

Podak Co., Ltd. and Subsidiaries

Consolidated Financial Statements with

Independent Auditors' Review Report

First Quarter of 2025 and 2024

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Independent Auditors' Review Report

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

Foreword

We have reviewed the accompanying consolidated balance sheets of Podak Co., Ltd. and subsidiary (the “Group”) as at March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. It is the management team’s responsibility to prepare the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 “Interim Financial Reporting”, which has been endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Republic of China, to present the consolidated financial position of the Group fairly, while our responsibility is to make a conclusion on the consolidated financial statements based on our review results.

Scope

We conducted the review in accordance with Standards on Review Engagements 2410 “Review of Financial Information”. The procedures to be carried out in reviewing the consolidated financial statements include inquiry (mainly with the person in charge of financial and accounting affairs), analytical procedures, and other review procedures. The scope of review work is obviously smaller than that of audit work, so we might not be able to detect all the material matters that could have been identified through audit work, hence we were unable to express an audit opinion.

Conclusion

According to our review results, we have determined that the foregoing consolidated financial statements have been prepared in all material respects in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, with a fair presentation of the Group’s consolidated financial position as of March 31, 2025 and 2024, consolidated financial performance for the three months ended March 31, 2025 and 2024, and consolidated cash flows for three months ended March 31, 2025 and 2024.

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)

May 6, 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
March 31, 2025, December 31, 2024, and March 31, 2024

Unit: NTD thousand

Assets		March 31, 2025		December 31, 2024		March 31, 2024		Liabilities and Equity		March 31, 2025		December 31, 2024		March 31, 2024			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets:								Current liabilities:									
1100	Cash and cash equivalents (Notes 6(1) and (19))	\$	382,810	19	270,567	14	279,661	14	2100	Short-term borrowings (Notes 6(9), (19) and (22))	\$	367,000	18	398,000	20	463,000	24
1172	Notes and accounts receivable (Notes 6(3), (19) and 7)		972,700	49	1,069,605	53	1,037,363	53	2170	Notes and accounts payable (Note 6(19))		146,089	7	227,290	11	101,431	5
1200	Other receivables (Notes 6 (4) and (19))		41,215	2	2,775	-	14,862	1	2200	Other payables (Note 6(19))		189,544	10	56,812	3	160,948	8
1300	Inventories - merchandising business (Note 6(5))		290,186	15	351,900	18	310,245	16	2230	Current income tax liabilities (Note 4)		38,054	2	20,680	1	61,852	3
1470	Other current assets		<u>36,324</u>	<u>2</u>	<u>43,582</u>	<u>2</u>	<u>33,655</u>	<u>2</u>	2280	Lease liabilities - current (Notes 6(11), (19) and (22))		2,550	-	2,872	-	2,493	-
			<u>1,723,235</u>	<u>87</u>	<u>1,738,429</u>	<u>87</u>	<u>1,675,786</u>	<u>86</u>	2320	Long-term liabilities, current portion (Notes 6(10), (19) and (22))		-	-	-	-	1,382	-
Non-current assets:																	
1521	Financial assets at fair value through other comprehensive income - non-current (Note 6(2))		15,000	1	15,000	1	-	-	2300	Other current liabilities		<u>1,395</u>	<u>-</u>	<u>1,007</u>	<u>-</u>	<u>1,040</u>	<u>-</u>
1550	Investments accounted for using equity method (Note 6(6))		4,524	-	4,652	-	5,205	-		Non-current liabilities:		<u>744,632</u>	<u>37</u>	<u>706,661</u>	<u>35</u>	<u>792,146</u>	<u>40</u>
1600	Property, plant and equipment (Notes 6(7) and 8)		230,945	12	232,924	12	242,438	12	2570	Deferred income tax liabilities (Note 4)		28,979	2	28,979	2	25,610	2
1755	Right-of-use assets (Note 6 (8))		5,621	-	6,514	-	4,332	-	2580	Lease liabilities - non-current (Notes 6(11), (19) and (22))		3,153	-	3,728	-	1,941	-
1840	Deferred income tax assets (Note 4)		4,458	-	4,458	-	13,294	1	2640	Net defined benefit liability - non-current (Notes 4 and 6(12))		<u>2,493</u>	<u>-</u>	<u>2,532</u>	<u>-</u>	<u>5,049</u>	<u>-</u>
1900	Other non-current assets (Note 6(2))		<u>4,287</u>	<u>-</u>	<u>4,235</u>	<u>-</u>	<u>18,125</u>	<u>1</u>				<u>34,625</u>	<u>2</u>	<u>35,239</u>	<u>2</u>	<u>32,600</u>	<u>2</u>
			264,835	13	267,783	13	283,394	14		Total liabilities (Note 6(21))		<u>779,257</u>	<u>39</u>	<u>741,900</u>	<u>37</u>	<u>824,746</u>	<u>42</u>
								Equity attributable to owners of the parent:									
								3110	Share capital (Note 6(14))		<u>562,430</u>	<u>28</u>	<u>562,430</u>	<u>28</u>	<u>535,647</u>	<u>27</u>	
								3200	Capital surplus (Note 6(14))		<u>105,466</u>	<u>5</u>	<u>105,466</u>	<u>5</u>	<u>105,466</u>	<u>5</u>	
									Retained earnings (Note 6(14)):								
								3310	Legal reserve		236,864	12	236,864	12	221,963	11	
								3320	Special reserve		24,490	1	24,490	1	21,546	1	
								3350	Unappropriated retained earnings		<u>288,928</u>	<u>15</u>	<u>349,014</u>	<u>18</u>	<u>268,195</u>	<u>15</u>	
											<u>550,282</u>	<u>28</u>	<u>610,368</u>	<u>31</u>	<u>511,704</u>	<u>27</u>	
									Other equity (Note 6(14)):								
								3400	Other equity		<u>(9,365)</u>	<u>-</u>	<u>(13,952)</u>	<u>(1)</u>	<u>(18,383)</u>	<u>(1)</u>	
									Total equity (Note 6(21))		<u>1,208,813</u>	<u>61</u>	<u>1,264,312</u>	<u>63</u>	<u>1,134,434</u>	<u>58</u>	
Total assets		\$	<u>1,988,070</u>	<u>100</u>	<u>2,006,212</u>	<u>100</u>	<u>1,959,180</u>	<u>100</u>	Total liabilities and equity		\$	<u>1,988,070</u>	<u>100</u>	<u>2,006,212</u>	<u>100</u>	<u>1,959,180</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
From January 1 to March 31, 2025 and 2024

