in non-cash items		December 31, 2024
			Changes in lease payments	Exchange rate changes	
Long-term borrowings	\$ 2,066	(2,066)	-	-	-
Short-term borrowings	440,000	(42,000)	-	-	398,000
Lease liabilities	5,034	(2,646)	4,186	26	6,600
Liabilities from financing activities gross	<u>\$ 447,100</u>	<u>(46,712)</u>	<u>4,186</u>	<u>26</u>	<u>404,600</u>

	January 1, 2023	Cash flow	Changes in non-cash items		December 31, 2023
			Changes in lease payments	Exchange rate changes	
Long-term borrowings	\$ 4,777	(2,711)	-	-	2,066
Short-term borrowings	501,850	(61,850)	-	-	440,000
Lease liabilities	3,839	(1,795)	3,007	(17)	5,034
Liabilities from financing activities gross	<u>\$ 510,466</u>	<u>(66,356)</u>	<u>3,007</u>	<u>(17)</u>	<u>447,100</u>

7. Related Party Transactions

(1) Names of related parties and relationship

The related parties with transactions with the Group during the periods covered by the consolidated financial statements are as follows:

Names of related parties	Relationship with the Group
Gang Hui Co., Ltd.	The Group's other related parties
Podak Tien-Ho Technology Co., Ltd.	The Group's associates

(2) Significant transactions with related parties

A. Operating revenue

	2024	2023
Other related parties	<u>\$ -</u>	<u>12</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

In July 2022, the Group sold a machine to its associate, Podak Tien-Ho Technology Co., Ltd. The loss from this downstream sales transaction was unrealized. The Group eliminated the unrealized loss based on its ownership percentage and recognized investment income of NTD 3,636 thousand, and recognized the realized loss and reversed the investment income period by period over the machine's useful life.

B. Endorsement/Guarantee

As of December 31, 2024 and 2023, the Group's key management personnel acted as joint guarantors for its borrowings. Please refer to Notes 6(9) and (11) for information on obtaining and using credit lines.

C. Lease

One of other related parties, Gang Hui Co., Ltd., leased office space from the Group, with rental income of NTD 36 thousand in both 2024 and 2023.

The Group leased parking spaces from one of other related parties, Gang Hui Co., Ltd., with rental expenses of NTD 57 thousand and NTD 52 thousand in 2024 and 2023, respectively.

(3) Transactions with key management personnel

The details of the Group's key management personnel compensation are as follows:

	2024	2023
Short-term employee benefits	\$ 19,437	18,237
Retirement benefits	200	211
	<u>\$ 19,637</u>	<u>18,448</u>

8. Pledged Assets

The details of the book values of the assets pledged by the Group as collateral are as follows:

Asset	Asset pledged as collateral	December 31, 2024	December 31, 2023
Land	Borrowings	\$ 92,287	92,287
Land	Purchase guarantees	11,659	11,659
Buildings	Borrowings	29,167	30,116
Buildings	Purchase guarantees	4,295	4,438
		<u>\$ 137,408</u>	<u>138,500</u>

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

- (1) The sub-subsidiary, Podak (H.K.) Co., Ltd., provides a free warranty for a certain period from the date of product acceptance for some customers, with a joint guarantee from the Group. As of December 31, 2024 and 2023, the Group's cumulative sales amounts were NTD 71 thousand and NTD 129 thousand, respectively. Also, as of December 31, 2024, there was no instance of returns due to poor product quality.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(2)

A. Notes payable issued for accounts receivable factoring were as follows:

	December 31, 2024	December 31, 2023
USD	<u>\$ 18,000</u>	<u>18,000</u>

B. As of December 31, 2024 and 2023, the Group obtained loan limits and letter of guarantee limits, totaling NTD 865,000 thousand and NTD 800,000 thousand, respectively, from banks using promissory notes of NTD 725,000 thousand and NTD 660,000 thousand. As of December 31, 2024 and 2023, the outstanding balances of letters of guarantees issued were NTD 70,100 thousand and NTD 65,100 thousand, respectively. These guarantees are mainly for the Group's purchases from others, and the fair values of these letters of guarantees are equivalent to their contract values.

