

**Phihong Technology Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Pihong Technology Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Pihong Technology Co., Ltd. and its subsidiaries (collectively, the "Group") as of March 31, 2025 and 2024 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the carrying amounts of the Group's investments accounted for using the equity method of NT\$69,275 thousand and NT\$85,407 thousand as of March 31, 2025 and 2024, respectively, and the comprehensive loss from the investments of NT\$2,106 thousand and NT\$1,267 thousand for the three months ended March 31, 2025 and 2024, respectively, were based on these investees' unreviewed financial statements.

Qualified Conclusion

Based on our reviews and the report of other auditors (refer to the Other Matter section), except for adjustments if any, as might have been determined to be necessary had the financial statements of equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of some subsidiaries included in the consolidated financial statements of the Group, but such financial statements were reviewed by other auditors. Our conclusion, insofar as it relates to the amounts included for subsidiaries, is based solely on the reports of other auditors. As of March 31, 2025 and 2024, the total assets of these subsidiaries were NT\$3,910,814 thousand, and NT\$4,150,617 thousand, representing 23.62% and 27.81%, respectively, of the consolidated total assets, and for the three months ended March 31, 2025 and 2024, The total amount of operating revenue of these subsidiaries was NT\$715,376 thousand, and NT\$943,217 thousand, representing 31.68% and 40.27%, of the consolidated operating revenues.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chih-Yi Chang and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 2025

Notice to Readers

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

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

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,563,107	33	\$ 4,302,601	29	\$ 5,358,423	36
Financial assets at amortized cost (Notes 8 and 31)	1,116,839	7	525,917	3	243,904	2
Contract assets - current (Note 23)	4,841	-	5,349	-	7,906	-
Notes receivables (Note 9)	-	-	-	-	528	-
Trade receivables (Notes 9 and 29)	1,641,509	10	2,131,918	14	1,546,679	10
Trade receivables from related parties (Notes 9 and 30)	3,820	-	14,247	-	120,605	1
Other receivables	290,958	2	116,752	1	99,398	1
Current tax assets	83,033	-	84,340	1	49,492	-
Inventories (Note 10)	1,964,491	12	2,043,603	14	2,221,472	15
Non-current assets held for sale	-	-	24,850	-	-	-
Other current assets	300,653	2	299,539	2	348,959	2
Total current assets	<u>10,969,251</u>	<u>66</u>	<u>9,549,116</u>	<u>64</u>	<u>9,997,366</u>	<u>67</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 7)	123,199	1	134,368	1	130,470	1
Investments accounted for using equity method (Note 12)	69,275	-	71,381	1	85,407	1
Property, plant and equipment (Note 13)	4,431,995	27	4,322,817	29	3,918,622	26
Right-of-use assets (Note 14)	344,678	2	355,381	2	312,202	2
Investment property (Note 15)	362,735	2	361,320	2	303,378	2
Other intangible assets (Note 16)	59,502	-	63,233	-	60,318	-
Deferred tax assets	95,685	1	83,395	1	52,317	-
Other non-current assets	98,299	1	62,139	-	66,039	1
Total non-current assets	<u>5,585,368</u>	<u>34</u>	<u>5,454,034</u>	<u>36</u>	<u>4,928,753</u>	<u>33</u>
TOTAL	<u>\$ 16,554,619</u>	<u>100</u>	<u>\$ 15,003,150</u>	<u>100</u>	<u>\$ 14,926,119</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 17)	\$ 714,282	4	\$ 182,654	1	\$ 612,637	4
Contract liabilities - current (Notes 23 and 30)	208,380	1	202,188	2	320,707	2
Trade payables	1,735,701	11	1,995,831	13	1,934,563	13
Other payables (Note 19)	846,988	5	1,024,829	7	810,401	5
Current tax liabilities	57,473	1	60,092	1	170,722	1
Provisions - current (Note 20)	215,324	1	191,498	1	85,841	1
Lease liabilities - current (Note 14)	42,302	-	44,852	-	24,226	-
Current portion of long-term borrowings (Notes 17 and 18)	864,465	5	14,867	-	80,217	1
Other current liabilities (Note 19)	149,780	1	159,723	1	151,241	1
Total current liabilities	<u>4,834,695</u>	<u>29</u>	<u>3,876,534</u>	<u>26</u>	<u>4,190,555</u>	<u>28</u>
NON-CURRENT LIABILITIES						
Contract liabilities - non-current (Note 23)	90,436	1	87,549	1	-	-
Bonds payable (Note 18)	-	-	699,499	5	699,193	5
Long-term borrowings (Note 17)	1,502,383	9	156,100	1	167,250	1
Provisions - non-current (Note 20)	16,770	-	16,599	-	-	-
Deferred tax liabilities	29,925	-	33,226	-	38,632	1
Lease liabilities - non-current (Note 14)	67,857	1	75,965	-	25,884	-
Net defined benefit liability - non-current	19,441	-	19,971	-	29,643	-
Other non-current liabilities	22,384	-	22,076	-	30,952	-
Total non-current liabilities	<u>1,749,196</u>	<u>11</u>	<u>1,110,985</u>	<u>7</u>	<u>991,554</u>	<u>7</u>
Total liabilities	<u>6,583,891</u>	<u>40</u>	<u>4,987,519</u>	<u>33</u>	<u>5,182,109</u>	<u>35</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Ordinary shares	4,312,084	26	4,312,084	29	4,312,084	29
Capital surplus	4,579,383	27	4,579,383	31	4,579,383	31
Retained earnings						
Legal reserve	331,904	2	331,904	2	305,119	2
Special reserve	367,518	2	367,518	2	313,005	2
Unappropriated earnings	258,483	2	399,371	3	334,983	2
Total retained earnings	<u>957,905</u>	<u>6</u>	<u>1,098,793</u>	<u>7</u>	<u>953,107</u>	<u>6</u>
Other equity						
Exchange differences on translating of the financial statements of foreign operations	211,947	1	106,577	1	(20,557)	-
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(90,591)	-	(81,206)	(1)	(69,919)	(1)
Total other equity	<u>121,356</u>	<u>1</u>	<u>25,371</u>	<u>-</u>	<u>(90,476)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>9,970,728</u>	<u>60</u>	<u>10,015,631</u>	<u>67</u>	<u>9,754,098</u>	<u>65</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,088)</u>	<u>-</u>
Total equity	<u>9,970,728</u>	<u>60</u>	<u>10,015,631</u>	<u>67</u>	<u>9,744,010</u>	<u>65</u>
TOTAL	<u>\$ 16,554,619</u>	<u>100</u>	<u>\$ 15,003,150</u>	<u>100</u>	<u>\$ 14,926,119</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2025)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 23, 30 and 35)	\$ 2,258,260	100	\$ 2,342,299	100
OPERATING COSTS (Note 10)	<u>1,830,133</u>	<u>81</u>	<u>1,628,770</u>	<u>70</u>
GROSS PROFIT	<u>428,127</u>	<u>19</u>	<u>713,529</u>	<u>30</u>
OPERATING EXPENSES				
Selling and marketing expenses	250,014	11	266,555	11
General and administrative expenses	219,299	10	224,205	9
Research and development expenses	216,886	9	225,277	10
Excepted credit loss (gain)	<u>4,208</u>	<u>-</u>	<u>(3,383)</u>	<u>-</u>
Total operating expenses	<u>690,407</u>	<u>30</u>	<u>712,654</u>	<u>30</u>
(LOSS) PROFIT FROM OPERATIONS	<u>(262,280)</u>	<u>(11)</u>	<u>875</u>	<u>-</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 24)	27,813	1	35,084	2
Other income (Note 24)	35,262	2	32,452	2
Other gains and losses (Note 24)	73,640	3	55,464	2
Finance costs (Note 24)	(16,894)	(1)	(14,945)	(1)
Share of profit or loss of associates (Note 12)	<u>(2,106)</u>	<u>-</u>	<u>2,462</u>	<u>-</u>
Total non-operating income and expenses	<u>117,715</u>	<u>5</u>	<u>110,517</u>	<u>5</u>
(LOSS) PROFIT BEFORE INCOME TAX	(144,565)	(6)	111,392	5
INCOME TAX BENEFIT (EXPENSE) (Note 25)	<u>3,677</u>	<u>-</u>	<u>(44,255)</u>	<u>(2)</u>
NET (LOSS) PROFIT	<u>(140,888)</u>	<u>(6)</u>	<u>67,137</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	(9,385)	(1)	7,862	-
Share of the other comprehensive loss of associates accounted for using the equity method (Note 22)	-	-	(3,729)	-