Unit: NTD thousand

		January 2025 to March 2025		January 2024 to March 2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(16) and 7)	\$ 686,178	100	719,311	100
5000	Operating costs (Note 6(5))	<u>560,485</u>	<u>82</u>	<u>597,850</u>	<u>83</u>
	Gross profit	125,693	18	121,461	17
5920	Less: Realized loss on sales (Note 7)	<u>(130)</u>	<u>-</u>	<u>(130)</u>	<u>-</u>
	Gross profit	<u>125,563</u>	<u>18</u>	<u>121,331</u>	<u>17</u>
	Operating expenses (Notes 6(11), (12), (17) and 12):				
6100	Selling expenses	34,265	5	38,649	5
6200	General and administrative expenses	19,127	3	17,668	2
6450	Expected credit impairment losses	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>53,444</u>	<u>8</u>	<u>56,317</u>	<u>7</u>
	Net operating income	<u>72,119</u>	<u>10</u>	<u>65,014</u>	<u>10</u>
	Non-operating income and expenses (Note 6(18))				
7100	Interest income	414	-	553	-
7010	Other income	683	-	163	-
7020	Other gains and losses	15,405	2	40,900	6
7050	Finance costs	(1,991)	-	(2,144)	-
7770	Investment income (loss) recognized using equity method	<u>2</u>	<u>-</u>	<u>(6)</u>	<u>-</u>
	Total non-operating income and expenses	<u>14,513</u>	<u>2</u>	<u>39,466</u>	<u>6</u>
	Net income before tax from continuing operations	86,632	12	104,480	16
7950	Less: Income tax expense (Notes 4 and 6(13))	<u>17,360</u>	<u>3</u>	<u>20,784</u>	<u>3</u>
	Net profit	<u>69,272</u>	<u>9</u>	<u>83,696</u>	<u>13</u>
8300	Other comprehensive income:				
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(14))	<u>4,587</u>	<u>1</u>	<u>6,107</u>	<u>1</u>
		<u>4,587</u>	<u>1</u>	<u>6,107</u>	<u>1</u>
8300	Other comprehensive loss for the period, net of income tax	<u>4,587</u>	<u>1</u>	<u>6,107</u>	<u>1</u>
	Total comprehensive income	<u>\$ 73,859</u>	<u>10</u>	<u>89,803</u>	<u>14</u>
	Earnings per share (NTD) (Note 6(15))				
	Basic earnings per share (NTD)	<u>\$ 1.23</u>		<u>1.56</u>	
	Basic earnings per share (NTD) - retroactive adjustment			<u>1.49</u>	
	Diluted earnings per share (NTD)	<u>\$ 1.22</u>		<u>1.55</u>	
	Diluted earnings per share (NTD) - retroactive adjustment			<u>1.48</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
From January 1 to March 31, 2025 and 2024

Unit: NTD thousand

	Retained earnings					Other equity items	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	
Balance on January 1, 2024	\$ 535,647	105,466	221,963	21,546	291,629	(24,490)	1,151,761
Net profit	-	-	-	-	83,696	-	83,696
Other comprehensive income for the period	-	-	-	-	-	6,107	6,107
Total comprehensive income	-	-	-	-	83,696	6,107	89,803
Earnings appropriation and distribution:							
Cash dividends on common stock	-	-	-	-	(107,130)	-	(107,130)
Balance on March 31, 2024	\$ 535,647	105,466	221,963	21,546	268,195	(18,383)	1,134,434
Balance on January 1, 2025	\$ 562,430	105,466	236,864	24,490	349,014	(13,952)	1,264,312
Net profit	-	-	-	-	69,272	-	69,272
Other comprehensive income for the period	-	-	-	-	-	4,587	4,587
Total comprehensive income	-	-	-	-	69,272	4,587	73,859
Earnings appropriation and distribution:							
Cash dividends on common stock	-	-	-	-	(129,358)	-	(129,358)
Balance on March 31, 2025	\$ 562,430	105,466	236,864	24,490	288,928	(9,365)	1,208,813

(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
From January 1 to March 31, 2025 and 2024

