

Stock Code: 3537

Podak Co., Ltd.
Parent Company Only Financial
Statements and Independent Auditors’
Report

For the Years Ended December 31, 2025 and 2024

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. Independent Auditors' Report	3 - 6
Chapter 4. Parent Company Only Balance Sheets	7
Chapter 5. Parent Company Only Statements of Comprehensive Income	8
Chapter 6. Parent Company Only Statements of Changes in Equity	9
Chapter 7. Parent Company Only Statements of Cash Flows	10
Chapter 8. Notes to Parent Company Only Financial Statements	
1. Company History	11
2. Approval Date and Procedures of the Parent Company Only Statements	11
3. Application of New Standards, Amendments and Interpretations	11 - 13
4. Summary of Material Accounting Policies	13 - 30
5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty	30
6. Details of Significant Accounts	30 - 55
7. Related Party Transactions	56 - 58
8. Pledged Assets	58
9. Significant Contingent Liabilities and Unrecognised Contract Commitments	58
10. Significant Disaster Loss	59
11. Significant Events after the Balance Sheet Date	59
12. Others	59 - 60
13. Supplementary Disclosures	
(1) Significant transactions information	60 - 61
(2) Information on investees	61
(3) Information on investments in Mainland China	62
14. Segment Information	62
Chapter 9. Statements of Major Accounting Items	63 - 76

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying parent company only balance sheets of Podak Co., Ltd. as of December 31, 2025 and 2024, and the related parent company only statements of comprehensive income, changes in equity and cash flows for years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 Parent Company Only Financial Statements section of our report. We are independent of Podak Co., Ltd. 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 parent company only financial statements for the year ended December 31, 2025 of Podak Co., Ltd. These matters were addressed in the context of our audit of the 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. Sales revenue recognition

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

Descriptions of key audit matters:

Sales revenue is the primary indicator used by investors and management to evaluate the financial statements or business performance of Podak Co., Ltd. The accuracy of the timing of revenue recognition has a material impact on the financial statements. Accordingly, we have identified sales revenue recognition as a key audit matter in our audit of the parent company only financial statements.

Corresponding audit procedure:

The primary audit procedures we performed for the aforementioned key audit matter included performing cutoff tests for revenue recognition on transactions for a period before and after the reporting date to evaluate the reasonableness of the timing of sales revenue recognition.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability of the Podak Co., Ltd. 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 Podak Co., Ltd. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Podak Co., Ltd.'s financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 can arise from fraud or error and 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 parent company only 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 parent company only 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.'s 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.'s 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 parent company only 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. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the related notes), and whether the parent company only 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 invested companies measured using equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and execution of the audit of these investees, and are responsible for forming our audit opinion on the parent company only financial statements.

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 parent company only financial statements of Podak Co., Ltd. for the year ended December 31, 2025 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 11, 2026

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.

Podak Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2025 and 2024

Unit: NTD thousand

Assets	December 31, 2025		December 31, 2024			Liabilities and Equity	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (Notes 4, 6(1) and (18))	\$ 256,857	13	191,521	9	2100	Short-term borrowings (Notes 6(9) and (18))	\$ 411,000	20	398,000	20
1150 Notes receivable, net (Notes 4, 6(3) and (18))	146	-	488	-	2170	Accounts payable (Note 6(18))	212,801	11	227,323	11
1170 Accounts receivable, net (Notes 4, 6(3) and (18))	794,542	40	834,510	42	2200	Other payables (Notes 6(18) and 7)	38,597	2	52,522	3
1181 Accounts receivable - related parties (Notes 4, 6(3), (18) and 7)	223,932	11	239,851	12	2230	Current income tax liabilities (Notes 4 and 6(12))	15,721	1	20,190	1
1200 Other receivables (Notes 4, 6(4) and 7)	443	-	150	-	2281	Lease liabilities - current (Notes 4, 6(10) and (18))	1,914	-	2,528	-
1300 Inventories - merchandising business (Notes 4 and 6(5))	271,576	13	276,510	14	2300	Other current liabilities	<u>3,680</u>	-	<u>293</u>	-
1470 Other current assets (Note 7)	<u>13,449</u>	<u>1</u>	<u>15,938</u>	<u>1</u>			<u>683,713</u>	<u>34</u>	<u>700,856</u>	<u>35</u>
	<u>1,560,945</u>	<u>78</u>	<u>1,558,968</u>	<u>78</u>		Non-current liabilities:				
Non-current assets:					2570	Deferred income tax liabilities (Notes 4 and 6(12))	32,261	2	28,979	2
1521 Financial assets at fair value through other comprehensive income - non-current (Notes 4, 6(2) and (18))	15,000	1	15,000	1	2580	Lease liabilities - non-current (Notes 4, 6(10) and (18))	1,815	-	3,728	-
1550 Investments accounted for using equity method (Notes 4 and 6(6))	249,441	13	241,016	12	2640	Net defined benefit liability - non-current (Notes 4 and 6(11))	<u>2,039</u>	-	<u>2,532</u>	-
1600 Property, Plant, and Equipment (Notes 4, 6(7) and 8)	159,741	8	171,062	9			<u>36,115</u>	<u>2</u>	<u>35,239</u>	<u>2</u>
1755 Net right-of-use assets (Notes 4 and 6(8))	3,650	-	6,177	-		Total liabilities (Note 6(20))	<u>719,828</u>	<u>36</u>	<u>736,095</u>	<u>37</u>
1840 Deferred income tax assets (Notes 4 and 6(12))	3,209	-	4,458	-	3110	Capital stock (Note 6(13))	<u>562,430</u>	<u>28</u>	<u>562,430</u>	<u>28</u>
1900 Other non-current assets	<u>2,053</u>	-	<u>3,726</u>	-	3200	Capital surplus (Note 6(13))	<u>105,466</u>	<u>5</u>	<u>105,466</u>	<u>5</u>
	433,094	22	441,439	22		Retained earnings (Note 6(13)):				
					3310	Legal reserve	257,778	13	236,864	12
					3320	Special reserve	13,952	1	24,490	1
					3350	Unappropriated retained earnings	<u>350,802</u>	<u>18</u>	<u>349,014</u>	<u>18</u>
							<u>622,532</u>	<u>32</u>	<u>610,368</u>	<u>31</u>
						Other equity (Note 6(13)):				
					3400	Other equity	<u>(16,217)</u>	<u>(1)</u>	<u>(13,952)</u>	<u>(1)</u>
						Total equity (Note 6(20))	<u>1,274,211</u>	<u>64</u>	<u>1,264,312</u>	<u>63</u>
Total assets	<u>\$ 1,994,039</u>	<u>100</u>	<u>2,000,407</u>	<u>100</u>		Total liabilities and equity	<u>\$ 1,994,039</u>	<u>100</u>	<u>2,000,407</u>	<u>100</u>

(Please refer to the notes to the parent company only financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 6(15) and 7)	\$ 2,847,515	100	2,741,972	100
5000	Operating costs (Notes 6(5) and 7)	2,491,254	87	2,378,615	87
	Gross profit	356,261	13	363,357	13
5910	Less: Unrealized sales profit and loss	(5,065)	-	(7,639)	-
5920	Add: Realized sales profit and loss	7,119	-	5,926	-
	Gross profit	358,315	13	361,644	13
	Operating expenses (Notes 4, 7 and 12):				
6100	Selling expenses	98,287	4	108,540	4
6200	General and administrative expenses	56,581	2	56,970	2
6450	Expected credit impairment losses (gain)	-	-	-	-
		154,868	6	165,510	6
	Net operating income	203,447	7	196,134	7
	Non-operating income and expenses (Notes 4 and 6(17))				
7100	Interest income	6,162	-	5,744	-
7010	Other income	1,030	-	590	-
7020	Other gains and losses	(31,675)	(1)	68,331	3
7050	Finance costs	(8,193)	-	(8,565)	-
7070	Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method (Notes 4 and 6(6))	8,636	-	(1,079)	-
	Total non-operating income and expenses	(24,040)	(1)	65,021	3
	Net income before tax from continuing operations	179,407	6	261,155	10
7950	Less: Income tax expense (Notes 4 and 6(12))	38,213	1	54,477	2
	Net profit	141,194	5	206,678	8
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	328	-	2,465	-
		328	-	2,465	-
8360	Components of other comprehensive income that may subsequently be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(2,265)	-	10,538	-
		(2,265)	-	10,538	-
8300	Other comprehensive loss for the period, net of income tax	(1,937)	-	13,003	-
	Total comprehensive income	\$ 139,257	5	219,681	8
	Earnings per share (NTD) (Notes 4 and 6(14))				
	Basic earnings per share (NTD)	\$ 2.51		3.67	
	Diluted earnings per share (NTD)	\$ 2.50		3.66	

(Please refer to the notes to the parent company only financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