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of the financial statements of foreign operations (Note 22)	\$ 105,370	5	\$ 272,504	12
Total other comprehensive income	95,985	4	276,637	12
TOTAL COMPREHENSIVE (LOSS) INCOME	\$ (44,903)	(2)	\$ 343,774	15
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ (140,888)	(6)	\$ 67,137	3
Non-controlling interests	-	-	-	-
	\$ (140,888)	(6)	\$ 67,137	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (44,903)	(2)	\$ 344,179	15
Non-controlling interests	-	-	(405)	-
	\$ (44,903)	(2)	\$ 343,774	15
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic earnings (loss) per share	\$ (0.33)		\$ 0.16	
Diluted earnings per share			\$ 0.16	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2025)

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
	Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE, JANUARY 1, 2024	\$ 4,312,084	\$ 4,579,383	\$ 305,119	\$ 313,005	\$ 267,846	\$ (293,466)	\$ (74,052)	\$ 9,409,919	\$ (9,683)	\$ 9,400,236
Net profit for the three months ended March 31, 2024	-	-	-	-	67,137	-	-	67,137	-	67,137
Other comprehensive income (loss) for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	272,909	4,133	277,042	(405)	276,637
Total comprehensive income (loss) for the three months ended March 31, 2024	-	-	-	-	67,137	272,909	4,133	344,179	(405)	343,774
BALANCE, MARCH 31, 2024	<u>\$ 4,312,084</u>	<u>\$ 4,579,383</u>	<u>\$ 305,119</u>	<u>\$ 313,005</u>	<u>\$ 334,983</u>	<u>\$ (20,557)</u>	<u>\$ (69,919)</u>	<u>\$ 9,754,098</u>	<u>\$ (10,088)</u>	<u>\$ 9,744,010</u>
BALANCE, JANUARY 1, 2025	\$ 4,312,084	\$ 4,579,383	\$ 331,904	\$ 367,518	\$ 399,371	\$ 106,577	\$ (81,206)	\$ 10,015,631	\$ -	\$ 10,015,631
Net loss for the three months ended March 31, 2025	-	-	-	-	(140,888)	-	-	(140,888)	-	(140,888)
Other comprehensive (loss) income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	105,370	(9,385)	95,985	-	95,985
Total comprehensive income (loss) for the three months ended March 31, 2025	-	-	-	-	(140,888)	105,370	(9,385)	(44,903)	-	(44,903)
BALANCE, MARCH 31, 2025	<u>\$ 4,312,084</u>	<u>\$ 4,579,383</u>	<u>\$ 331,904</u>	<u>\$ 367,518</u>	<u>\$ 258,483</u>	<u>\$ 211,947</u>	<u>\$ (90,591)</u>	<u>\$ 9,970,728</u>	<u>\$ -</u>	<u>\$ 9,970,728</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2025)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before tax	\$ (144,565)	\$ 111,392
Adjustments for:		
Depreciation expense	98,759	91,042
Amortization expense	5,148	5,951
Excepted credit loss (reversed) recognized on trade receivables	4,208	(3,383)
Finance costs	16,894	14,945
Interest income	(27,813)	(35,084)
Dividend income	(5,700)	(4,782)
Share of profit of associates	2,106	(2,462)
Gain on disposal of property, plant and equipment	-	(39)
Loss on disposal of intangible assets	-	62
Write-down of inventories	51,556	(43,276)
Proceeds from disposal of non-current assets held for sale	(41,226)	-
Loss (gain) on lease modification	168	(266)
Net changes in operating assets and liabilities		
Contract assets	508	(7,906)
Notes receivables	-	(528)
Trade receivables	486,079	164,362
Trade receivables from related parties	10,427	(119,732)
Other receivables	(184,582)	(80,245)
Inventories	27,556	424,699
Other current assets	215	(43,471)
Other non-current assets	(65)	(509)
Contract liabilities	9,079	(103,124)
Trade payables	(260,130)	636
Trade payables to related parties	-	(4,788)
Other payables	(153,793)	(613,592)
Provisions	23,826	85,841
Other current liabilities	(9,943)	(39,447)
Net defined benefit liabilities	(530)	(2,376)
Cash used in operating activities	(91,818)	(206,080)
Interest received	38,189	52,141
Interest paid	(15,469)	(18,094)
Income tax paid	(13,226)	(9,452)
Net cash used in operating activities	(82,324)	(181,485)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital reduction and refund from investments accounted for using the fair value through other comprehensive income	1,790	-
Purchase of financial assets at amortized cost	(831,148)	(5,040)
Proceeds from sale of financial assets at amortized cost	246,381	10,500