Unit: NTD thousand

	January 2025 to March 2025	January 2024 to March 2024
Cash flows from operating activities:		
Net income before tax	\$ 86,632	104,480
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	4,499	2,916
Amortization expense	53	56
Expected credit impairment losses	52	-
Interest expense	1,991	2,144
Gain on reversal of inventory valuation and obsolescence losses	(2,262)	(6,761)
Interest income	(414)	(553)
Share of investment (income) loss accounted for using equity method	(2)	6
Losses on disposal of property, plant and equipment	-	1
Realized loss from sale	130	130
Total adjustments to reconcile profit (loss)	4,047	(2,061)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	96,853	16,689
Other receivables	(38,440)	(12,197)
Inventories	63,973	62,549
Other current assets	7,297	10,845
Total net changes in assets related to operating activities	129,683	77,886
Changes in operating liabilities:		
Notes and accounts payable	(81,201)	(192,436)
Other payables	3,363	6,729
Other current liabilities	388	(28,875)
Net defined benefit liability	(39)	(27)
Total net changes in liabilities related to operating activities	(77,489)	(214,609)
Total net changes in assets and liabilities related to operating activities	52,194	(136,723)
Total adjustments	56,241	(138,784)
Cash inflow (outflow) generated from operations	142,873	(34,304)
Interest received	375	562
Interest paid	(1,953)	(2,096)
Income tax refunded (paid)	14	(32)
Net cash inflows (outflows) from operating activities	141,309	(35,870)
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(317)	(19)
Increase in prepaid investment	-	(15,000)
Refundable deposits	(105)	(16)
Net cash used in investing activities	(422)	(15,035)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	(31,000)	23,000
Repayment of long-term borrowings	-	(684)
Repayment of principal portion of lease liabilities	(903)	(614)
Interest paid	(27)	(21)
Net cash inflow (outflow) from financing activities	(31,930)	21,681
Effect of exchange rate changes on cash and cash equivalents	3,286	4,970
Increase (decrease) in cash and cash equivalents for the period	112,243	(24,254)
Cash and cash equivalents at beginning of period	270,567	303,915
Cash and cash equivalents at end of period	\$ 382,810	279,661

(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
First Quarter of 2025 and 2024
(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 May 6, 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, 2025, which did not cause a significant impact on the consolidated financial statements.

- Amendments to IAS 21, “Lack of Exchangeability”

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

The Group expects to adopt the newly amended IFRS Accounting Standards since January 1, 2026, which did not cause a significant impact on the consolidated financial statements.

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments,” relating to the application guidance under Sections 4.1 of IFRS 9 and the related disclosure requirements under IFRS 7.

- (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"> • 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 	January 1, 2027

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

New standards or amendments	Major amendments	Effective date announced by IASB
	statements. This includes guidance on whether the information should be included in the main financial statements or further disaggregated in the notes.	

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," relating to the application guidance under Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements under IFRS 7.
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

4. Summary of Material Accounting Policies

(1) Compliance statement

This consolidated financial statements has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the "Regulations") and the IAS 34 "Interim Financial Reporting" endorsed and issued by the FSC. This consolidated financial statements does not include all necessary information to be disclosed in the entire annual consolidated financial statement prepared in accordance with the IFRS, IAS, Interpretations endorsed and issued by the FSC (hereinafter referred to as the "IFRS Accounting Standards endorsed by the FSC").

Except as stated below, the significant accounting policies adopted in this consolidated financial statements are the same as those in the 2024 Consolidated Financial Statement. For relevant information, please refer to Note 4 to the 2024 Consolidated Financial Statement.

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

(2) Basis of consolidation

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 2024 Consolidated Financial Statement.

Subsidiaries in the consolidated financial statements include:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		
			March 31, 2025	December 31, 2024	March 31, 2024
The Company	Kai Ta International Limited	Investing company	100%	100%	100%
Kai Ta International Limited	Podak(H.K.) Co., Ltd.	Import and export trading of electronic components	100%	100%	100%
Kai Ta International Limited	Podak International (SH) Co., Ltd.	Import and export trading of electronic components	100%	100%	100%
Kai Ta International Limited	Podak (SZ) Co., Ltd.	Import and export trading of electronic components	100%	100%	100%

(3) Employee benefits

Pension costs for defined benefit plans in interim periods are calculated using the pension cost rate actuarially determined as of the previous year's reporting date, based on the period from the beginning of the year to the end of the current period, and are adjusted for significant market fluctuations, significant curtailments, settlements, or other significant one-off events after that reporting date.

(4) Income tax

The Group measures and discloses the income tax expense for the interim period in accordance with IAS 34 Appendix B12, "Interim Financial Reporting".

Income tax expense is measured by multiplying the net profit before tax for the interim reporting period by management's best estimate of the expected effective tax rate for the full year and is fully recognized as current income tax expense.

Income tax expense directly recognized in equity or other comprehensive income is measured based on the temporary differences between the carrying amount of the related assets and liabilities for financial reporting purposes and their tax bases, using the applicable tax rates when the assets are expected to be realized or the liabilities settled.

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

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

When preparing these consolidated financial statements in accordance with the preparation criteria and IAS 34, “Interim Financial Reporting,” as endorsed by the FSC, management must make judgments, estimates, and assumptions about the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from estimates.

During the preparation of the consolidated financial statement, the significant judgments made by the management in adopting the accounting policies of the Group and the main sources of estimation uncertainty are consistent with Note 5 to the 2024 Consolidated Financial Statement.

6. Details of Significant Accounts

Except for the following, there is no significant difference between the description of significant accounting items in this consolidated financial statement and the 2024 Consolidated Financial Statement. For relevant information, please refer to Note 6 to the 2024 Consolidated Financial Statement.