	Retained earnings						Other equity items Exchange differences on translation of foreign financial statements	Total equity
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total		
Balance on January 1, 2024	\$ 535,647	105,466	221,963	21,546	291,629	535,138	(24,490)	1,151,761
Net profit	-	-	-	-	206,678	206,678	-	206,678
Other comprehensive income for the period	-	-	-	-	2,465	2,465	10,538	13,003
Total comprehensive income	-	-	-	-	209,143	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)	-	(107,130)
Common stock dividends	26,783	-	-	-	(26,783)	(26,783)	-	-
Balance on December 31, 2024	562,430	105,466	236,864	24,490	349,014	610,368	(13,952)	1,264,312
Net profit	-	-	-	-	141,194	141,194	-	141,194
Other comprehensive income for the period	-	-	-	-	328	328	(2,265)	(1,937)
Total comprehensive income	-	-	-	-	141,522	141,522	(2,265)	139,257
Earnings appropriation and distribution:								
Legal reserve provided	-	-	20,914	-	(20,914)	-	-	-
Special reserve reversed	-	-	-	(10,538)	10,538	-	-	-
Cash dividends on common stock	-	-	-	-	(129,358)	(129,358)	-	(129,358)
Balance on December 31, 2025	<u>\$ 562,430</u>	<u>105,466</u>	<u>257,778</u>	<u>13,952</u>	<u>350,802</u>	<u>622,532</u>	<u>(16,217)</u>	<u>1,274,211</u>

(Please refer to the notes to the parent company only financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

	2025	2024
Cash flows from operating activities:		
Net income before tax	\$ 179,407	261,155
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	14,404	13,087
Amortization expense	213	220
Interest expense	8,193	8,565
Gain on reversal of inventory valuation and obsolescence losses	(4,013)	(4,752)
Interest income	(6,162)	(5,744)
Share of profit (loss) of subsidiaries, associates, and joint ventures accounted for using the equity method	(8,636)	1,079
Loss (gain) on disposal and scrapping of property, plant and equipment	55	(7)
Unrealized sales profit	5,065	7,639
Realized sales profit	(7,119)	(5,926)
Total adjustments to reconcile profit (loss)	2,000	14,161
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes and accounts receivable	56,229	1,396
Other receivables	(293)	36
Inventories	9,076	6,912
Other current assets	2,558	1,951
Total net changes in assets related to operating activities	67,570	10,295
Changes in operating liabilities:		
Notes and accounts payable	(14,522)	(66,534)
Other payables	(14,350)	9,958
Other current liabilities	3,387	(28,980)
Net defined benefit liability	(165)	(79)
Total net changes in liabilities related to operating activities	(25,650)	(85,635)
Total net changes in assets and liabilities related to operating activities	41,920	(75,340)
Total adjustments	43,920	(61,179)
Cash inflow generated from operations	223,327	199,976
Interest received	6,093	5,753
Interest paid	(7,768)	(8,600)
Income tax paid	(38,151)	(62,667)
Net cash inflows from operating activities	183,501	134,462
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	14	7
Investments accounted for under equity method	-	(2,399)
Acquisition of property, plant and equipment	(754)	(262)
Refundable deposits	1,460	(1,571)
Acquisition of financial assets at fair value through other comprehensive income -non-current	-	(15,000)
Net cash inflows (outflows) from investing activities	720	(19,225)
Cash flows from financing activities:		
Decrease in short-term borrowings	13,000	(42,000)
Repayment of long-term borrowings	-	(2,066)
Repayment of principal portion of lease liabilities	(2,527)	(2,068)
Cash dividends paid	(129,358)	(107,130)
Net cash used in financing activities	(118,885)	(153,264)
Increase (decrease) in cash and cash equivalents for the period	65,336	(38,027)
Cash and cash equivalents at beginning of period	191,521	229,548
Cash and cash equivalents at end of period	\$ 256,857	191,521

(Please refer to the notes to the parent company only financial statements)

Chairman: Chia-Yu, Chen

Manager: Mao-Yang, Li

Accounting Officer: Chang-Kuo, Hsiao

Podak Co., Ltd.
Notes to Parent Company Only Financial Statements
For the Years Ended December 31, 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 Parent Company Only Statements

The parent company only financial statements were authorised for issuance by the Board of Directors on March 2, 2026.

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 Company has adopted the newly amended IFRS Accounting Standards since January 1, 2025, which did not cause a significant impact on the parent company only 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 Company

The adoption of the following newly amended IFRSs, Accounting Standards which will take effect from January 1, 2026, will not have a significant impact on the parent company only financial statements based on the Company’s assessment.

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17
- 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”

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(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 Company are as follows:

<u>New standards or amendments</u>	<u>Major amendments</u>	<u>Effective date announced by IASB</u>
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. 	<p>January 1, 2027</p> <p>Note: The Financial Supervisory Commission (FSC) issued a press release on September 25, 2025, announcing that Taiwan will adopt IFRS 18 in the fiscal year of 2028. If the Company has a need for early adoption, it may also elect to apply the standard in advance after the FSC endorses it.</p>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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

The Company does not expect that other new and revised standards that have not yet been endorsed will have a significant impact on the parent company only financial statements.

- Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and Amendments to IFRS 19
- Amendments to IAS 21, "Translation to a Hyperinflationary Presentation Currency"

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Basis of measurement

Except for the net defined benefit liability, which is measured at the fair value of the pension fund assets less the present value of the defined benefit obligation and the effect of the asset ceiling as described in Note 4(11), the parent company only financial statements have been prepared on a historical cost basis.

B. Functional and presentation currencies

The functional currency of each division of the Company is the currency of the main economic environment where it operates. The parent company only 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(3) 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. Except for foreign currency translation differences arising from equity instruments designated as at fair value through other comprehensive income (available-for-sale), financial liabilities designated as hedges of a net investment in a foreign operation to the extent that the hedge is effective, or qualifying cash flow hedges to the extent that the hedge is effective, which are recognized in other comprehensive income, the remainder is recognized in profit or loss.

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 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.

(4) 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 Company, 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

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

- 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.

Liabilities that meet one of the following criteria are classified as current liabilities by the Company, 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.

(5) 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.

(6) Financial instruments

Accounts receivable and debt securities issued are originally recognized when they are incurred. All other financial assets and liabilities are recognized when the Company 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 Company 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 Company 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.

Parent Company Only 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 Company'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 Company'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 Company 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 Company 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.

Parent Company Only 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 Company 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 Company 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 Company 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

Parent Company Only 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 Company'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 Company 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 Company 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 Company's claim to cash flows from specified assets (e.g., non-recourse features).

- (F) Impairment of financial assets

The Company 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.

Parent Company Only 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 Company is exposed to credit risk.

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

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

The Company 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 Company.

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 Company under the contracts and the cash flows that the Company expects to collect. Expected credit losses are discounted at the effective interest rate of the financial assets.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

At each reporting date, the Company 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 Company 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 Company 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 Company 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 Company's procedures for recovering overdue amounts.

(G) Derecognition of financial assets

The Company 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(7) 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.

(8) Investment in associates

An associate is an entity over which the Company has significant influence but does not have control or joint control.

The Company 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 parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of associates accounted for using the equity method based on the Company's ownership percentage, after adjustments to align the accounting policies with those of the Company, 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 Company's ownership interest in the associate, the Company recognizes all changes in equity in capital surplus based on its ownership percentage.

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

(9) Invested subsidiaries

In preparing the parent company only financial statements, the Company uses the equity method to accounting for its invested companies over which it has control. Under the equity method, the apportionments of current profit or loss and other comprehensive income or loss in the parent company only financial statements are the same as the those attributable to the owners of the parent company in the consolidated financial statements, and the owners' equity in the parent company only financial statements is the same as the equity attributable to the owners of the parent company in the consolidated financial statements.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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

(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.

Gains or losses on disposal of property, plant and equipment are recognized 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 Company.

D. Depreciations

Depreciation is calculated by the cost of assets less their residual values, and is recognized in profit or loss over the estimated useful lives of each component using the straight-line method.

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 Company reviews depreciation methods, useful lives and residual values at each reporting date and makes appropriate adjustments when necessary.

(11) Lease

The Company 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

A. Lessee

The Company 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.

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 Company 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 Company 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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.

The Company 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 transferred asset continues to be recognized, and the consideration received is recognized as a financial liability.

B. Lessor

For transactions in which the Company 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 Company considers relevant specific indicators, including whether the lease term covers a major part of the economic life of the underlying asset. If the Company 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 Company applies 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 Company recognizes lease payments received as rental income on a straight-line basis over the lease term.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(12) Impairment of non-financial assets

The Company assesses at each reporting date whether there is any indication that the carrying amount of a non-financial asset (other than inventory, deferred income tax assets, and assets arising from employee benefits) 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 costs to sell, 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. If the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the individual asset or cash-generating unit is reduced to its recoverable amount, and an impairment loss is recognized. Impairment losses are recognized immediately in profit or loss.