10. Significant Disaster Loss: None.

11. Significant Events after the Balance Sheet Date: None.

12. Others

(1) The employee benefits, depreciation, depletion, and amortization expenses by function is summarized as follows:

By nature	By function	2024			2023		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses							
Wages and salaries		-	84,310	84,310	-	76,134	76,134
Labour and health insurance fees		-	4,711	4,711	-	4,675	4,675
Pension costs		-	5,227	5,227	-	4,931	4,931
Other employee benefit expenses		-	1,732	1,732	-	1,706	1,706
Depreciation expense		-	15,717	15,717	-	11,401	11,401
Amortization expense		-	220	220	-	97	97

13. Supplementary Disclosures

(1) Significant transactions information

In 2024, the Group should re-disclose the relevant information of significant transactions in accordance with the provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers as follows:

A. Loans to others: None.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

B. Endorsements/guarantees provided:

Unit: NTD thousand

No. (Note 1)	Endorser/ Guarantor company name	Party being endorsed/guaranteed		Limits on endorsement / guarantee amount provided to each guaranteed party	Maximum balance of endorsement/ guarantee for the period	Ending balance of endorsement / guarantee	Amount actually drawn	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements	Maximum endorsement/ guarantee amount allowable	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Name	Relations (Note 1)										
0	Parent company	Podak (H.K.) Co., Ltd.	2	505,725	129	71	71	-	0.01%	632,156	Y		

Note 1: 0 represents the issuer. 2 represents a sub-subsidiary.

Note 2: The total amount of the Company's endorsement/guarantee liability shall not exceed 50% of the Company's latest financial statement net worth.

Note 3: The endorsement/guarantee limit for an individual entity shall not exceed 40% of the Company's latest financial statement net worth. For endorsements/guarantees arising from business relationships, the limit shall not exceed the higher of the total purchase or sales amount with the Company in the most recent year.

Note 4: This transaction has been eliminated in the preparation of the consolidated financial statements.

C. Securities held at the end of the period (excluding investments in subsidiaries, associates, and joint ventures):

Unit: NTD thousand

Securities held by	Marketable securities type and name	Relationship with the securities issuer	Financial statement account	As of December 31, 2024				Maximum shareholding ratio for the interim period	Remark
				Number of shares	Carrying amount	Sharehold- ing ratio	Fair value		
The Company	LumiSTAR Biotechnology, Inc.	None	Financial assets at fair value through other comprehensive income	600,000	15,000	1.49 %	15,000	1.49%	

D. Acquisition or sale of the same security with the accumulated cost exceeding NTD 300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NTD 300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NTD 300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NTD 100 million or 20% of paid-in capital or more: None.

Unit: NTD thousand

Purchaser /seller	Counterparty	Relations	Transaction details				Abnormal transaction		Notes/accounts receivable (payable)		Remark
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Podak (H.K.) Co., Ltd.	The Company's sub-subsidiary	Sales	404,010	15 %	90-150 days	Note 1	90-150 days	153,337	14%	Note 3
The Company	Podak (SZ) Co., Ltd.	The Company's sub-subsidiary	Sales	259,602	9 %	90-150 days	Note 2	90-150 days	85,644	8%	Note 3

Note 1: The Company's sales to Podak (H.K.) Co., Ltd. are calculated at 95% of the end customer's selling price.

Note 2: The Company's sales to Podak (SZ) Co., Ltd. are calculated based on the quarterly quoted prices of the goods, plus a 5% gross profit. If a product's gross profit is less than 5%, the gross profit is shared equally between the Company and Podak (SZ) Co., Ltd. This excludes exceptional price and discount adjustments.

Note 3: This transaction has been eliminated in the preparation of the consolidated financial statements.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

H. Receivables from related parties reaching NTD 100 million or 20% of paid-in capital or more:

Unit: NTD thousand

Creditor	Counterparty	Relations	Balance of amounts receivable from related parties	Turnover rate (times)	Overdue amounts receivable from related parties		Amount of receivables from related parties subsequently recovered	Amount of allowance for impairment losses
					Amount	Action taken		
The Company	Podak (H.K.) Co., Ltd.	The Company's sub-subsidiary	153,337	2.62	-		30,609	-

Note: This transaction has been eliminated in the preparation of the consolidated financial statements.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Business relationships and significant transactions between parent and subsidiaries:

No. (Note 1)	Related party	Transaction counterparty	Relationship to the counterparty (Note 2)	Intercompany transactions			
				Account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
0	Podak Co., Ltd.	Podak (H.K.) Co., Ltd.	1	Accounts receivable	153,337	90 to 150 days	7.64
			1	Sales revenue	404,010	Note 3	14.31
			1	Revenue from provision of service	184	Note 4	0.01
		Podak (SZ) Co., Ltd.	1	Accounts receivable	85,644	90 to 150 days	4.27
			1	Sales revenue	259,602	Note 6	9.20
		Podak International (SH) Co., Ltd.	1	Sales revenue	4,148	Note 6	0.15
			1	Accounts receivable	870	90 to 150 days	0.04
2	Podak (H.K.) Co., Ltd.	Podak International (SH) Co., Ltd.	1	Professional service fees	3,837	Note 4	0.14
			3	Accounts receivable	785	90 to 150 days	0.04
			3	Sales revenue	5,166	Note 5	0.18
			3	Professional service fees	7,707	Note 4	0.27
		Podak (SZ) Co., Ltd.	3	Sales revenue	1,340	Note 5	0.05
			3	Professional service fees	3,853	Note 4	0.14
			3	Accounts receivable	96	90 to 150 days	-

Note 1: The number is filled in as follows:

1. Parent company is numbered 0.
2. Subsidiaries should be numbered in sequence using Arabic numerals starting from "1", according to their company type.

Note 2: The types of relationships with counterparties are indicated as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Calculated at 95% of the end customer's selling price.

Note 4: Based on the relevant prices and payment dates agreed in the contract.

Note 5: Based on the cost of goods, plus a 4% markup as the purchase (selling) price.

Note 6: The selling price is calculated based on the quarterly quoted prices of the goods, plus a 5% gross profit. If a product's gross profit is less than 5%, the gross profit is shared equally. This excludes exceptional price and discount adjustments.

Note 7: The unrealized sales gross profit on the Company's sales to Podak (H.K.) Co., Ltd., Podak (SZ) Co., Ltd., and Podak International (SH) Co., Ltd. as of December 31, 2024, were NTD 6,829 thousand, NTD 805 thousand, and NTD 5 thousand, respectively. These transactions have been eliminated in the preparation of the consolidated financial statements.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(2) Information on investees:

Information on the Group's reinvestment for 2024 is as follows:

Unit: NTD thousand

Name of investor	Investee Company	Location	Main business activities	Initial investment amount		Shares held as at the end of the period			Maximum shareholding ratio for the interim period	Net profit (loss) of the investee for the period	Investment income (loss) recognized by the Company for the period	Remark
				Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Carrying amount				
0	Kai Ta International Ltd.	Mauritius	Investees	130,676	128,277	4,223,000	100.00%	236,364	100%	(909)	(909)	Subsidiary of the Company
0	Podak Tien-Ho Technology Co., Ltd.	Taiwan	International trade	2,700	2,700	270,000	45.00%	4,652	45%	(374)	(689)	The investment income from the Company's investees recognized in the current period includes an investment loss of 520 thousand from downstream transactions.
1	Podak (H.K.) Co., Ltd.	Hong Kong	Import and export trading of electronic components	794	794	200,000	100.00%	75,424	100%	(3,370)	(4,823)	The investment income from the Company's sub-subsidiaries recognized in the current period includes an investment loss from a downstream transaction during the current period.

Note 1: 0 represents the issuer.

1: The code for the issuer's investee, Kai Ta International Ltd.

Note 2: This transaction has been eliminated in the preparation of the consolidated financial statements.

(3) Information on investments in Mainland China:

A. Relevant information, such as the name and main business scope of investees in China:

Unit: NTD thousand

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the period		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net profit (loss) of the investee for the period	Ownership held by the Company (direct or indirect)	Maximum shareholding ratio for the interim period	Investment income (loss) recognised by the Company for the period	Book value of investments at the end of the period	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Remark
					Remitted to Mainland China	Remitted back to Taiwan								
Podak International (SH) Co., Ltd.	International trade	79,544	(2)	79,544	-	-	79,544	969	100.00%	100%	1,033	79,390	-	The investment income from the Company's sub-subsidiaries recognized in the current period includes an investment gain from a downstream transaction during the current period.
Podak (SZ) Co., Ltd.	International trade	44,376	(2)	44,376	-	-	44,376	1,643	100.00%	100%	1,838	85,610	-	The investment income from the Company's sub-subsidiaries recognized in the current period includes an investment gain from a downstream transaction during the current period.