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash	\$ 730	693	1,438
Bank deposits			
Checking deposit	197	118	150
Demand deposits	117,445	87,462	71,624
Time deposits	66,410	-	-
Foreign currency deposits	198,028	182,294	206,449
Cash and cash equivalents listed in the consolidated statement of cash flows	<u>\$ 382,810</u>	<u>270,567</u>	<u>279,661</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.

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

	March 31, 2025	December 31, 2024	March 31, 2024
Equity instruments at fair value through other comprehensive income:			
Domestic unlisted stocks -			
LumiSTAR Biotechnology, Inc.	<u>\$ 15,000</u>	<u>15,000</u>	<u>-</u>

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

- 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. Listed as other non-current assets as of March 31, 2024.
- C. Please refer to Note 6(19) 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

	March 31, 2025	December 31, 2024	March 31, 2024
Notes receivable from operating activities	\$ 1,580	1,943	4,325
Accounts receivable - at amortized cost	971,120	1,067,662	1,033,038
Accounts receivable, net	<u><u>\$ 972,700</u></u>	<u><u>1,069,605</u></u>	<u><u>1,037,363</u></u>

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:

	March 31, 2025		
	Carrying amount of accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 951,349	0%	-
Past due for less than 30 days	21,346	0%	47
31~60 days past due	5	100%	5
	<u><u>\$ 972,700</u></u>		<u><u>52</u></u>

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

	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><u>\$ 1,069,605</u></u>		<u><u>-</u></u>

	March 31, 2024		
	Carrying amount of accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 1,014,578	0%	-
Past due for less than 30 days	22,785	0%	-
	<u><u>\$ 1,037,363</u></u>		<u><u>-</u></u>

The changes in the allowance for losses on the Group's notes and accounts receivable are as follows:

	January 2025 to March 2025	January 2024 to March 2024
Opening balance	\$ -	-
Impairment loss recognized	52	-
Ending balance	<u><u>\$ 52</u></u>	<u><u>-</u></u>

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 accounts receivable factoring transaction limit with recourse has been effective from the renegotiation date to September 30, 2025. Details of information related to accounts receivable factoring transactions with recourse as of March 31, 2025, December 31, 2024, and March 31, 2024, are as follows:

Unit: USD thousand								
Date	Transaction company	Purchaser	Amount of resale	Limit	Advanced amount	Retention	Interest rate	Collateral
March 31, 2025	Podak Co., Ltd.	CTBC Bank	\$ -	15,000	-	-	-	Promissory note 15,000
"	Podak (H.K.) Co., Ltd.	"	-	3,000	-	-	-	Promissory note 3,000
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
March 31, 2024	Podak Co., Ltd.	CTBC Bank	-	15,000	-	-	-	Promissory note 15,000
"	.Podak (H.K.) Co., Ltd.	"	-	3,000	-	-	-	Promissory note 3,000

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

(4) Other receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Other receivables - refundable tax amount	\$ 11,865	-	11,100
Other receivables - service fee	4,156	2,560	3,420
Others	25,194	215	342
	<u><u>\$ 41,215</u></u>	<u><u>2,775</u></u>	<u><u>14,862</u></u>

For credit risk information, please refer to Note 6(19).

(5) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Inventories	\$ 296,956	360,928	317,698
Less: Allowance for market value decline and loss on obsolete and slow-moving inventories	(6,770)	(9,028)	(7,453)
Inventories	<u><u>\$ 290,186</u></u>	<u><u>351,900</u></u>	<u><u>310,245</u></u>

As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group's inventory had not been provided as a pledge.

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

	January 2025 to March 2025	January 2024 to March 2024
Cost of goods	\$ 562,747	604,611
Gain on reversal of inventory valuation and obsolescence losses	(2,262)	(6,761)
	<u><u>\$ 560,485</u></u>	<u><u>597,850</u></u>

(6) Investments accounted for using equity method

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

	March 31, 2025	December 31, 2024	March 31, 2024
Associates	<u><u>\$ 4,524</u></u>	<u><u>4,652</u></u>	<u><u>5,205</u></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 March 31, 2025, December 31, 2024, and March 31, 2024, the initial investment cost in this company was NTD 2,700 thousand. Please refer to Note 7 for related transaction information.

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

(7) Property, plant and equipment

	Land	Buildings and structures	Transportation equipment	Office equipment	Computer and telecommunication equipment	Other equipment	Total
Carrying amount:							
March 31, 2025	<u>\$ 105,946</u>	<u>95,683</u>	<u>5,986</u>	<u>838</u>	<u>1,187</u>	<u>21,305</u>	<u>230,945</u>
January 1, 2025	<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>
March 31, 2024	<u>\$ 105,946</u>	<u>96,850</u>	<u>7,580</u>	<u>1,208</u>	<u>819</u>	<u>30,035</u>	<u>242,438</u>
January 1, 2024	<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>

There were no significant additions, disposals, impairment losses, or reversals of impairment losses for the Group's property, plant, and equipment between January 1 and March 31, 2025, and 2024. Please refer to Note 12(1) for the depreciation amount for the current period. Other related information can be found in Note 6(7) to the 2024 consolidated financial statements.

Please refer to Note 8 for details of collateral for borrowings and financing limits as of March 31, 2025, December 31, 2024, and March 31, 2024, and refer to Note 6(18) for disposal gains or losses.