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 Company has a present obligation (legal or constructive) as a result of a past event, making it probable that the Company 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 Company expects to be entitled in exchange for transferring promised goods or services to a customer. The Company recognizes revenue when a performance obligation is satisfied, i.e., when control of the goods or services is transferred to the customer. The Company's major revenue sources are explained as follows:

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(A) Sales of goods

The Company purchases electronic components and sells them to computer manufacturers. The Company 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 Company has objective evidence that all criteria for acceptance have been satisfied.

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

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

(B) Financial components

The Company 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 Company 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 Company 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 Company 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 Company 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.

Parent Company Only 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.

B. Defined benefit plan

Post-employment benefit plans that are not defined contribution plans are defined benefit plans. The Company'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 plan assets. The discount rate is the yield at the reporting date on high quality corporate bonds or government bonds that have maturity dates approximating the terms of the Company's net obligation and are denominated in the same currency in which the benefits are expected to be paid.

The defined benefit 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 Company, the asset recognized is limited to the present value of any economic benefits available in the form of refunds 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. An economic benefit is available to the Company if it is realizable during the term of the plan or when the plan liabilities are settled.

When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is immediately recognized as an expense in profit or loss.

Parent Company Only 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 Company recognizes remeasurements of defined benefit plans in retained earnings. The Company 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. Changes in benefits related to prior service costs or curtailed benefits or losses resulting from plan revisions or curtailments are recognized immediately in profit or loss. The Company recognizes a gain or loss on settlement of a defined benefit plan when the settlement occurs.

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 Company 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 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;

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

- B. Temporary differences arising from investments in subsidiaries, associate companies and joint ventures, where the Company 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 Company 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.

(17) Earnings per share

The Company presents basic and diluted earnings per share attributable to equity holders of the Company's ordinary shares. The Company'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 Company's dilutive potential ordinary shares include the estimated number of employee bonuses payable in shares.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(18) Segment Information

The Company has disclosed department information in the consolidated financial statements and therefore does not disclose it in the parent company only financial statements.

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

When management prepares the parent company only 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, and changes in accounting estimates are recognized in the period of the change and future affected periods.

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 parent company only financial statements: None.

The following uncertainties in assumptions and estimations have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, and the related information is as follows: None.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Cash	\$ 43	43
Bank deposits		
Checking deposit	9	114
Demand deposits	42,916	38,737
Foreign currency deposits	<u>213,889</u>	<u>152,627</u>
Cash and cash equivalents listed in the statement of cash flows	<u>\$ 256,857</u>	<u>191,521</u>

Please refer to Note 6(18) for the disclosure of the interest rate risk and sensitivity analysis of the Company's financial assets and liabilities.

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

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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

	December 31, 2025	December 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>

- A. These equity instrument investments held by the Company 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 Company 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(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

	December 31, 2025	December 31, 2024
Notes receivable from operating activities	\$ 146	488
Accounts receivable - at amortized cost	<u>1,018,474</u>	<u>1,074,361</u>
Accounts receivable, net	<u>\$ 1,018,620</u>	<u>1,074,849</u>

The Company 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 Company's notes receivable and accounts receivable as of December 31, 2025 and 2024 is as follows:

	December 31, 2025		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 1,013,898	0%	-
Past due for less than 30 days	<u>4,722</u>	0%	<u>-</u>
	<u>\$ 1,018,620</u>		<u>-</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

	December 31, 2024		
	Carrying amount of notes and accounts receivable	Weighted average expected credit loss ratio	Allowance for lifetime expected credit losses
Not past due	\$ 1,059,312	0%	-
Past due for less than 30 days	3,675	0%	-
31~60 days past due	11,862	0%	-
	<u>\$ 1,074,849</u>		<u>-</u>

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

	2025	2024
Ending balance	<u>\$ -</u>	<u>-</u>

The Company'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 Company 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 Company believes that, based on historical default rates, no allowance for doubtful accounts is necessary for notes receivable and accounts receivable that are not overdue or overdue by less than 30 days. Up to 98% of the notes receivable and accounts receivable, which includes the balances of the Company's most important customers, are from customer groups with good payment records with the Company.

The Company has a recourse factoring agreement for accounts receivable with CTBC Bank, effective until September 30, 2026. As of December 31, 2025 and 2024, the details of the recourse accounts receivable factoring transactions are as follows:

Unit: USD thousand								
Date	Transaction company	Purchaser	Amount of resale	Factoring limit	Advanced amount	Retention	Interest rate	Collateral provided
December 31, 2025	Podak Co., Ltd.	CTBC Bank	\$ 3,942	15,000	-	-		Promissory note 15,000
December 31, 2024	Podak Co., Ltd.	CTBC Bank	2,595	15,000	-	-		Promissory note 15,000

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(4) Other receivables

	December 31, 2025	December 31, 2024
Other receivables - subsidiaries	<u>\$ 443</u>	<u>150</u>

For credit risk information, please refer to Notes 6(18) and (19).

(5) Inventories

	December 31, 2025	December 31, 2024
Inventories	\$ 276,312	285,260
Less: Allowance for valuation and bad debt losses	<u>(4,736)</u>	<u>(8,750)</u>
Inventories	<u>\$ 271,576</u>	<u>276,510</u>

As of December 31, 2025 and 2024, none of the Company's inventories had been provided as a pledge.

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

	2025	2024
Cost of goods	\$ 2,495,267	2,383,367
Inventory valuation and obsolescence losses (gain on value recovery)	<u>(4,013)</u>	<u>(4,752)</u>
	<u>\$ 2,491,254</u>	<u>2,378,615</u>

(6) Investments accounted for under equity method

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

	December 31, 2025	December 31, 2024
Subsidiary	\$ 245,470	236,364
Associates	<u>3,971</u>	<u>4,652</u>
	<u>\$ 249,441</u>	<u>241,016</u>

A. Associates

In July 2021, the Company made a new investment in Podak Tien-Ho Technology Co., Ltd. The company is primarily engaged in international trade and the wholesale and retail of precision instruments. As of both December 31, 2025 and 2024, the initial investment cost in this company was NTD 2,700 thousand and the Company holds a 45% stake. Please refer to Note 7 for related transaction information.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(7) Property, plant and equipment

The details of changes in the cost and depreciation of the Company's property, plant, and equipment during 2025 and 2024 are as follows:

	Land	Buildings and structures	Transportation equipment	Office equipment	Computer and telecommunication equipment	Other equipment	Total
Cost or deemed cost:							
Balance on January 1, 2025	\$ 105,946	57,475	8,376	3,398	3,591	35,646	214,432
Additions	-	-	-	319	435	-	754
Reclassifications	-	-	-	-	-	(129)	(129)
Disposals	-	-	-	-	(414)	-	(414)
Balance on December 31, 2025	<u>\$ 105,946</u>	<u>57,475</u>	<u>8,376</u>	<u>3,717</u>	<u>3,612</u>	<u>35,517</u>	<u>214,643</u>
Balance on January 1, 2024	\$ 105,946	57,475	8,376	3,398	3,552	21,407	200,154
Additions	-	-	-	-	262	-	262
Reclassifications	-	-	-	-	-	14,239	14,239
Disposals	-	-	-	-	(223)	-	(223)
Balance on December 31, 2024	<u>\$ 105,946</u>	<u>57,475</u>	<u>8,376</u>	<u>3,398</u>	<u>3,591</u>	<u>35,646</u>	<u>214,432</u>
Accumulated depreciation							
Balance on January 1, 2025	\$ -	(22,905)	(2,990)	(2,547)	(2,804)	(12,124)	(43,370)
Depreciation for the year	-	(1,130)	(1,396)	(337)	(190)	(8,824)	(11,877)
Disposals	-	-	-	-	345	-	345
Balance on December 31, 2025	<u>\$ -</u>	<u>(24,035)</u>	<u>(4,386)</u>	<u>(2,884)</u>	<u>(2,649)</u>	<u>(20,948)</u>	<u>(54,902)</u>
Balance on January 1, 2024	\$ -	(21,774)	(1,594)	(2,213)	(2,840)	(4,141)	(32,562)
Depreciation for the year	-	(1,131)	(1,396)	(334)	(187)	(7,983)	(11,031)
Disposals	-	-	-	-	223	-	223
Balance on December 31, 2024	<u>\$ -</u>	<u>(22,905)</u>	<u>(2,990)</u>	<u>(2,547)</u>	<u>(2,804)</u>	<u>(12,124)</u>	<u>(43,370)</u>
Book value:							
December 31, 2025	<u>\$ 105,946</u>	<u>33,440</u>	<u>3,990</u>	<u>833</u>	<u>963</u>	<u>14,569</u>	<u>159,741</u>
December 31, 2024	<u>\$ 105,946</u>	<u>34,570</u>	<u>5,386</u>	<u>851</u>	<u>787</u>	<u>23,522</u>	<u>171,062</u>
January 1, 2024	<u>\$ 105,946</u>	<u>35,701</u>	<u>6,782</u>	<u>1,185</u>	<u>712</u>	<u>17,266</u>	<u>167,592</u>

Please refer to Note 8 for details of collateral for borrowings and financing limits as of December 31, 2025 and 2024, and refer to Note 6(17) for disposal gains or losses.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(8) Right-of-use assets