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PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
Proceeds from disposal of non-current assets held for sale	\$ 73,815	\$ -
Payments for property, plant and equipment	(160,632)	(129,328)
Proceeds from disposal of property, plant and equipment	553	2,096
Payments for intangible assets	(1,136)	(16,055)
Increased in refundable deposits	(35,649)	(5,366)
Increase in prepayments for equipment	(5,379)	(5,674)
Dividends received	<u>5,700</u>	<u>4,782</u>
Net cash used in investing activities	<u>(705,705)</u>	<u>(144,085)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,268,254	708,690
Repayments of short-term borrowings	(750,416)	(1,003,325)
Proceeds from long-term borrowings	1,500,000	100,000
Repayments of long-term borrowings	(3,717)	(140,917)
Increase in guarantee deposits received	308	789
Repayment of the principal portion of lease liabilities	<u>(11,794)</u>	<u>(9,762)</u>
Net cash generated from (used in) financing activities	<u>2,002,635</u>	<u>(344,525)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>45,900</u>	<u>176,713</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,260,506	(493,382)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,302,601</u>	<u>5,851,805</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 5,563,107</u>	<u>\$ 5,358,423</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche review report dated May 13, 2025)

(Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Phihong Technology Co., Ltd. (“Phihong” or “the Company”), which was formerly known as Phihong Enterprise Co., Ltd. was incorporated on December 12, 1972 under the laws of the Republic of China (ROC). Under a resolution approved in the stockholders’ meeting in June 2003, Phihong changed its name to Phihong Technology Co., Ltd. Phihong primarily manufactures and sells AC/DC power adapters, charger bases, power supply modules, UPS (uninterruptible power supply) for computers, electric vehicle charging station, ballasts, etc.

In February 2000, Phihong was authorized to trade its stocks on the Taipei Exchange (TPEX) in Taiwan. In September 2001, Phihong’s stocks ceased to be traded on the TPEX, and Phihong later obtained the authorization to list its stocks on the Taiwan Stock Exchange.

The consolidated financial statements are presented in Phihong’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 13, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the FSC

1) Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of Phihong and the entities controlled by Phihong.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Table 7 and Table 8 to the consolidated financial statements for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 2,585	\$ 2,892	\$ 2,619
Checking accounts and demand deposits	5,278,272	4,181,534	5,095,439
Cash equivalent (investments with original maturities of 3 months or less)			
Repurchase agreements collateralized by bonds	100,000	-	240,365
Time deposits	<u>182,250</u>	<u>118,175</u>	<u>20,000</u>
	<u>\$ 5,563,107</u>	<u>\$ 4,302,601</u>	<u>\$ 5,358,423</u>

The market rate intervals of cash in bank and time deposits at the end of the reporting period were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Demand deposits and time deposits	0.010%-5.100%	0.001%-5.200%	0.001%-5.350%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Non-current</u>			
Investments in equity instruments at fair value through other comprehensive income (FVTOCI)			
Domestic non-publicly trade equity investments	<u>\$ 123,199</u>	<u>\$ 134,368</u>	<u>\$ 130,470</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 1,116,839	\$ 517,935	\$ 236,132
Restricted bank deposits	<u>-</u>	<u>7,982</u>	<u>7,772</u>
	<u>\$ 1,116,839</u>	<u>\$ 525,917</u>	<u>\$ 243,904</u>

The Group offered bank deposits of \$7,982 thousand and \$7,772 thousand as of December 31, 2024 and March 31, 2024, respectively, as performance bonds for specific business projects, bank borrowings, domestic guaranteed corporate bonds, post-release duty payments and release before duty. Refer to Note 31 to the consolidated financial statements.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ -	\$ 528
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 528</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount from unrelated parties	\$ 1,194,702	\$ 1,691,314	\$ 1,122,265
Gross carrying amount from related parties	3,820	14,247	120,605
Less: Allowance for impairment loss	<u>(18,601)</u>	<u>(14,271)</u>	<u>(23,819)</u>
	<u>1,179,921</u>	<u>1,691,290</u>	<u>1,219,051</u>
At FVTOCI	<u>465,408</u>	<u>454,875</u>	<u>448,233</u>
	<u>\$ 1,645,329</u>	<u>\$ 2,146,165</u>	<u>\$ 1,667,284</u>

a. Notes receivable

The Group has no overdue notes receivables as of March 31, 2025.

b. Trade receivable

1) Trade receivables at amortized cost

The Group evaluates the average credit period of sales of goods based on the experience of trade receivable collection from the non-related parties in the past five years. No interest is charged on trade receivables. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management specialists annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer and the customer's current financial position, and other related information. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2025