(8) Right-of-use assets

	Buildings and structures	Transportation equipment	Total
Carrying amount:			
March 31, 2025	<u>\$ 1,809</u>	<u>3,812</u>	<u>5,621</u>
January 1, 2025	<u>\$ 2,212</u>	<u>4,302</u>	<u>6,514</u>
March 31, 2024	<u>\$ 3,425</u>	<u>907</u>	<u>4,332</u>
January 1, 2024	<u>\$ 3,815</u>	<u>1,116</u>	<u>4,931</u>

(9) Short-term borrowings

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

	March 31, 2025	December 31, 2024	March 31, 2024
Secured bank loans	\$ 122,000	122,000	147,000
Credit borrowings	245,000	276,000	316,000
Total	<u>\$ 367,000</u>	<u>398,000</u>	<u>463,000</u>
Unused credit line	<u>\$ 427,900</u>	<u>396,900</u>	<u>240,518</u>
Interest rate	<u>1.895%~2.2344%</u>	<u>1.76%~2.55%</u>	<u>1.76%~2.19%</u>

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(18) for interest expense.

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

(10) Long-term borrowings

As of March 31, 2025, and December 31, 2024, there were no long-term borrowings. As of March 31, 2024, the details, conditions, and terms of the Group's long-term borrowings are as follows:

	March 31, 2024			
	Currency	Interest rate	Maturity date	Amount
Long-term secured bank loans	NTD	1.94%~2.065%	2024.9.29	\$ 1,382
Less: Due within one year				(1,382)
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(18) for interest expense.

(11) Lease liabilities

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current	<u>\$ 2,550</u>	<u>2,872</u>	<u>2,493</u>
Non-current	<u>\$ 3,153</u>	<u>3,728</u>	<u>1,941</u>

For maturity analysis, please refer to Note 6 (19) Financial Instruments.

The amounts recognized in profit or loss are as follows:

	January 2025 to March 2025	January 2024 to March 2024
Interest expense on lease liability	<u>\$ 27</u>	<u>21</u>
Expense of short-term leases	<u>\$ 1,043</u>	<u>1,247</u>

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

	January 2025 to March 2025	January 2024 to March 2024
Total cash outflow from lease	<u>\$ 1,973</u>	<u>1,882</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.

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

(12) Employee benefits

A. Defined benefit plan

As there were no significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the end of the previous fiscal year, the Group adopted the pension cost actuarially determined as of December 31, 2024, and 2023, to measure and disclose pension costs for the interim period.

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

	January 2025 to March 2025	January 2024 to March 2024
Selling expenses	<u>\$ 11</u>	<u>39</u>

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:

	January 2025 to March 2025	January 2024 to March 2024
Selling expenses	\$ 486	449
General and administrative expenses	842	765
Total	<u>\$ 1,328</u>	<u>1,214</u>

(13) Income tax

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

	January 2025 to March 2025	January 2024 to March 2024
Current income tax expense		
Recognized in the current period	\$ 17,360	20,784
Income tax expense	<u>\$ 17,360</u>	<u>20,784</u>

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

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

(14) Capital and other equity items

Except as described below, there were no significant changes in the Group's share capital, capital, and other equity between January 1 and March 31, 2025, and 2024. Please refer to Note 6(15) to the 2024 consolidated financial statements for related information.

A. 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.

The Company's Board of Directors resolved the cash dividend amount for the 2024 earnings distribution proposal on March 4, 2025, and the cash dividend amount for the 2023 earnings distribution proposal 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. The dividend payout ratio for owners are as follows:

	<u>2024</u>	<u>2023</u>
Dividends distributed to common shareholders		
(NTD)		
Cash	\$ 2.30	2.00
Stock	<u>-</u>	<u>0.50</u>
Total	<u><u>\$ 2.30</u></u>	<u><u>2.50</u></u>

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

B. Other equity

	Exchange differences on translation of foreign financial statements
January 1, 2025	\$ (13,952)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>4,587</u>
Balance on March 31, 2025	<u><u>\$ (9,365)</u></u>
January 1, 2024	\$ (24,490)
Exchange differences arising from the translation of the financial statements of foreign operations	<u>6,107</u>
Balance on March 31, 2024	<u><u>\$ (18,383)</u></u>

(15) Earnings per share

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

	January 2025 to March 2025	January 2024 to March 2024
Basic earnings per share		
Net profit attributable to the parent company	<u>\$ 69,272</u>	<u>83,696</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>\$ 1.23</u>	<u>1.56</u>
Basic earnings per share - retroactive adjustment	\$ -	<u>1.49</u>
Diluted earnings per share		
Net profit attributable to ordinary equity holders of the parent company (adjusted for dilution)	<u>\$ 69,272</u>	<u>83,696</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>323</u>	<u>305</u>
Weighted average number of ordinary shares outstanding (adjusted for dilutive potential ordinary shares)	<u>56,566</u>	<u>53,870</u>
Number of shares with dilutive effect after retrospective adjustment	-	<u>56,548</u>
Diluted earnings per share (NTD)	<u>\$ 1.22</u>	<u>1.55</u>
Diluted earnings per share - retroactive adjustment	-	<u>1.48</u>