The changes in cost, depreciation, and impairment losses of the buildings and structures and transportation equipment leased by the Company are detailed as follows:

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:			
Balance on January 1, 2025	\$ 3,376	8,301	11,677
Decrease	<u>-</u>	<u>(4,185)</u>	<u>(4,185)</u>
Balance on December 31, 2025	<u>\$ 3,376</u>	<u>4,116</u>	<u>7,492</u>
Balance on January 1, 2024	\$ 3,376	4,185	7,561
Additions	<u>-</u>	<u>4,116</u>	<u>4,116</u>
Balance on December 31, 2024	<u>\$ 3,376</u>	<u>8,301</u>	<u>11,677</u>
Depreciation of right-of-use assets:			
Balance on January 1, 2025	\$ 1,500	4,000	5,500
Provision of depreciation	1,126	1,401	2,527
Decrease	<u>-</u>	<u>(4,185)</u>	<u>(4,185)</u>
Balance on December 31, 2025	<u>\$ 2,626</u>	<u>1,216</u>	<u>3,842</u>
Balance on January 1, 2024	\$ 375	3,069	3,444
Provision of depreciation	<u>1,125</u>	<u>931</u>	<u>2,056</u>
Balance on December 31, 2024	<u>\$ 1,500</u>	<u>4,000</u>	<u>5,500</u>
Book value:			
December 31, 2025	<u>\$ 750</u>	<u>2,900</u>	<u>3,650</u>
December 31, 2024	<u>\$ 1,876</u>	<u>4,301</u>	<u>6,177</u>
January 1, 2024	<u>\$ 3,001</u>	<u>1,116</u>	<u>4,117</u>

(9) Short-term borrowings

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Secured bank loans	\$ 120,000	122,000
Credit borrowings	<u>291,000</u>	<u>276,000</u>
Total	<u>\$ 411,000</u>	<u>398,000</u>
Unused credit line	<u>\$ 383,900</u>	<u>396,900</u>
Interest rate	<u>1.78%~2.385%</u>	<u>1.76%~2.55%</u>

Please refer to Note 8 for the Company's asset pledged as collateral for bank loans, Note 7 for the related explanation of joint guarantees by the Company's key management personnel, and Note 9(2) for the issuance of promissory notes as borrowing collateral. Please refer to Note 6(17) for interest expense.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(10) Lease liabilities

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

	December 31, 2025	December 31, 2024
Current	<u>\$ 1,914</u>	<u>2,528</u>
Non-current	<u>\$ 1,815</u>	<u>3,728</u>

For maturity analysis, please refer to Note 6(18) Financial Instruments.

The amounts of lease recognized in profit or loss are as follows:

	2025	2024
Interest expense on lease liability	<u>\$ 87</u>	<u>64</u>
Expense of short-term leases	<u>\$ 266</u>	<u>242</u>

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

	2025	2024
Total cash outflow from lease	<u>\$ 2,881</u>	<u>2,374</u>

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

(11) Employee benefits

A. Defined benefit plan

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

	December 31, 2025	December 31, 2024
Present value of defined benefit obligation	\$ 13,389	12,513
Fair value of plan assets	<u>(11,350)</u>	<u>(9,981)</u>
Net defined benefit liability	<u>\$ 2,039</u>	<u>2,532</u>

The Company'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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(A) Composition of plan assets

The Company'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 Company at the Bank of Taiwan was NTD 11,350 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 Company's defined benefit obligations are as follows:

	<u>2025</u>	<u>2024</u>
Defined benefit obligation on January 1	\$ 12,513	21,546
Current service cost and interest	178	351
Remeasurement of net defined benefit liability		
-Actuarial gains and losses resulting from		
changes in financial assumptions	698	(1,010)
Benefits paid by the plan	-	(8,374)
Defined benefit obligation on December 31	<u>\$ 13,389</u>	<u>12,513</u>

(C) Changes in fair value of plan assets

The changes in the fair value of the Company's defined benefit plan assets during 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Fair value of plan assets on January 1	\$ 9,981	16,470
Interest income	135	193
Remeasurement of net defined benefit liability		
-Return on plan assets		
(excluding current interest)	1,026	1,455
Amount appropriated to the plan	208	237
Benefits paid by the plan	-	(8,374)
Fair value of plan assets on December 31	<u>\$ 11,350</u>	<u>9,981</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(D) Expenses recognized in profit or loss

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

	<u>2025</u>	<u>2024</u>
Current service cost	\$ -	90
Net interest on net defined benefit liability (asset)	<u>43</u>	<u>68</u>
	<u>\$ 43</u>	<u>158</u>
	<u>2025</u>	<u>2024</u>
Selling expenses	<u>\$ 43</u>	<u>158</u>

(E) Actuarial assumptions

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Discount rate	1.625%	1.75%
Increase in future salary	3.00%	3.00%

The Company expects to pay a contribution of NTD 208 thousand to the defined benefit plan within one year after the reporting date of the 2025.

The weighted average duration of the defined benefit plan is 7.40 years.

(F) Sensitivity analysis

The effects of changes in the major actuarial assumptions adopted as of December 31, 2025 and 2024 on the present value of the defined benefit obligation are as follows:

	<u>Effect on the defined benefit obligation</u>	
	<u>Increase by 0.25%</u>	<u>Decrease by 0.25%</u>
December 31, 2025		
Discount rate (change by 25%)	(151)	154
Increase in future salary (change by 25%)	147	(145)
December 31, 2024		
Discount rate (change by 25%)	(159)	162
Increase in future salary (change by 25%)	156	(153)

Parent Company Only 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 Company's defined contribution plan is based on the Labor Pension Act, with a contribution rate of 6% of worker's monthly salary, which will be contributed to the Individual Labor Pension Accounts of the Bureau of Labor Insurance. The Company has no legal or constructive obligation to pay additional amounts after making a fixed contribution to the Bureau of Labor Insurance under this plan.

The pension expenses under the defined contribution pension plan for the Company in 2025 and 2024 were NTD 2,183 thousand and NTD 2,098 thousand, respectively, and have been contributed to the Bureau of Labor Insurance.

(12) Income tax

A. Income tax expense

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

	<u>2025</u>	<u>2024</u>
Current income tax expense		
Recognized in the current period	\$ 34,821	40,026
Adjustment to income tax for the prior period	<u>(1,139)</u>	<u>2,246</u>
	<u>33,682</u>	<u>42,272</u>
Deferred income tax expense		
Occurrence and reversal of temporary differences	<u>4,531</u>	<u>12,205</u>
Income tax expense	<u>\$ 38,213</u>	<u>54,477</u>

The reconciliation of the Company's 2025 and 2024 income tax expense (benefit) to net profit before tax is as follows:

	<u>2025</u>	<u>2024</u>
Net income before tax	<u>\$ 179,407</u>	<u>261,155</u>
Income tax calculated at the tax rate of the country where the Company is located	\$ 35,882	52,231
Underestimation (overestimation) of prior periods	(1,139)	2,246
A surtax on unappropriated retained earnings	<u>3,470</u>	<u>-</u>
Total	<u>\$ 38,213</u>	<u>54,477</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

B. Deferred income tax assets and liabilities

(A) Recognized deferred income tax assets and liabilities

The changes in deferred income tax assets and liabilities in 2025 and 2024 are as follows:

	2025		
	Recognized in the statement of		
	Opening balance	profit or loss	Ending balance
Deferred income tax liabilities:			
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method	\$ 25,395	1,727	27,122
Pensions	16	33	49
Unrealized exchange gains	3,568	1,522	5,090
Total deferred income tax liabilities	\$ 28,979	3,282	32,261
	2024		
	Recognized in the statement of		
	Opening balance	profit or loss	Ending balance
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
Pensions	-	16	16
Unrealized exchange gains	-	3,568	3,568
Total deferred income tax liabilities	\$ 25,610	3,369	28,979

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

	2025		
	Recognized in the statement of		
	Opening balance	profit or loss	Ending balance
Deferred income tax assets:			
Allowance for sales discounts	\$ 1,180	69	1,249
Allowance for inventory valuation loss	1,750	(803)	947
Unrealized sales profit and loss	<u>1,528</u>	<u>(515)</u>	<u>1,013</u>
Total deferred income tax assets	<u>\$ 4,458</u>	<u>(1,249)</u>	<u>3,209</u>

	2024		
	Recognized in the statement of		
	Opening balance	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	<u>1,289</u>	<u>239</u>	<u>1,528</u>
Total deferred income tax assets	<u>\$ 13,294</u>	<u>(8,836)</u>	<u>4,458</u>

C. Income tax examination

The profit-seeking enterprise income tax returns filed by the Company up to 2023 have been approved by the tax authority.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(13) Capital and other equity items

As of both December 31, 2025 and 2024, the Company's total authorized capital stock was NTD 600,000 thousand, with a par value of NTD 10 per share, and the authorized number of shares was 60,000 thousand shares.