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.00%-1.28%	0.21%-28.67%	0.00%-10.61%	0.00%-10.78%	0.00%-100%	
Gross carrying amount	\$ 990,431	\$ 85,477	\$ 104,766	\$ 8,149	\$ 9,699	\$ 1,198,522
Loss allowance (Lifetime ECL)	<u>(937)</u>	<u>(760)</u>	<u>(10,633)</u>	<u>(848)</u>	<u>(5,423)</u>	<u>(18,601)</u>
Amortized cost	<u>\$ 989,494</u>	<u>\$ 84,717</u>	<u>\$ 94,133</u>	<u>\$ 7,301</u>	<u>\$ 4,276</u>	<u>\$ 1,179,921</u>

December 31, 2024

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.00%-1.91%	0.00%-9.33%	0.00%-15.86%	0.00%-15.95%	0.00%-100%	
Gross carrying amount	\$ 1,487,080	\$ 163,714	\$ 12,812	\$ 18,418	\$ 23,537	\$ 1,705,561
Loss allowance (Lifetime ECL)	<u>(4,595)</u>	<u>(4,445)</u>	<u>(2,002)</u>	<u>(734)</u>	<u>(2,495)</u>	<u>(14,271)</u>
Amortized cost	<u>\$ 1,482,485</u>	<u>\$ 159,269</u>	<u>\$ 10,810</u>	<u>\$ 17,684</u>	<u>\$ 21,042</u>	<u>\$ 1,691,290</u>

March 31, 2024

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.00%-1.55%	0.00%-7.31%	1.79%-14.89%	6.25%-9.50%	6.71%-100.00%	
Gross carrying amount	\$ 1,040,939	\$ 179,133	\$ 3,815	\$ 1,662	\$ 17,321	\$ 1,242,870
Loss allowance (Lifetime ECL)	<u>(3,383)</u>	<u>(3,576)</u>	<u>(41)</u>	<u>(81)</u>	<u>(16,738)</u>	<u>(23,819)</u>
Amortized cost	<u>\$ 1,037,556</u>	<u>\$ 175,557</u>	<u>\$ 3,774</u>	<u>\$ 1,581</u>	<u>\$ 583</u>	<u>\$ 1,219,051</u>

The above aging schedule was based on overdue days.

The movements of the allowance for doubtful trade receivables were as follows:

	For the Three Months Ended March 31	
	2025	2024
Balance, beginning of period	\$ 14,271	\$ 26,360
Add: Net remeasurement (reversed) of loss allowance	4,208	(3,383)
Foreign exchange gains and losses	<u>122</u>	<u>842</u>
Balance, end of period	<u>\$ 18,601</u>	<u>\$ 23,819</u>

2) Trade receivables at FVTOCI

For trade receivables from major customers, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVIOCI because they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets.

The following table details the loss allowance of trade receivables at FVTOCI based on the Group's provision matrix:

March 31, 2025

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 445,322	\$ 20,075	\$ -	\$ -	\$ 11	\$ 465,408
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 445,322</u>	<u>\$ 20,075</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>	<u>\$ 465,408</u>

December 31, 2024

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 434,420	\$ 20,320	\$ 128	\$ -	\$ 7	\$ 454,875
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 434,420</u>	<u>\$ 20,320</u>	<u>\$ 128</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 454,875</u>

March 31, 2024

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 433,273	\$ 14,829	\$ 95	\$ 36	\$ -	\$ 448,233
Loss allowance (Lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 433,273</u>	<u>\$ 14,829</u>	<u>\$ 95</u>	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 448,233</u>

10. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 527,218	\$ 587,217	\$ 709,672
Work-in-process	364,282	270,412	435,279
Finished goods	<u>1,072,991</u>	<u>1,185,974</u>	<u>1,076,521</u>
	<u>\$ 1,964,491</u>	<u>\$ 2,043,603</u>	<u>\$ 2,221,472</u>

For the three months ended March 31, 2025 and 2024, the cost of inventories recognized as cost of goods sold was \$1,830,133 thousand and \$1,628,770 thousand, respectively. Write-down (reversal) of inventories to net realizable value of \$51,556 thousand and \$(43,276) thousand were respectively included in the cost of goods sold during reporting period in 2025 and 2024.

11. SUBSIDIARIES

Investor	Investee	Main Business	Percentage of Ownership			Note
			March 31, 2025	December 31, 2024	March 31, 2024	
Phihong	Phihong International Corp. ("PHI")	Makes investments	100.00	100.00	100.00	
Phihong	Phitek International Co., Ltd. ("PHK")	Makes investments	100.00	100.00	100.00	
Phihong	Ascent Alliance Ltd. ("PHQ")	Makes investments	100.00	100.00	100.00	
Phihong	Phihong USA Corp. ("PHA")	Sells various power supplies	100.00	100.00	100.00	
Phihong	Phihong Technology Japan Co., Ltd. ("PHJ")	Sells power components	100.00	100.00	100.00	
Phihong	Guang-Lai Investment Co., Ltd. ("Guang-Lai")	Makes investments	100.00	100.00	100.00	
Phihong	Phihong Vietnam Co., Ltd. ("PHV")	Manufactures and sells various power supplies	100.00	100.00	100.00	
Phihong	Zerova Technologies Holdings Limited ("ZKH")	Makes investments	100.00	100.00	100.00	
PHI	Phihong (Dongguan) Electronics Co., Ltd. ("PHC")	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHI	Phihong Electronics (Suzhou) Co., Ltd. ("PHZ")	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHI	N-Lighten Technologies, Inc. ("N-Lighten")	Makes investments	-	-	58.45	Note 1
PHK	Dongguan Phitek Electronics Co., Ltd. ("PHP")	Manufactures and sells various power supplies	100.00	100.00	100.00	
PHQ	Dongguan Shuang-Ying Electronics Co., Ltd. ("PHSY")	Manufactures and sells electronic materials	100.00	100.00	100.00	
PHQ	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd. ("PHE")	Manufactures and sells electronic materials	79.31	100.00	100.00	Note 3
PHZ	PHE	Manufactures and sells various power supplies	20.69	-	-	Note 3
Guang-Lai	N-Lighten	Makes investments	-	-	19.78	Note 1
ZKH	Zerova Technologies SG Pte. Ltd. ("ZSH")	Makes investment and sells of electrical equipment	100.00	100.00	100.00	
ZSH	Zerova Technologies Europe B.V. ("ZNS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zerova Technologies (Dongguan) Co., Ltd. ("ZCM")	Makes investment and sells of electrical	100.00	100.00	100.00	
ZSH	Zerova Trading Services (Dongguan) Co., Ltd. ("ZCS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zerova Technologies Japan Co., Ltd. ("ZJS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZSH	Zerova Technologies Taiwan Limited. (ZTM)	Manufactures and sells of electrical equipment	100.00	100.00	100.00	
ZSH	Zerova Technologies America Corporation ("ZAH")	Makes investments	100.00	100.00	100.00	
ZAH	Zerova Technologies USA LLC ("ZAS")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	
ZCM	Zerova Trading Services (Shanghai) Co., Ltd. ("ZCT")	Sells of electrical equipment and provides electric vehicle charging solutions	100.00	100.00	100.00	Note 2