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

(16) Revenue from contracts with customers

A. Breakdown of income

January 2025 to March 2025				
	B1	B3	Other	
	segment	segment	segments	Total
Main regional markets:				
Taiwan	\$ 48,826	16,803	161,741	227,370
China	199,978	146,219	62,298	408,495
Other countries	40,897	-	9,416	50,313
	<u>\$ 289,701</u>	<u>163,022</u>	<u>233,455</u>	<u>686,178</u>
Major products/ service lines:				
Sales of electronic components	<u>\$ 289,701</u>	<u>163,022</u>	<u>233,455</u>	<u>686,178</u>

January 2024 to March 2024				
	B1	B3	Other	
	segment	segment	segments	Total
Main regional markets:				
Taiwan	\$ 27,418	11,864	114,020	153,302
China	291,371	158,338	44,273	493,982
Other countries	71,837	-	190	72,027
	<u>\$ 390,626</u>	<u>170,202</u>	<u>158,483</u>	<u>719,311</u>
Major products/ service lines:				
Sales of electronic components	<u>\$ 390,626</u>	<u>170,202</u>	<u>158,483</u>	<u>719,311</u>

(17) 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 amounts of the Company's employee compensation appropriated for the periods from January 1 to March 31, 2025 and 2024, were NTD 3,654 thousand and NTD 4,420 thousand, respectively, and the amounts of director remuneration appropriated were NTD 1,370 thousand and NTD 1,658 thousand, respectively. These said amounts were estimated based on the Company's pre-tax net profit for the respective periods before deducting employee compensation and director remuneration, multiplied by the distribution

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

percentages for employee compensation and director remuneration stipulated in the Company's Articles of Incorporation, and were reported as operating expenses for those periods. If there is a difference between the actual distribution amount in the following year and the estimated amount, it will be treated as a change in accounting estimate, and the difference will be recognized as profit or loss in the following year. If the Board of Directors resolves to distribute employee compensation in the form of shares, the number of shares for the stock compensation is calculated based on the closing price of the common stock on the day before the shareholders' meeting resolution.

For 2024 and 2023, the Company allocated NTD 11,063 thousand and NTD 8,060 thousand for employee compensation, respectively, with actual distributions of NTD 11,055 thousand and NTD 8,060 thousand; and director remuneration allocated amounted to NTD 4,149 thousand and NTD 3,022 thousand, with actual distributions of NTD 4,146 thousand and NTD 3,022 thousand, respectively. The difference between the allocated and distributed amounts for 2024 is treated as a change in accounting estimates, with the difference recognized in the profit or loss for 2025. Information on employee compensation and director/supervisor remuneration approved by the Board of Directors is available on the MOPS among other channels.

(18) Non-operating income and expenses

A. Interest income

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

	January 2025 to March 2025	January 2024 to March 2024
Interest income from bank deposits	\$ 407	547
Interest income - other	7	6
	<u>\$ 414</u>	<u>553</u>

B. Other income

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

	January 2025 to March 2025	January 2024 to March 2024
Income from insurance maturity proceeds	-	56
Rental revenue	18	18
Others	665	89
	<u>\$ 683</u>	<u>163</u>

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C. Other gains and losses

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

	January 2025 to March 2025	January 2024 to March 2024
Foreign currency exchange gains (losses)	\$ 15,768	40,923
Losses on disposal of property, plant and equipment	-	(1)
Other losses	(363)	(22)
	<u>\$ 15,405</u>	<u>40,900</u>

D. Finance costs

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

	January 2025 to March 2025	January 2024 to March 2024
Interest expense	<u>\$ 1,991</u>	<u>2,144</u>

E. Investment income recognized using the equity method

	January 2025 to March 2025	January 2024 to March 2024
Investment income (loss) recognized using the equity method	<u>\$ 2</u>	<u>(6)</u>

(19) Financial instruments

Except for the following, there is no significant change in the fair value of the financial instruments of the Group and the exposure to credit risk, liquidity risk and market risk due to financial instruments. For relevant information, please refer to Note 6(20) to the 2024 Consolidated Financial Statement.

A. Credit risk

(A) Credit risk concentration

As of March 31, 2025, December 31, 2024, and March 31, 2024, 72%, 79%, and 78% of the Group's accounts receivable balances were composed of balances from 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.

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

(B) Credit risk of receivables

Please refer to Note 6(3) 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
March 31, 2025							
Non-derivative financial liabilities							
Secured bank loans	\$ 122,000	122,041	122,041	-	-	-	-
Unsecured bank loans	245,000	245,944	245,944	-	-	-	-
Notes and accounts payable	146,089	146,089	146,089	-	-	-	-
Other payables	189,544	189,544	189,544	-	-	-	-
Lease liabilities	5,703	5,841	1,445	1,182	1,663	1,551	-
	<u>\$ 708,336</u>	<u>709,459</u>	<u>705,063</u>	<u>1,182</u>	<u>1,663</u>	<u>1,551</u>	<u>-</u>
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 payable	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>
March 31, 2024							
Non-derivative financial liabilities							
Secured bank loans	\$ 148,382	149,899	149,899	-	-	-	-
Unsecured bank loans	316,000	317,327	297,010	20,317	-	-	-
Notes and accounts payable	101,431	101,431	101,431	-	-	-	-
Other payables	160,948	160,948	160,948	-	-	-	-
Lease liabilities	4,434	4,499	1,272	1,272	1,455	500	-
	<u>\$ 731,195</u>	<u>734,104</u>	<u>710,560</u>	<u>21,589</u>	<u>1,455</u>	<u>500</u>	<u>-</u>

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.