The number of the Company's shares outstanding in 2025 and 2024 is as follows:

(Expressed in thousands of shares)

	Common stock	
	2025	2024
Opening balance at January 1	56,243	53,565
Earnings used for recapitalization	-	2,678
Ending balance at December 31	<u><u>\$ 56,243</u></u>	<u><u>56,243</u></u>

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 Company's capital surplus is as follows:

	December 31, 2025	December 31, 2024
Additional paid-in capital in excess of par	<u><u>\$ 105,466</u></u>	<u><u>105,466</u></u>

According to the Company Act, 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

C. Retained earnings

According to the Company's Articles of Incorporation, the Company'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 Company.
- Appropriation or reversal of special reserve in accordance with the law.
- The Company 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.

(B) Special reserve

According to the FSC's regulations, when the Company distributes distributable earnings, it shall appropriate a legal 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, 2025 and 2024, the balance of the special reserve was NTD 13,952 thousand and NTD 24,490 thousand, respectively.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(C) Earnings distribution

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		
Cash	\$ 2.30	2.00
Stock	-	<u>0.50</u>
Total	<u>\$ 2.30</u>	<u>2.50</u>

The Company plans to resolve the 2025 earnings distribution proposal at the second Board of Directors meeting in 2026.

D. 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>(2,265)</u>
Balance on December 31, 2025	<u>\$ (16,217)</u>
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>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(14) Earnings per share

A. Basic earnings per share

The basic earnings per share for the Company for 2025 and 2024 were calculated based on the net profit attributable to the equity holders of the Company's ordinary shares, which amounted to NTD 141,194 thousand and NTD 206,678 thousand, respectively, and the weighted average number of ordinary shares outstanding, which were 56,243 thousand shares for both years. The relevant calculations are as follows:

	<u>2025</u>	<u>2024</u>
Basic earnings per share		
Net profit attributable to equity holders of the Company's ordinary shares	<u>\$ 141,194</u>	<u>206,678</u>
Weighted average number of outstanding ordinary shares	<u>56,243</u>	<u>56,243</u>
	<u>\$ 2.51</u>	<u>3.67</u>
Diluted earnings per share		
Net profit attributable to equity holders of the Company's ordinary shares	<u>\$ 141,194</u>	<u>206,678</u>
Weighted average number of outstanding ordinary shares	56,243	56,243
Effect of dilutive potential ordinary shares		
Effect of employee stock bonuses	<u>269</u>	<u>274</u>
Weighted average number of ordinary shares outstanding (adjusted for dilutive potential ordinary shares)	<u>56,512</u>	<u>56,517</u>
Diluted earnings per share	<u>\$ 2.50</u>	<u>3.66</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(15) Revenue from contracts with customers

A. Breakdown of income

	2025				
	B1	B3	B4	Other	
	<u>segment</u>	<u>segment</u>	<u>segment</u>	<u>segments</u>	<u>Total</u>
Main regional markets:					
Taiwan	\$ 161,459	59,644	422,162	523,806	1,167,071
China	518,166	812,153	-	28,043	1,358,362
Other countries	<u>242,978</u>	<u>-</u>	<u>78,476</u>	<u>628</u>	<u>322,082</u>
	<u>\$ 922,603</u>	<u>871,797</u>	<u>500,638</u>	<u>552,477</u>	<u>2,847,515</u>

Major products/ service lines:

Sales of electronic components	<u>\$ 922,603</u>	<u>871,797</u>	<u>500,638</u>	<u>552,477</u>	<u>2,847,515</u>
--------------------------------	--------------------------	-----------------------	-----------------------	-----------------------	-------------------------

	2024				
	B1	B3	B4	Other	
	<u>segment</u>	<u>segment</u>	<u>segment</u>	<u>segments</u>	<u>Total</u>
Main regional markets:					
Taiwan	\$ 114,801	42,580	376,114	146,333	679,828
China	882,510	928,163	-	26,390	1,837,063
Other countries	<u>213,744</u>	<u>-</u>	<u>11,094</u>	<u>243</u>	<u>225,081</u>
	<u>\$ 1,211,055</u>	<u>970,743</u>	<u>387,208</u>	<u>172,966</u>	<u>2,741,972</u>

Major products/ service lines:

Sales of electronic components	<u>\$ 1,211,055</u>	<u>970,743</u>	<u>387,208</u>	<u>172,966</u>	<u>2,741,972</u>
--------------------------------	----------------------------	-----------------------	-----------------------	-----------------------	-------------------------

(16) Remuneration to employees and directors

The Company resolved to amend its Articles of Incorporation at the shareholders' meeting on June 25, 2025. According to the amended Articles, if there is an 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. Of the aforementioned employee compensation, no less than 5% shall be allocated for distribution to entry-level employees. The recipients of the aforementioned employee compensation in the form of shares or cash include employees of subsidiaries who meet certain conditions.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

According to the Company's Articles of Incorporation prior to the amendment, if there is an 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 2025 and 2024 employee compensation for the Company were NTD 7,602 thousand and NTD 11,063 thousand, respectively, and the estimated amounts of director remuneration were NTD 2,851 thousand and NTD 4,149 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 percentages for employee compensation and director remuneration stipulated in the Company's Articles of Incorporation, and are reported as operating expenses for 2025 and 2024. There is no difference between the actual distribution of employee compensation and director remuneration for 2025 and the estimated amounts in the parent company only financial statements. The actual distribution of employee compensation and director remuneration for 2024 differed from the amounts estimated in the Company's 2024 parent company only financial statements by NTD 11 thousand. This was primarily due to a difference between the accounting estimates and the Board of Directors' resolution. The Company treated this as a change in accounting estimate and recognized the difference in the profit or loss for 2025.

(17) Non-operating income and expenses

A. Interest income

The details of interest revenue of the Company for the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Interest income from bank deposits	\$ 6,125	5,717
Other interest income	<u>37</u>	<u>27</u>
	<u>\$ 6,162</u>	<u>5,744</u>

B. Other income

The details of other income of the Company in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Income from insurance maturity proceeds	\$ 56	111
Insurance claim income	-	58
Rental revenue	70	70
Others	<u>904</u>	<u>351</u>
Total other income	<u>\$ 1,030</u>	<u>590</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

C. Other gains and losses

The details of other profits and losses of the Company in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Foreign currency exchange gains (losses)	\$ (31,620)	68,324
Gains (losses) on disposal of property, plant and equipment	<u>(55)</u>	<u>7</u>
	<u>\$ (31,675)</u>	<u>68,331</u>

D. Finance costs

The details of finance costs of the Company in 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Interest expense	<u>\$ 8,193</u>	<u>8,565</u>

E. Investment gains or losses recognized using the equity method, other gains and losses

	<u>2025</u>	<u>2024</u>
Investment income (loss) recognized using the equity method	<u>\$ 8,636</u>	<u>(1,079)</u>

(18) Financial instruments

A. Categories of financial instruments

(A) Financial assets

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash and cash equivalents	\$ 256,857	191,521
Notes receivable, accounts receivable, and other receivables	1,019,063	1,074,999
Others	<u>1,875</u>	<u>3,335</u>
Total	<u>\$ 1,277,795</u>	<u>1,269,855</u>

(B) Financial liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Short-term borrowings	\$ 411,000	398,000
Notes and accounts payable	212,801	227,323
Other payables	38,597	52,521
Lease liabilities	<u>3,729</u>	<u>6,256</u>
Total	<u>\$ 666,127</u>	<u>684,100</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

B. Credit risk

(A) Credit risk concentration

The Company's sales are concentrated in a few major customers. To reduce the credit risk of accounts receivable, the Company continuously assesses the financial condition of its customers and requires them to provide collateral or guarantees when necessary. The Company 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. As of December 31, 2025 and 2024, 73% and 79% of the Company's accounts receivable balances from non-related parties were respectively composed of two customer groups, respectively, indicating a significant concentration of credit risk for the Company.

(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 financial assets with low credit risks, so an allowance for losses for the period is measured at twelve-month expected credit losses.

C. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2025							
Non-derivative financial liabilities							
Secured bank loans	\$ 120,000	120,054	120,054	-	-	-	-
Unsecured bank loans	291,000	292,065	292,065	-	-	-	-
Accounts payable	212,801	212,801	212,801	-	-	-	-
Other payables	38,597	38,597	38,597	-	-	-	-
Lease liabilities	<u>3,729</u>	<u>3,805</u>	<u>1,182</u>	<u>782</u>	<u>1,163</u>	<u>678</u>	<u>-</u>
	<u>\$ 666,127</u>	<u>667,322</u>	<u>664,699</u>	<u>782</u>	<u>1,163</u>	<u>678</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	-	-	-	-
Accounts payable	227,323	227,323	227,323	-	-	-	-
Other payables	52,521	52,521	52,521	-	-	-	-
Lease liabilities	<u>6,256</u>	<u>6,419</u>	<u>1,446</u>	<u>1,168</u>	<u>1,963</u>	<u>1,842</u>	<u>-</u>
	<u>\$ 684,100</u>	<u>685,402</u>	<u>680,429</u>	<u>1,168</u>	<u>1,963</u>	<u>1,842</u>	<u>-</u>

The Company 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

D. Foreign exchange risk

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

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 35,008	31.4300	1,100,312	34,413	32.7850	1,128,230
JPY	-	-	-	1,926	0.2099	404
CNY	30,320	4.4960	136,318	22,778	4.4780	102,000
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 6,024	31.4300	189,325	6,534	32.7850	214,217
CNY	5,506	4.4960	24,755	3,171	4.4780	14,200

The exchange rate risk to the Company's monetary items 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 December 31, 2025 and 2024, when the NTD depreciated or appreciated by 1% against the USD, CNY, and JPY with all other factors held constant, the net income after tax for 2025 and 2024 would have increased or decreased by NTD 8,180 thousand and NTD 8,018 thousand, respectively. The analyses in the two periods are on the same basis.