Note 1: N-Lighten has been approved for dissolution on January 16, 2024 and the legal process of liquidation has been completed on May 15, 2024.

Note 2: Yanghong has completed the reorganisation in the first quarter of 2024 and all of its shares originally held by PHI are now held by ZCM, and changed its name to Zerova Trading Services (Shanghai) Co., Ltd.

Note 3: PHZ has invested PHE US\$1 million in the first quarter of 2025, the shareholding ratio was 20.69%, PHQ shareholding ratio was 79.31%.

Refer to Tables 7 and 8 to the consolidated financial statements for the information on places of incorporation and principal places of business.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates:

	March 31, 2025	December 31, 2024	March 31, 2024
Associates that are not individually material	<u>\$ 69,275</u>	<u>\$ 71,381</u>	<u>\$ 85,407</u>

Aggregate information of associates that are not individually material:

	For the Three Months Ended March 31	
	2025	2024
The Group's share of:		
Net (loss) profit for the reporting period	\$ (2,106)	\$ 2,462
Other comprehensive loss	<u> -</u>	<u> (3,729)</u>
Total comprehensive loss for the year	<u>\$ (2,106)</u>	<u>\$ (1,267)</u>

Please refer to Table 7 to the consolidated financial statements "Information on Investees" for the nature of activities, principal places of business and countries of incorporation of the associates.

The associate Hongxuan Venture Capital Co., Ltd. invested by the Company was dissolved and liquidated in 2023 in accordance with the resolution made at the shareholders' meeting, and the dissolution was completed on September 11, 2023. The liquidation was dissolved on April 9, 2024.

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were recognized based on unreviewed financial statements of the investees.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Cost</u>						
Balance at January 1, 2025	\$ 550,824	\$ 3,748,460	\$ 2,391,874	\$ 706,955	\$ 534,052	\$ 7,932,165
Additions	-	48,010	11,972	4,648	89,820	154,450
Disposals	(136)	(1,583)	(9,375)	(2,663)		(13,757)
Reclassification	-	113,705	3,798	1,679	(133,384)	(14,202)
Effects of foreign currency exchange differences	<u>2,861</u>	<u>38,755</u>	<u>21,189</u>	<u>3,597</u>	<u>12,538</u>	<u>78,940</u>
Balance at March 31, 2025	<u>\$ 553,549</u>	<u>\$ 3,947,347</u>	<u>\$ 2,419,458</u>	<u>\$ 714,216</u>	<u>\$ 503,026</u>	<u>\$ 8,137,596</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Other Equipment	Property under Construction	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2025	\$ -	\$ 1,121,010	\$ 1,898,618	\$ 589,720	\$ -	\$ 3,609,348
Disposals	-	(731)	(9,375)	(3,098)	-	(13,204)
Depreciation expenses	-	33,572	36,996	10,200	-	80,768
Effects of foreign currency exchange differences	-	10,495	15,636	2,558	-	28,689
Balance at March 31, 2025	<u>\$ -</u>	<u>\$ 1,164,346</u>	<u>\$ 1,941,875</u>	<u>\$ 599,380</u>	<u>\$ -</u>	<u>\$ 3,705,601</u>
Carrying amounts at December 31, 2024 and January 1, 2025	<u>\$ 550,824</u>	<u>\$ 2,627,450</u>	<u>\$ 493,256</u>	<u>\$ 117,235</u>	<u>\$ 534,052</u>	<u>\$ 4,322,817</u>
Carrying amounts at March 31, 2025	<u>\$ 553,549</u>	<u>\$ 2,783,001</u>	<u>\$ 477,583</u>	<u>\$ 114,836</u>	<u>\$ 503,026</u>	<u>\$ 4,431,995</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 560,856	\$ 3,384,870	\$ 2,534,198	\$ 715,827	\$ 310,464	\$ 7,506,215
Additions	-	41,370	8,266	1,506	68,826	119,968
Disposals	-	(2,533)	(12,327)	(4,267)	-	(19,127)
Transfers to investment properties	-	-	-	-	(21,649)	(21,649)
Reclassification	-	248,111	682	124	(278,431)	(29,514)
Effects of foreign currency exchange differences	1,084	110,298	75,455	11,585	4,141	202,563
Balance at March 31, 2024	<u>\$ 561,940</u>	<u>\$ 3,782,116</u>	<u>\$ 2,606,274</u>	<u>\$ 724,775</u>	<u>\$ 83,351</u>	<u>\$ 7,758,456</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ -	\$ 1,080,484	\$ 1,999,888	\$ 602,703	\$ -	\$ 3,683,075
Disposals	-	(2,586)	(10,614)	(3,870)	-	(17,070)
Depreciation expenses	-	28,516	37,903	11,217	-	77,636
Effects of foreign currency exchange differences	-	32,411	54,864	8,918	-	96,193
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 1,138,825</u>	<u>\$ 2,082,041</u>	<u>\$ 618,968</u>	<u>\$ -</u>	<u>\$ 3,839,834</u>
Carrying amounts at March 31, 2024	<u>\$ 561,940</u>	<u>\$ 2,643,291</u>	<u>\$ 524,233</u>	<u>\$ 105,807</u>	<u>\$ 83,351</u>	<u>\$ 3,918,622</u>