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

B. Limitation on investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
123,920	123,920	758,587

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Reinvestment in China through a third-area company, Kai Ta International Limited.
- (3) Others.

Note 2: In the investment income (loss) field for the current period:

- (1) If an entity is in the preparation stage without investment income or loss, it should be indicated.
- (2) The basis for recognizing investment income (loss) is the financial statements reviewed and attested by a CPA appointed by the parent company in Taiwan.

Note 3: This transaction has been eliminated in the preparation of the consolidated financial statements.

C. Significant transactions with investees in Mainland China:

Significant direct or indirect transactions between the Group and investees in China during 2024 (which have been eliminated in the preparation of the consolidated financial statements) are detailed in “Significant transactions information” and “Business relationships and significant transactions between parent and subsidiaries”.

(4) Major shareholders information:

Name of major shareholders	Shares	Shares held	Percentage of ownership
Hui-Yu, Huang		3,920,820	6.97%
Zhao-Yang, Chen		3,130,107	5.56%

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

14. Segment Information

(1) General information

The Group has identified three reportable segments based on factors, such as product type, resource utilization, customer type, distribution method, and operating activities: the Notebook Computers and Accessories segment (B1) and the Desktop Computer Motherboards and Accessories segment (B3), both of which sell electronic components and related electrical machinery products.

The Group's reportable segments are independent business units that provide different products and services. Each business unit requires different technologies, resources, and marketing strategies and is therefore managed separately. The reportable segments have managers who report directly to the chief operating decision-maker and communicate with them regularly to discuss the segments' operating activities, financial results, forecasts, or plans.

(2) Basis for measurement and reconciliation information of reportable segments

The Group does not allocate income tax expense (benefit) or non-recurring profit or loss to the reportable segments. In addition, not all profits or losses of the reportable segments include significant non-cash items other than depreciation and amortization. The total profit or loss of the Group's reportable segments is reconciled to the profit before tax from continuing operations of the enterprise.

	2024				
	B1 segment	B3 segment	Other segments	Adjustments and eliminations	Total
Revenue					
Revenue from external customers	\$ 1,496,064	622,801	703,420	-	2,822,285
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>\$ 1,496,064</u>	<u>622,801</u>	<u>703,420</u>	<u>-</u>	<u>2,822,285</u>
Segment income (loss)	<u>\$ 73,871</u>	<u>83,725</u>	<u>114,860</u>	<u>(11,197)</u>	<u>261,259</u>

	2023				
	B1 segment	B3 segment	Other segments	Adjustments and eliminations	Total
Revenue					
Revenue from external customers	\$ 1,592,645	689,901	553,460	-	2,836,006
Inter-segment revenue	-	-	-	-	-
Total revenue	<u>\$ 1,592,645</u>	<u>689,901</u>	<u>553,460</u>	<u>-</u>	<u>2,836,006</u>
Segment income (loss)	<u>\$ 85,794</u>	<u>113,351</u>	<u>77,014</u>	<u>(85,236)</u>	<u>190,923</u>

Consolidated Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(3) Geographic information

The Group's geographical information is as follows, where revenue is classified based on the geographical location of customers, and non-current assets are classified based on the geographical location of the assets.

Geography	2024	2023
Revenue from external customers:		
Taiwan	\$ 679,828	512,277
China	1,917,376	2,159,259
Other countries	225,081	164,470
	<u>\$ 2,822,285</u>	<u>2,836,006</u>
Non-current assets:		
Taiwan	\$ 200,617	193,199
Other countries	62,708	63,468
Total	<u>\$ 263,325</u>	<u>256,667</u>

Non-current assets include property, plant and equipment, intangible assets, and other assets, but exclude non-current assets of deferred income tax assets.

(4) Major customers information

The details of customers accounting for 10% or more of the Group's sales revenue in the 2024 and 2023 income statements are as follows:

Client Name	2024		2023	
	Sales amount	%	Sales amount	%
Group A	\$ 1,075,429	38%	1,227,628	43%
Group B	383,864	14%	289,587	10%
Group C	496,416	18%	518,543	18%
Group D	387,208	14%	-	- %
	<u>\$ 2,342,917</u>	<u>84%</u>	<u>2,035,758</u>	<u>71%</u>