With the wide variety of the Company'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 2025 and 2024 were a loss of NTD 31,620 thousand and a gain of NTD 68,324 thousand, respectively.

E. Interest rate analysis

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

F. Fair value information

The Company's management believes that the carrying amounts of the Company's financial assets and financial liabilities in the parent company only financial statements approximate their fair values.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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

The Company's fair value 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 Company'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:

	Input	Increase or decrease	Changes in fair values reflected in the current profit or loss		Changes in fair values reflected in other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2025						
Financial assets at fair value through other comprehensive income						
Equity instruments investment in inactive market	Discount for lack of marketability	1%	-	-	150	(150)
December 31, 2024						
Financial assets at fair value through profit or loss						
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 Company 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(19) Financial risk management

A. Overview

The Company 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 Company's exposure to the above risks and the Company's objectives, policies and procedures for risk measurement and management. For further quantitative disclosures, please refer to the respective notes to the parent company only financial statements.

B. Risk management structure

The Company's financial management department provides services to various business units, monitors and manages the financial risks related to the Company's operations through internal risk reports that contain analysis of exposures according to the degree and breadth of risk. It reports to the Company's supervisors on a quarterly basis, and internal auditors continuously review the compliance with policies and exposure limits.

The Company 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 Company 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 Company's accounts receivable from customers.

The Company 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 Company's review includes, if possible, 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 Company's benchmark credit rating are only allowed to trade with the Company on a prepayment basis.

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

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

D. Liquidity risk

Liquidity risk is the risk that the Company will be unable to settle its financial liabilities with cash or other financial assets and fail to fulfill its related obligations. The Company 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 Company's reputation.

As of December 31, 2025 and 2024, the Company'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 Company's cash outflows by about NTD 4,110 thousand and NTD 3,980 thousand, respectively.

E. Market risk

Market risk refers to the risk that the Company's earnings or the value of financial instruments held by the Company 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 Company has no significant market risk-sensitive financial assets and liabilities.

(20) Capital management

The capital management objectives of the Company 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 Company 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 Company 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 Company's capital management strategy in 2025 was consistent with that in 2024.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The debt-to-capital ratios as of December 31, 2025 and 2024 were as follows:

	December 31, 2025	December 31, 2024
Total liabilities	\$ 719,828	736,095
Less: Cash and cash equivalents	<u>(256,857)</u>	<u>(191,521)</u>
Net liability	<u>\$ 462,971</u>	<u>544,574</u>
Total equity	<u>\$ 1,274,211</u>	<u>1,264,312</u>
Debt-to-capital ratio	<u>36.33%</u>	<u>43.07%</u>

The increase in cash and cash equivalents and the decrease in the debt-to-capital ratio for 2025 were due to the shortened average collection period.

(21) Non-cash investing and financing transactions

The Company's non-cash investing and financing activities in 2025 and 2024 are as follows:

- A. Right-of-use assets obtained through leases are detailed in Note 6(8).
- B. The reconciliation of liabilities from the Company's financing activities is as follows:

	Changes in non-cash items			
	January 1, 2025	Cash flow	Lease contract signing	December 31, 2025
Short-term borrowings	\$ 398,000	13,000	-	411,000
Lease liabilities	<u>6,256</u>	<u>(2,614)</u>	<u>87</u>	<u>3,729</u>
Liabilities from financing activities gross	<u>\$ 404,256</u>	<u>10,386</u>	<u>87</u>	<u>414,729</u>

	Changes in non-cash items			
	January 1, 2024	Cash flow	Lease contract signing	December 31, 2024
Long-term borrowings	\$ 2,066	(2,066)	-	-
Short-term borrowings	440,000	(42,000)	-	398,000
Lease liabilities	<u>4,208</u>	<u>(2,131)</u>	<u>4,179</u>	<u>6,256</u>
Liabilities from financing activities gross	<u>\$ 446,274</u>	<u>(46,197)</u>	<u>4,179</u>	<u>404,256</u>

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

7. Related Party Transactions

(1) Names of related parties and relationship

The related parties with transactions with the Company during the periods covered by the parent company only financial statements are as follows:

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Kai Ta International Limited	Subsidiary
Podak (H.K.) Co., Ltd.	Sub-subsidiaries
Podak International (SH) Co., Ltd.	Sub-subsidiaries
Podak (SZ) Co., Ltd.	Sub-subsidiaries
Gang Hui Co., Ltd.	Other related parties
Podak Tien-Ho Technology Co., Ltd.	Associates

(2) Significant transactions with related parties

A. Operating revenue

The Company's major amounts of sales to related parties are as follows:

	<u>2025</u>	<u>2024</u>
Podak (H.K.) Co., Ltd.	\$ 380,673	404,010
Podak (SZ) Co., Ltd.	199,455	259,602
Podak International (SH) Co., Ltd.	<u>1,649</u>	<u>4,148</u>
	<u>\$ 581,777</u>	<u>667,760</u>

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

The selling prices of goods sold by the Company to Podak (SZ) Co., Ltd. and Podak International (SH) 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. This excludes exceptional price and discount adjustments.

The payment terms for receivables from Podak (H.K.) Co., Ltd., Podak (SZ) Co., Ltd., and Podak International (SH) Co., Ltd. were net 90 to 150 days end of the month as of December 31, 2025 and 2024.

In July 2022, the Company sold a machine to its associate, Podak Tien-Ho Technology Co., Ltd. The loss from this downstream sales transaction was unrealized. The Company 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

B. Receivables from related parties

The details of receivables from related parties to the Company are as follows:

General ledger		December 31,	December 31,
account	Type of related party	2025	2024
Accounts receivable	Podak (H.K.) Co., Ltd.	\$ 114,085	153,337
Accounts receivable	Podak (SZ) Co., Ltd.	109,479	85,644
Accounts receivable	Podak International (SH) Co., Ltd.	<u>368</u>	<u>870</u>
		<u>\$ 223,932</u>	<u>239,851</u>

C. Endorsement/Guarantee

The Company entered into a procurement contract endorsement and guarantee agreement with Podak (H.K.) Co., Ltd. and Hon Hai Precision Industry Co., Ltd. (and its group companies as agreed), stipulating that the Company provides a joint endorsement and guarantee for a five-year free warranty on products sold by Podak (H.K.) Co., Ltd., starting from the date of product acceptance. The endorsement and guarantee amount is calculated cumulatively based on the sales amount specified in the contract, starting from the contract signing date of September 18, 2009, for a five-year endorsement and guarantee period. As of December 31, 2025 and 2024, the Company's joint endorsement and guarantee amounts for Podak (H.K.) Co., Ltd. were NTD 0 and NTD 71 thousand, respectively.

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

D. Lease

One of other related parties, Gang Hui Co., Ltd., leased an office from the Company in 2025 and 2024, with rental income of NTD 36 thousand for both years. The lease was renewed for another year upon expiration. The Company leases parking spaces from Gang Hui Co., Ltd. The rental expense for both periods for 2025 and 2024 was both NTD 57 thousand, and the prepaid rents as of December 31, 2025 and 2024, were both NTD 5 thousand.

E. Other transaction matters

The Company provided financial accounting and business services to Podak (H.K.) Co., Ltd., generating service revenue of NTD 179 thousand and NTD 184 thousand in 2025 and 2024, respectively. As of December 31, 2025 and 2024, NTD 0 and NTD 1 thousand, respectively, remained uncollected and were recorded as other receivables.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

The Company paid freight, entertainment expenses, and other related operating expenses on behalf of Podak (H.K.) Co., Ltd., amounting to NTD 2,364 thousand and NTD 1,862 thousand in 2025 and 2024, respectively. As of December 31, 2025 and 2024, uncollected amounts were NTD 443 thousand and NTD 150 thousand, respectively, recorded as other receivables.

Podak International (SH) Co., Ltd. provided business services to the Company, with consulting service fees of NTD 5,612 thousand and NTD 3,837 thousand in 2025 and 2024, respectively. As of December 31, 2025 and 2024, all payments had been received.