(Concluded)

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over the following estimated useful life as follows:

Buildings	
Main building	50 years
Engineering system	10 years
Machinery and equipment	3-10 years
Other equipment	3-10 years

Property, plant and equipment pledged by the Group as collateral for long-term borrowings are set out in Note 31 to the consolidated financial statements.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Land (including land use rights)	\$ 257,257	\$ 257,264	\$ 285,272
Buildings	74,069	82,016	14,068
Machinery	3,521	3,924	1,486
Transportation equipment	8,928	10,746	8,599
Other equipment	<u>903</u>	<u>1,431</u>	<u>2,777</u>
	<u>\$ 344,678</u>	<u>\$ 355,381</u>	<u>\$ 312,202</u>
		For the Three Months Ended March 31	
		2025	2024
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 3,938</u>
Depreciation charge for right-of-use assets			
Land (including land use rights)		\$ 2,824	\$ 2,939
Buildings		9,603	5,759
Machinery		445	576
Transportation equipment		1,368	1,254
Other equipment		<u>403</u>	<u>499</u>
		<u>\$ 14,643</u>	<u>\$ 11,027</u>

b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Current	<u>\$ 42,302</u>	<u>\$ 44,852</u>	<u>\$ 24,226</u>
Non-current	<u>\$ 67,857</u>	<u>\$ 75,965</u>	<u>\$ 25,884</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	0.600%-1.870%	0.600%-1.870%	1.200%-1.87%
Buildings	0.206%-4.7500%	0.206%-4.7500%	1.030%-4.875%
Machinery	4.000%	4.000%	4.000%
Transportation equipment	1.668%-4.000%	1.668%-4.000%	0.6%-4%
Other equipment	1.030%-2.800%	1.030%-2.800%	1.03%-1.155%

c. Material lease-in activities and terms

The Group leases certain machinery, transportation, and other equipment for the use of manufacturing and R&D with lease terms of 2 to 5 years. Except the EV transportation equipment, the agreement do not contain renewal or purchase options at the end of these lease period.

The Group also leases land and buildings for the use of plants, offices and parking lot with lease term of 2-50 years. Except the land in Tainan, of which the lease agreement is automatically renewed for one year upon the expiration and the Group has the preferential purchase option, the Group has no preferential purchase and renewal option for the other leased land upon the expiration of the lease term. The Group shall not sublease or transfer all or any part of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 4,591</u>	<u>\$ 3,890</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 327</u>	<u>\$ 297</u>
Total cash outflow for leases	<u>\$ (16,776)</u>	<u>\$ (13,949)</u>

The Group leases of certain office and office equipment qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Building	Total
<u>Cost</u>			
Balance at January 1, 2025	\$ 28,547	\$ 460,603	\$ 489,150
Effects of foreign currency exchange differences	<u>382</u>	<u>6,167</u>	<u>6,549</u>
Balance at March 31, 2025	<u>\$ 28,929</u>	<u>\$ 466,770</u>	<u>\$ 495,699</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2025	\$ 4,697	\$ 123,133	\$ 127,830
Depreciation expense	194	3,154	3,348
Effects of foreign currency exchange differences	<u>67</u>	<u>1,719</u>	<u>1,786</u>
Balance at March 31, 2025	<u>\$ 4,958</u>	<u>\$ 128,006</u>	<u>\$ 132,964</u>
Carrying amounts at March 31, 2025	<u>\$ 23,971</u>	<u>\$ 338,764</u>	<u>\$ 362,735</u>
Carrying amounts at December 31, 2024	<u>\$ 23,850</u>	<u>\$ 337,470</u>	<u>\$ 361,320</u>

(Continued)

	Land	Building	Total
<u>Cost</u>			
Balance at January 1, 2024	\$ -	\$ 271,958	\$ 271,958
Transferred from property, plant and equipment	-	21,649	21,649
Effects of foreign currency exchange differences	<u>-</u>	<u>12,218</u>	<u>12,218</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 305,825</u>	<u>\$ 305,825</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ -	\$ -
Depreciation expense	-	2,379	2,379
Effects of foreign currency exchange differences	<u>-</u>	<u>68</u>	<u>68</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 2,447</u>	<u>\$ 2,447</u>
Carrying amounts at March 31, 2024	<u>\$ -</u>	<u>\$ 303,378</u>	<u>\$ 303,378</u>

(Concluded)

PHC leased its self-owned factory located in Dongguan City to unrelated parties in 2024 and 2023, respectively. The lease term of this investment property is 12-15 years. When the lessee exercises the renewal option, it is agreed to adjust the rent according to the market rent. The lessee does not have the preferential purchase right of the investment property at the end of the lease term.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	5-31 years
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16. OTHER INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2025	\$ 167,153
Additions	1,136
Disposals	(509)
Effects of foreign currency exchange differences	<u>645</u>
Balance at March 31, 2025	<u>\$ 168,425</u>

(Continued)

	Computer Software
<u>Accumulated amortization</u>	
Balance at January 1, 2025	\$ 103,920
Amortization expense	5,148
Disposals	(509)
Effects of foreign currency exchange differences	<u>364</u>
Balance at March 31, 2025	<u>\$ 108,923</u>
Carrying amounts at March 31, 2025	<u>\$ 59,502</u>
Carrying amounts at December 31, 2024	<u>\$ 63,233</u>
<u>Cost</u>	
Balance at January 1, 2024	\$ 154,334
Additions	16,055
Disposals	(973)
Reclassified	1,581
Effects of foreign currency exchange differences	<u>1,833</u>
Balance at March 31, 2024	<u>\$ 172,830</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2024	\$ 107,499
Amortization expense	5,951
Disposals	(911)
Reclassified	(1,183)
Effects of foreign currency exchange differences	<u>1,156</u>
Balance at March 31, 2024	<u>\$ 112,512</u>
Carrying amounts at March 31, 2024	<u>\$ 60,318</u>
	(Concluded)

The above items of intangible assets are amortized on a straight-line basis over estimated useful life of 2 to 5 years.