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C. Foreign exchange risk

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

	March 31, 2025				December 31, 2024			March 31, 2024		
	Foreign	Exchange	NTD		Foreign	Exchange	NTD	Foreign	Exchange	NTD
	currency	rate			currency	rate		currency	rate	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	35,682	33.2050	1,184,810	36,069	32.7850	1,182,522	35,814	32.0000	1,146,057
JPY		-	-	-	1,926	0.2099	404	-	-	-
CNY		1,491	4.5730	6,819	3,744	4.4780	16,766	7,350	4.4080	32,399
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	\$	4,049	33.2050	134,438	6,541	32.7850	214,447	3,085	32.0000	98,712
JPY		-	-	-	-	-	-	2,783	0.2115	588
CNY		2,857	4.5730	13,067	3,171	4.4780	14,200	1,104	4.4080	4,867

The Group's exchange rate risk mainly arises from cash and cash equivalents denominated in foreign currencies, accounts receivable, other receivables, borrowings, accounts payable, and other payables, resulting in foreign exchange gains and losses during translation. On March 31, 2025, and 2024, 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 the periods from January 1 to March 31, 2025, and 2024 would have increased or decreased by NTD 8,353 thousand and NTD 8,594 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 the periods from January 1 to March 31, 2025, and 2024, were NTD 15,768 thousand and NTD 40,923 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.

(20) Financial risk management

There is no significant change in the financial risk management objectives and policies of the Group and those disclosed in Note 6(21) of the 2024 Consolidated Financial Statement.

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

(21) Capital management

The capital management objectives, policies and procedures of the Group are consistent with those disclosed in the 2024 Consolidated Financial Statement; there is no significant change in the aggregated quantitative information of the capital management items and those disclosed in the 2024 Consolidated Financial Statement. For relevant information, please refer to Note 6(22) of the 2024 Consolidated Financial Statement.

(22) Non-cash investing and financing transactions

The Group's non-cash investment and financing activities from January 1 to March 31, 2025 and 2024 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, 2025	Cash flow	Changes in non-cash items		March 31, 2025
			Changes in lease payments	Exchange rate changes	
Short-term borrowings	\$ 398,000	(31,000)	-	-	367,000
Lease liabilities	6,600	(930)	27	6	5,703
Liabilities from financing activities gross	<u>\$ 404,600</u>	<u>(31,930)</u>	<u>27</u>	<u>6</u>	<u>372,703</u>

	January 1, 2024	Cash flow	Changes in non-cash items		March 31, 2024
			Changes in lease payments	Exchange rate changes	
Long-term borrowings	\$ 2,066	(684)	-	-	1,382
Short-term borrowings	440,000	23,000	-	-	463,000
Lease liabilities	5,034	(635)	21	14	4,434
Liabilities from financing activities gross	<u>\$ 447,100</u>	<u>21,681</u>	<u>21</u>	<u>14</u>	<u>468,816</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

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

(2) Significant transactions with related parties

A. Operating revenue

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. Receivables from related parties

The details of the Group's receivables from related parties are as follows:

General ledger account	Type of related party	March 31, 2025	December 31, 2024	March 31, 2024
Note receivable	Other related parties	<u>\$ 19</u>	<u>-</u>	<u>19</u>

C. Endorsement/Guarantee

As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group's key management personnel acted as joint guarantors for its borrowings. Please refer to Notes 6(9) and (10) for information on obtaining and using credit lines.

D. Lease

One of other related parties, Gang Hui Co., Ltd., leased office space from the Group, with rental income of NTD 9 thousand for the both periods from January 1 to March 31, 2025, and 2024.

The Group leased parking spaces from one of other related parties, Gang Hui Co., Ltd. The rental expense for the periods from January 1 to March 31, 2025, and 2024, was NTD 14 thousand for both periods, and the prepaid rent as of March 31, 2025, December 31, 2024, and March 31, 2024, was NTD 48 thousand, NTD 5 thousand, and NTD 48 thousand, respectively.

(3) Transactions with key management personnel

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

	January 2025 to March 2025	January 2024 to March 2024
Short-term employee benefits	\$ 4,923	4,649
Retirement benefits	54	53
	<u>\$ 4,977</u>	<u>4,702</u>

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

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	March 31, 2025	December 31, 2024	March 31, 2024
Land	Borrowings	\$ 92,287	92,287	92,287
Land	Purchase guarantees	11,659	11,659	11,659
Buildings	Borrowings	28,930	29,167	29,879
Buildings	Purchase guarantees	4,259	4,295	4,402
		<u>\$ 137,135</u>	<u>137,408</u>	<u>138,227</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 March 31, 2025, December 31, 2024, and March 31, 2024, the Group's cumulative sales amounts were NTD 32 thousand, NTD 71 thousand, and NTD 129 thousand, respectively. Also, as of March 31, 2025, there was no instance of returns due to poor product quality.

(2)

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

	March 31, 2025	December 31, 2024	March 31, 2024
USD	<u>\$ 18,000</u>	<u>18,000</u>	<u>18,000</u>

- B. As of March 31, 2025, December 31, 2024, and March 31, 2024, the Group obtained loan limits and letter of guarantee limits, totaling NTD 865,000 thousand, NTD 865,000 thousand, and NTD 770,000 thousand, respectively, from banks using promissory notes of NTD 725,000 thousand, NTD 725,000 thousand, and NTD 660,000 thousand. As of March 31, 2025, December 31, 2024, and March 31, 2024, the outstanding balances of letters of guarantees issued were NTD 70,100 thousand, 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.