(3) Transactions with key management personnel

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

	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 18,987	19,437
Retirement benefits	214	200
	<u><u>\$ 19,201</u></u>	<u><u>19,637</u></u>

8. Pledged Assets

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

<u>Asset</u>	<u>Asset pledged as collateral</u>	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Land	Borrowings	\$ 92,287	92,287
Land	Purchase guarantees	11,659	11,659
Buildings	Borrowings	28,219	29,167
Buildings	Purchase guarantees	4,151	4,295
		<u><u>\$ 136,316</u></u>	<u><u>137,408</u></u>

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingent liabilities:

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

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
USD	<u><u>\$ 15,000</u></u>	<u><u>15,000</u></u>

B. As of December 31, 2025 and 2024, the Company obtained loan limits and letter of guarantee limits, totaling NTD 865,000 thousand and NTD 865,000 thousand, respectively, from banks using promissory notes of NTD 725,734 thousand and NTD 725,000 thousand. As of December 31, 2025 and 2024, the outstanding balances of letters of guarantees issued were NTD 70,100 thousand and NTD 70,100 thousand, respectively. These guarantees are mainly for the Company's purchases from others, and the fair values of these letters of guarantees are equivalent to their contract values.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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 function By nature	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses						
Wages and salaries	-	61,662	61,662	-	64,861	64,861
Labour and health insurance fees	-	4,928	4,928	-	4,711	4,711
Pension costs	-	2,226	2,226	-	2,256	2,256
Remunerations to directors	-	4,448	4,448	-	5,764	5,764
Other employee benefit expenses	-	1,444	1,444	-	1,550	1,550
Depreciation expense	-	14,404	14,404	-	13,087	13,087
Amortization expense	-	213	213	-	220	220

The additional information on the number of employees and employee benefit expenses in 2025 and 2024 is as follows:

	2025	2024
Number of Employees	<u>60</u>	<u>60</u>
Number of directors who are not employees	<u>8</u>	<u>8</u>
Average employee benefits expenses	<u>\$ 1,351</u>	<u>1,411</u>
Average employee salary expenses	<u>\$ 1,186</u>	<u>1,247</u>
Adjustments to average employee salary expenses	<u>(4.89)%</u>	<u>7.59%</u>
Supervisors' remuneration (Note)	<u>\$ -</u>	<u>-</u>

The information on the Company's salary and remuneration policy (including directors, managers and employees) is as follows:

A. Director remuneration policy

(A) Attendance and transportation fees: A fixed amount of attendance and transportation allowance is provided to directors for each personal attendance at a board meeting.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(B) Director remuneration: The total remuneration is handled in accordance with Article 19 of the Company's Articles of Incorporation, with an allocation not exceeding 1.5% of the balance. Individual remuneration is determined based on their attendance at board meetings.

B. Employee compensation policy

(A) Basic salary: It is determined based on each employee's prior relevant work experience, skills, and evaluation of the position.

(B) Annual bonus: It is distributed based on the Company's annual operating performance, individual work performance, years of service, and employment proportion, including various work allowances and year-end bonuses.

Note: The Company established the Audit Committee on June 23, 2022, to replace the functions of supervisors.

13. Supplementary Disclosures

(1) Significant transactions information

In 2025, the Company 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	Amount 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	The Company	Podak (H.K.) Co., Ltd.	2	509,684	71	-	-	-	- %	637,106	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.

Note 5: It is translated at the exchange rate of CNY to NTD as of December 31, 2025.

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	As of December 31, 2025				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	

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

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-subsiary	Sales	380,673	13 %	90-150 days	Note 1	90-150 days	114,085	12%	Note 3
The Company	Podak (SZ) Co., Ltd.	The Company's sub-subsiary	Sales	199,455	7 %	90-150 days	Note 2	90-150 days	109,479	11%	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-subsiary	114,085	2.85	-		16,846	-
The Company	Podak (SZ) Co., Ltd.	The Company's sub-subsiary	109,479	2.04	-		-	-

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

(2) Information on investees:

Information on the Company's reinvestment for 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 as at December 31, 2025	Balance as at 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%	245,470	8,797	8,797	Subsidiary of the Company
0	Podak Tien-Ho Technology Co., Ltd.	Taiwan	International trade	2,700	2,700	270,000	45.00%	3,971	(359)	(681)	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%	72,272	(34)	2,476	The investment income from the Company's sub-subsiaries recognized in the current period includes an investment gain 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.

Parent Company Only Financial Statements of Podak Co., Ltd. and Subsidiaries (Cont.)

(3) Information on investments in Mainland China:

A. Relevant information, such as the name and main business scope of investees in Mainland 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 December 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 December 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	7,338	100.00%	7,343	87,322	-	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	1,709	100.00%	1,768	87,728	-	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.

B. Limitation on investment in Mainland China:

Accumulated amount of remittance from Taiwan to Mainland China as of December 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	764,527

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 Mainland 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 audited and attested by a CPA appointed by the parent company in Taiwan.

C. Significant transactions with investees in Mainland China:

Significant direct or indirect transactions between the Company and investees in Mainland China during 2025 are detailed in "Significant transactions information".

14. Segment Information

Please refer to the 2025 Consolidated Financial Statements.

Podak Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2025

Unit: NTD thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Cash	Petty cash	\$ 43	
Bank deposits	Checking deposit	9	
	Demand deposits	42,916	
	Foreign currency deposits	213,889	Foreign currencies: USD 5,952 thousand and CNY 5,967 thousand
Total		<u><u>\$ 256,857</u></u>	

Statement of Notes Receivable

<u>Client Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
FORTOP Industrial Co., Ltd.	Payments to suppliers	\$ 126	
Others		<u>20</u>	No single customer balance exceeds 5%.
Subtotal		146	
Less: Allowance for doubtful accounts		<u>-</u>	
Net amount		<u><u>\$ 146</u></u>	

Podak Co., Ltd.
Statement of Accounts Receivable

December 31, 2025

Unit: NTD thousand

<u>Client Name</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
<u>Non-related parties</u>			
Accton Technology Corporation	Payments to suppliers	\$ 215,814	
Compal (Vietnam) Co., Ltd.	"	124,119	
Wiwynn Smart Manufacturing Corporation	"	60,960	
Compal Digital Technology (Kunshan) Co., Ltd.	"	56,933	
Compal Information Technology (Kunshan) Co., Ltd.	"	51,115	
MSI Electronics (Kunshan) Co., Ltd.	"	49,387	
Compal Electronics (Chengdu) Co., Ltd.	"	48,218	
Tong San Electronic Co., Ltd.	"	43,679	
Vietnam Accton Technology Company Limited	"	40,086	
Others	"		No single customer balance exceeds 5%.
		<u>110,472</u>	
Total of non-related parties		800,783	
Less: Allowance for doubtful accounts		-	
Allowance for sales discounts		<u>(6,241)</u>	
Subtotal of non-related parties	"	<u>794,542</u>	
<u>Related parties</u>			
Podak (H.K.) Co., Ltd.	"	114,085	
Podak (SZ) Co., Ltd.	"	109,479	
Podak International (SH) Co., Ltd.	"	<u>368</u>	
Subtotal of related parties		<u>223,932</u>	
Total		<u>\$ 1,018,474</u>	

Podak Co., Ltd.
Statement of Other Receivables

December 31, 2025

Unit: NTD thousand

Items	Summary	Amount	Remark
Non-related parties			
Service fees		\$ -	
Others		-	
Related parties			
Podak (H.K.) Co., Ltd.	Receivables for service fees	443	
Total		<u>\$ 443</u>	

Statement of Inventories

Items	Summary	Amount		Remark
		Cost	Net realizable value	
Inventories	Various electrolytic capacitors, plastic capacitors, ceramic capacitors, etc.	\$ 276,312	323,641	
Add: Allowance for inventory valuation and obsolescence losses		(4,736)	-	
Net amount		<u>\$ 271,576</u>	<u>323,641</u>	

Podak Co., Ltd.
Statement of Other Current Assets
December 31, 2025

Unit: NTD thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Other receivables	Net input VAT for November and December	\$ 8,578	
Others	Prepayments	<u>4,871</u>	
Total		<u>\$ 13,449</u>	

Podak Co., Ltd.

Statement of Changes in Investments Accounted for Using Equity Method

For the Years Ended December 31, 2025 and 2024

Unit: NTD thousand

Name	Opening balance		Increase during the current period		Decrease in the current period		Ending balance			Market price or net equity value		Provision of guarantees or pledges	Remark
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Percentage of ownership	Amount	Unit price	Total price		
KaiTa International Ltd.	4,223,000	\$ 236,364	-	16,436	-	7,330	4,223,000	100%	245,470	-	245,470	None	Note 1
Podak Tien-Ho Technology Co., Ltd.	270,000	4,652	-	-	-	681	270,000	45%	3,971	-	3,971	"	Note 2
		<u>\$ 241,016</u>		<u>16,436</u>		<u>8,011</u>			<u>249,441</u>		<u>249,441</u>		

Note 1: The increase for the current period includes realized sales gross profit of NTD 7,639 thousand and the share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method of NTD 8,797 thousand.