17. BORROWINGS

a. Short-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured borrowings</u>			
PHJ	\$ 109,965	\$ -	\$ -
PHV	<u>-</u>	<u>182,654</u>	<u>197,814</u>
	<u>109,965</u>	<u>182,654</u>	<u>197,814</u>
<u>Secured borrowings</u>			
PHC	<u>604,317</u>	<u>-</u>	<u>414,823</u>
	<u>\$ 714,282</u>	<u>\$ 182,654</u>	<u>\$ 612,637</u>
The range of interest rates	2.10182%- 3.30%	5.98%	3.60%-4.45%

b. Long-term borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured borrowings</u>			
Phihong	\$ 1,500,000	\$ -	\$ 65,350
<u>Secured borrowings</u>			
Phihong	167,250	170,967	182,117
Less: Long-term loans payable - current portion	<u>(164,867)</u>	<u>(14,867)</u>	<u>(80,217)</u>
	<u>\$ 1,502,383</u>	<u>\$ 156,100</u>	<u>\$ 167,250</u>
The range of interest rates	2.1250%- 3.0322%	2.125%	2.0000%- 2.7950%

- 1) On March 31, 2025, PHJ had short-term bank borrowings with contract terms from March 17, 2025 to June 17, 2025, with monthly interest payments.
- 2) On December 31, 2024 and March 31, 2024, PHV Company had short-term bank borrowings with contract terms from January 17, 2024 to December 9, 2025 and December 13, 2023 to November 15, 2025, respectively, with monthly interest payments.
- 3) On March 31, 2025 and March 31, 2024, PHC Company had short-term bank borrowings with contract terms from January 1, 2025 to September 9, 2025 and October 18, 2023 to May 10, 2024, respectively, with monthly interest payments.
- 4) On March 31, 2025, December 31, 2024 and March 31, 2024, Phihong had long-term bank borrowings with contract terms from April 7, 2021 to April 7, 2036, with monthly interest payments.

- 5) Pihong signed a joint credit agreement mainly hosted by Taiwan Shin Kong Commercial Bank, Shanghai Commercial and Savings Bank and Hua Nan Commercial Bank, and co-sponsored by Taishin International Bank, Taipei Fubon Bank, Entie Commercial Bank, First Commercial Bank and Chang Hwa Commercial Bank, a total of 10 banks participating in the loan, on June 28, 2023. The contract period is 3 years with a total credit limit of NT\$3 billion, including NT\$1.5 billion of item A loan limit, NT\$1 billion of item B loan limit and US\$45 million of item C loan limit, which will be used to repay outstanding financial liabilities and enrich medium-term working capital for Pihong, ZTM and ZSH. According to the loan contract in the joint loan case, Pihong Technology Co., Ltd. shall maintain the following financial ratios during the loan period (according to the annual and semi-annual consolidated financial statements with an accountant's audit or review, which is to be reviewed every half year):
- The current ratio (current assets/current liabilities) shall not be less than 100%.
 - The net debt ratio (total debt/net tangible value) shall not be higher than 200%.
 - The interest protection multiples [(Pre-tax profit + Depreciation + Amortization + Interest expense)/Interest expense] shall be maintained at more than two times (inclusive).
 - Net tangible value (net value minus intangible assets) shall not be less than NT\$4.5 billion.

For information on pledged properties and endorsements/guarantees, refer to Notes 30 and 31 to the consolidated financial statements.

18. BONDS PAYABLE

	March 31, 2025	December 31, 2024	March 31, 2024
Secured domestic bonds	\$ 699,598	\$ 699,499	\$ 699,193
Less: Current portion	<u>(699,598)</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 699,499</u>	<u>\$ 699,193</u>

Secured Domestic Bonds

On March 25, 2021, Pihong issued 70 units of \$10,000 thousand, A 5-year New Taiwan dollar-denominated secured general corporate bond with a coupon rate of 0.6%, with an aggregate principal of \$700,000 thousand.

For information on pledged properties and endorsements/guarantees, refer to Notes 30 and 31 to the consolidated financial statements.

19. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Other payables			
Payables for salaries and bonuses	\$ 227,320	\$ 348,751	\$ 235,219
Payables for annual leave	77,162	77,381	70,179
Payables for purchases of equipment	12,156	19,012	18,888
Employee compensation payable	41,516	38,983	91,554
Director compensation payable	4,568	4,568	7,455
Others	<u>484,266</u>	<u>536,134</u>	<u>387,106</u>
	<u>\$ 846,988</u>	<u>\$ 1,024,829</u>	<u>\$ 810,401</u>
Other current liabilities			
Temporary receipts	\$ 118,409	\$ 159,449	\$ 147,554
Others	<u>31,371</u>	<u>274</u>	<u>89,528</u>
	<u>\$ 149,780</u>	<u>\$ 159,723</u>	<u>\$ 237,082</u>

20. PROVISIONS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Warranties	<u>\$ 215,324</u>	<u>\$ 191,498</u>	<u>\$ 85,841</u>
<u>Non-current</u>			
Restoration obligation	<u>\$ 16,770</u>	<u>\$ 16,599</u>	<u>\$ -</u>

21. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2025 and 2024, the pension expenses of defined benefit plans were \$70 thousand and \$83 thousand, respectively, and these were calculated based on pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023.