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

12. Others

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

By function By nature	January 2025 to March 2025			January 2024 to March 2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Wages and salaries	-	21,704	21,704	-	22,406	22,406
Labour and health insurance fees	-	1,229	1,229	-	1,217	1,217
Pension costs	-	1,339	1,339	-	1,253	1,253
Other employee benefit expenses	-	515	515	-	433	433
Depreciation expense	-	4,499	4,499	-	2,916	2,916
Amortization expense	-	53	53	-	56	56

- (2) The Group's operations are not affected by seasonal or cyclical factors.

13. Supplementary Disclosures

- (1) Significant transactions information

From January 1 to March 31, 2025, 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.

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	Balance actually drawn	Endorsements / guarantees with property as collateral	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	483,525	51	32	32	-	-	604,407	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.

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

- C. Significant holding of securities at the end of the period (excluding the portion held due to investment in a subsidiary or an associate, and the portion held due to an interest in a joint venture).

Unit: NTD thousand

Securities held by	Marketable securities type and name	Relationship with the securities issuer	Financial statement account	End of the period				Remark
				Number of shares	Carrying amount	Shareholding 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	

- D. 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

Purchasing (selling) company	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	115,985	17%	90-150 days	Note 1	90-150 days	145,422	15%	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.

- E. 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	145,422	3.11	-		17,078	-

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

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

F. 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	145,422	90 to 150 days	7.31
			1	Sales revenue	115,985	Note 3	16.90
			1	Revenue from provision of service	49	Note 4	0.01
		Podak (SZ) Co., Ltd.	1	Accounts receivable	95,759	90 to 150 days	4.82
			1	Sales revenue	43,783	Note 6	6.38
		Podak International (SH) Co., Ltd.	1	Sales revenue	879	Note 6	0.13
			1	Accounts receivable	1,253	90 to 150 days	0.06
			1	Professional service fees	1,480	Note 4	0.22
1	Podak (H.K.) Co., Ltd.	Podak Co., Ltd.	2	Accounts receivable	580	90 to 150 days	0.03
			2	Sales revenue	575	Note 5	0.08
		Podak International (SH) Co., Ltd.	3	Accounts receivable	75	90 to 150 days	-
			3	Professional service fees	1,974	Note 4	0.29
		Podak (SZ) Co., Ltd.	3	Professional service fees	987	Note 4	0.14

Note 1: The number is filled in as follows:

1. Parent company is numbered 0.
2. Subsidiaries are numbered sequentially according to company name from Arabic numeral 1.

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 March 31, 2025, were NTD 8,099 thousand, NTD 573 thousand, and NTD 11 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 the period from January 1 to March 31, 2025, 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			Net profit (loss) of the investee for the period	Investment income (loss) recognized by the Company for the period	Remark
				Balance on March 31, 2025	Balance on December 31, 2024	Number of shares	Ownership (%)	Carrying amount			
0	Kai Ta International Ltd.	Mauritius	Investees	130,676	130,676	4,223,000	100.00%	245,370	5,463	5,463	Subsidiary of the Company
0	Podak Tien-Ho Technology Co., Ltd.	Taiwan	International trade	2,700	2,700	270,000	45.00%	4,524	5	(128)	The investment income from the Company's investees recognized in the current period includes an investment loss of 130 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%	76,290	(99)	(1,369)	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, 2025	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 March 31, 2025	Net profit (loss) of the investee for the period	Ownership held by the Company (direct or indirect)	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 March 31, 2025	Remark
					Remitted to Mainland China	Remitted back to Taiwan							
Podak International (SH) Co., Ltd.	International trade	79,544	(2)	79,544	-	-	79,544	4,776	100.00%	4,770	85,915	-	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.
Podak (SZ) Co., Ltd.	International trade	44,376	(2)	44,376	-	-	44,376	786	100.00%	1,018	88,223	-	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.

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B. Limitation on investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2025	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	725,288

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 the period from January 1 to March 31, 2025 (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”.

14. Segment Information

(1) General information

The Group has identified four 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), the Desktop Computer Motherboards and Accessories segment (B3), and Network Communication and Accessories segment (B4), all 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.

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

(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.

January 2025 to March 2025						
	B1	B3	B4	Other	Adjustments	
	segment	segment	segment	segments	and	Total
					eliminations	
Revenue						
Revenue from						
external customers	\$ 289,701	163,022	96,733	136,722	-	686,178
Inter-segment						
revenue	-	-	-	-	-	-
Total revenue	<u>\$ 289,701</u>	<u>163,022</u>	<u>96,733</u>	<u>136,722</u>	<u>-</u>	<u>686,178</u>
Segment income (loss)	<u>\$ 14,131</u>	<u>22,441</u>	<u>22,502</u>	<u>29,597</u>	<u>(2,039)</u>	<u>86,632</u>

January 2024 to March 2024						
	B1	B3	B4	Other	Adjustments	
	segment	segment	segment	segments	and	Total
					eliminations	
Revenue						
Revenue from						
external customers	\$ 390,626	170,202	77,599	80,884	-	719,311
Inter-segment						
revenue	-	-	-	-	-	-
Total revenue	<u>\$ 390,626</u>	<u>170,202</u>	<u>77,599</u>	<u>80,884</u>	<u>-</u>	<u>719,311</u>
Segment income (loss)	<u>\$ 18,848</u>	<u>22,191</u>	<u>20,012</u>	<u>21,381</u>	<u>22,048</u>	<u>104,480</u>