The decrease for the current period includes unrealized gross profit on sales of NTD 5,065 thousand, and exchange differences from the translation of financial statements of foreign operations of NTD 2,265 thousand.

Note 2: The decrease for the period includes realized sales gross loss of NTD 520 thousand and the share of profit or loss of subsidiaries, associates, and joint ventures recognized using the equity method of NTD 161 thousand.

Podak Co., Ltd.

Statement of Changes in Property, Plant, and Equipment

January 1 to December 31, 2025

Unit: NTD thousand

Items	Opening balance	Increase during the current period	Decrease in the current period	Reclassification for the current period	Ending balance	Provision of guarantee or pledge	Remark
Land	\$ 105,946	-	-	-	105,946		Of which NTD 103,946 thousand, with collateral provided and asset pledged.
Buildings and structures	57,475	-	-	-	57,475		Of which cost is NTD 55,696 thousand and accumulated depreciation is NTD 23,326 thousand, with collateral provided and asset pledged.
Computer and telecommunication equipment	3,591	435	(414)	-	3,612		
Transportation equipment	8,376	-	-	-	8,376		
Office equipment	3,398	319	-	-	3,717		
Other equipment	35,646	-	-	(129)	35,517		
Total	<u>\$ 214,432</u>	<u>754</u>	<u>(414)</u>	<u>(129)</u>	<u>214,643</u>		

Statement of Changes in Accumulated Depreciation of Property, Plant, and Equipment

Items	Opening balance	Increase during the current period	Decrease in the current period	Ending balance	Remark
Buildings and structures	\$ 22,905	1,130	-	24,035	
Computer and telecommunication equipment	2,804	190	(345)	2,649	
Transportation equipment	2,990	1,396	-	4,386	
Office equipment	2,547	337	-	2,884	
Other equipment	12,124	8,824	-	20,948	
Total	<u>\$ 43,370</u>	<u>11,877</u>	<u>(345)</u>	<u>54,902</u>	

Podak Co., Ltd.

Statement of Right-of-use Assets

January 1 to December 31, 2025

Unit: NTD thousand

<u>Items</u>	<u>Opening balance</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Ending balance</u>	<u>Remark</u>
Buildings and structures	\$ 3,376	-	-	3,376	
Transportation equipment	8,301	-	4,185	4,116	
Total	\$ 11,677	-	4,185	7,492	

Statement of Changes in Accumulated Depreciation of Right-of-use Assets

<u>Items</u>	<u>Opening balance</u>	<u>Increase in the current period</u>	<u>Decrease in the current period</u>	<u>Ending balance</u>	<u>Remark</u>
Buildings and structures	\$ 1,500	1,126	-	2,626	
Transportation equipment	4,000	1,401	4,185	1,216	
Total	\$ 5,500	2,527	4,185	3,842	

Podak Co., Ltd.

Statement of Deferred Income Tax Assets

December 31, 2025

Unit: NTD thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Allowance for sales discounts		\$ 1,249	
Allowance for inventory valuation loss		947	
Unrealized sales profit and loss		<u>1,013</u>	
Total		<u><u>\$ 3,209</u></u>	

Statement of Other non-current Assets

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Refundable deposits	Security deposits for leased company vehicles and network	\$ 1,875	
Deferred expense		<u>178</u>	
		<u><u>\$ 2,053</u></u>	

Podak Co., Ltd.

Statement of Short-term Borrowings

December 31, 2025

Unit: NTD thousand

Type of borrowing	Description	Amount	Contract period	Interest rate (%)	Financing limit	Pledged assets or collateral	Remark
Credit borrowings	First Commercial Bank	\$ -	2025.01.13 - 2026.01.13	2.105-2.170	30,000		
"	Hua Nan Commercial Bank	30,000	2025.01.17 - 2026.01.17	2.150	30,000		
"	Chang Hwa Bank	-	2025.07.04 - 2026.03.31	2.385	30,000		
"	CTBC Bank	70,000	2025.10.01 - 2026.09.30	2.080	90,000		Promissory note
"	Mega Bank	26,000	2025.04.30 - 2026.04.29	2.110	50,000		Promissory note
"	E.SUN Bank	25,000	2025.06.02 - 2026.06.02	2.110-2.170	50,000		Promissory note
"	Taiwan Cooperative Bank	-	2025.11.11 - 2026.10.27	1.780-2.228	20,000		Promissory note
"	Panhsin Bank	-	2025.12.03 - 2026.11.14	2.130	30,000		Promissory note
"	Land Bank of Taiwan	-	2025.03.19 - 2026.03.19	2.190	15,000		Promissory note
"	Yuanta Bank	50,000	2025.07.08 - 2026.07.08	1.950	50,000		
"	Cathay United Bank	30,000	2025.09.10 - 2026.09.10	2.120	30,000		Promissory note
"	DBS Bank	30,000	2025.02.28 - 2026.02.28	1.900-1.990	30,000		Promissory note
"	Shanghai Commercial Bank	-	2025.05.25 - 2026.05.25	2.285	50,000		Promissory note
"	Taishin International Bank	30,000	2025.08.25 - 2026.07.31	2.110	50,000		Promissory note
"	Bank SinoPac	-	2025.10.03 - 2026.09.30	0	80,000		Promissory note
Secured bank loans	Bank SinoPac	120,000	2025.10.03 - 2026.09.30	1.9450	160,000		Promissory notes, land, and buildings
		<u>\$ 411,000</u>			<u>795,000</u>		

Podak Co., Ltd.
Statement of Accounts Payable

December 31, 2025

Unit: NTD thousand

Client Name	Summary	Amount	Remark
Panasonic Industrial Devices Sales Taiwan Co., Ltd.	Payments to suppliers	\$ 210,582	
Others		2,219	No single customer balance exceeds 5%.
Total		<u>\$ 212,801</u>	

Statement of Other Payables

Items	Summary	Amount	Remark
Expenses payable	Salary and wages and year-end bonuses	\$ 10,075	
	Employee bonuses	7,602	
	Remuneration of directors and supervisors	2,851	
	Professional service fees	2,121	
	Freight and warehousing fees	3,209	
	Other expenses		No single amount exceeds 5%.
Total		<u>\$ 38,597</u>	

Podak Co., Ltd.

Statement of Other Current Liabilities

December 31, 2025

Unit: NTD thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Others	Advance receipts, collections on behalf, and others	<u>\$ 3,680</u>	

Statement of Deferred Income Tax Liabilities

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Share of profit or loss of subsidiaries, associates, and joint ventures accounted for using the equity method		\$ 27,122	
Unrealized exchange gains		5,090	
Pensions		<u>49</u>	
Total		<u>\$ 32,261</u>	

Statement of Lease Liabilities

<u>Items</u>	<u>Summary</u>	<u>Lease terms</u>	<u>Discount rate</u>	<u>Ending balance</u>	<u>Remark</u>
Buildings and structures		2023.09.18 - 2026.09.17	1.27%	\$ 797	
Transportation equipment		2024.11.25 - 2028.07.24	2.01%	<u>2,932</u>	
Total				<u>\$ 3,729</u>	

Podak Co., Ltd.
Statement of Operating Revenue
January 1 to December 31, 2025

Items	Quantity (in millions)	Amount
Passive components	656	\$ 2,832,821
Active components	-	1,990
Others	-	12,704
Net operating revenue		\$ 2,847,515

Statement of Operating Cost

Items	Amount
Opening inventory	\$ 285,260
Add: Purchases for the period (net)	2,485,568
Inventory valuation and obsolescence losses (gain from price recovery)	(4,013)
Less: Ending inventory	(276,312)
Others	751
Total	\$ 2,491,254

Podak Co., Ltd.

Statement of Selling Expenses

January 1 to December 31, 2025

Unit: NTD thousand

Items	Summary	Amount	Remark
Wages and salaries		\$ 31,330	
Export expenses		12,819	
Entertainment		5,662	
Depreciations		12,996	
Development service fees		5,613	
Other expenses		<u>29,867</u>	No single amount exceeds 5%.
Total		<u><u>\$ 98,287</u></u>	

Statement of General and Administrative Expenses

Items	Summary	Amount	Remark
Wages and salaries		\$ 34,780	
Professional service fees		6,191	
Other miscellaneous items		4,386	
Other expenses		<u>11,224</u>	No single amount exceeds 5%.
Total		<u><u>\$ 56,581</u></u>	

Podak Co., Ltd.

Statement of Other Income and Expenses, Net

January 1 to December 31, 2025

Unit: NTD thousand

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Exchange loss		\$ (31,620)	
Losses on disposal of property, plant and equipment		<u>(55)</u>	
Total		<u><u>\$ (31,675)</u></u>	

Statement of Finance Costs

<u>Items</u>	<u>Summary</u>	<u>Amount</u>	<u>Remark</u>
Interest expense	Bank loans	\$ 8,106	
Interest expense	Lease liabilities	<u>87</u>	
Total		<u><u>\$ 8,193</u></u>	