22. EQUITY

a. Share capital

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares authorized (in thousands of shares)	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>
Shares authorized	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>	<u>\$ 6,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>431,208</u>	<u>431,208</u>	<u>431,208</u>
Shares issued and fully paid	<u>\$ 4,312,084</u>	<u>\$ 4,312,084</u>	<u>\$ 4,312,084</u>

Fully paid ordinary shares, which have a par value of NT\$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of common shares	\$ 3,745,633	\$ 3,745,633	\$ 3,745,633
Conversion of bonds	667,058	667,058	667,058
Treasury share transactions	48,234	48,234	48,234
Expired employee stock warrants	33,789	33,789	33,789
Interest payable on bond conversion	13,243	13,243	13,243
Adjustment to share of change in equity of associates and joint ventures	61	61	61
<u>May be used to offset a deficit only</u>			
Treasury share transactions	<u>71,365</u>	<u>71,365</u>	<u>71,365</u>
	<u>\$ 4,579,383</u>	<u>\$ 4,579,383</u>	<u>\$ 4,579,383</u>

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, conversion of bonds and treasury share transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to "Employees' compensation and remuneration of directors" in Note 23-g to the consolidated financial statements.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated, the special reserve is only appropriated from the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

The appropriations of earnings for 2024 and 2023 that were proposed and had been resolved by the shareholders in their meeting on by the board of directors on March 11, 2025 and June 12, 2024, were as follows:

	Appropriation of Earnings	Deficit Compensation
	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Legal reserve	<u>\$ 21,282</u>	<u>\$ 26,785</u>
Special reserve	<u>\$ 136,659</u>	<u>\$ 54,513</u>

The appropriation of earnings for 2024 was proposed by Company's board of directors on June 10, 2025.

d. Special reserves

On the first-time adoption of IFRS Accounting Standards, the Company transferred \$10,968 thousand and \$250,296 thousand of unrealized revaluation increment and cumulative translation exchange differences on translating the financial statements of foreign operations to retained earnings, respectively. Because the increase in the retained earnings resulting from the first-time adoption of IFRS Accounting Standards could not fulfill the appropriation for the special reserves generated from the revaluation and translation differences, Pihong appropriated the amount of \$230,859 thousand, the increase in retained earnings from all IFRS Accounting Standards adjustments to the special reserve.

e. Other equity items

1) Exchange difference on translating the financial statements of foreign operations

	For the Three Months Ended March 31	
	2025	2024
Balance, beginning of period	\$ 106,577	\$ (293,466)
Exchange differences on the translation of the financial statements of foreign operations	<u>105,370</u>	<u>272,909</u>
Balance, end of period	<u>\$ 211,947</u>	<u>\$ (20,557)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2025	2024
Balance, beginning of period	\$ (81,206)	\$ (74,052)
Current generation		
Unrealized loss - equity instruments	(9,385)	7,862
Share from associates accounted for using the equity method	<u>-</u>	<u>(3,729)</u>
Balance, end of period	<u>\$ (90,591)</u>	<u>\$ (69,919)</u>

f. Non-controlling Interests

	For the Three Months Ended March 31	
	2025	2024
Balance, beginning of period	\$ -	\$ (9,683)
Attributable to non-controlling interests:		
Exchange differences on translation the financial statements of foreign entities	<u>-</u>	<u>(405)</u>
Balance, end of period	<u>\$ -</u>	<u>\$ (10,088)</u>

23. REVENUE

	For the Three Months Ended March 31	
	2025	2024
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 2,258,105	\$ 2,313,358
Revenue from the rendering of services	<u>155</u>	<u>28,941</u>
	<u>\$ 2,258,260</u>	<u>\$ 2,342,299</u>

Contract Balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Contract asset				
Contract asset - current	<u>\$ 4,841</u>	<u>\$ 5,349</u>	<u>\$ 7,906</u>	<u>\$ -</u>
Contract liabilities				
Contract liabilities - current				
Sale of goods (Note 30)	<u>\$ 208,380</u>	<u>\$ 202,188</u>	<u>\$ 320,707</u>	<u>\$ 423,831</u>
Contract liabilities - non-current				
Extended warranty services	<u>\$ 90,436</u>	<u>\$ 87,549</u>	<u>\$ -</u>	<u>\$ -</u>

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

For the Three Months Ended March 31

	2025	2024
Bank deposits	<u>\$ 27,813</u>	<u>\$ 35,084</u>

b. Other income

For the Three Months Ended March 31

	2025	2024
Sample revenue	\$ 26	\$ 129
Dividend income	5,700	4,782
Rent revenue	19,148	11,037
Others	<u>10,388</u>	<u>16,504</u>
	<u>\$ 35,262</u>	<u>\$ 32,452</u>

c. Other gains and (losses)

For the Three Months Ended March 31

	2025	2024
Net foreign exchange gains	\$ 35,874	\$ 57,229
Gain on disposal of property, plant and equipment	41,226	39
Loss on disposal of intangible assets	-	(62)
(Loss) gain on lease modification	(168)	266
Others	<u>(3,292)</u>	<u>(2,008)</u>
	<u>\$ 73,640</u>	<u>\$ 55,464</u>

d. Depreciation and amortization

For the Three Months Ended March 31

	2025	2024
Property, plant and equipment	\$ 80,768	\$ 77,636
Right-of-use assets	14,643	11,027
Investment property	3,348	2,379
Computer software	<u>5,148</u>	<u>5,951</u>
	<u>\$ 103,907</u>	<u>\$ 96,993</u>

(Continued)

	For the Three Months Ended March 31	
	2025	2024
An analysis of depreciation by		
Operating costs	\$ 45,096	\$ 38,751
Operating expenses	<u>53,663</u>	<u>52,291</u>
	<u>\$ 98,759</u>	<u>\$ 91,042</u>
An analysis of amortization by		
Operating costs	\$ 839	\$ 794
Operating expenses	<u>4,309</u>	<u>5,157</u>
	<u>\$ 5,148</u>	<u>\$ 5,951</u>

(Concluded)

e. Finance costs

	For the Three Months Ended March 31	
	2025	2024
Bank loans interest	\$ 11,312	\$ 8,863
Bonds payable interest	2,646	2,647
Lease liabilities interest	983	566
Other finance costs	<u>1,953</u>	<u>2,869</u>
	<u>\$ 16,894</u>	<u>\$ 14,945</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$ 693,819	\$ 671,124
Post-employment benefits (Note 21)		
Defined contribution plans	31,142	27,136
Defined benefit plans	<u>70</u>	<u>83</u>
Total employee benefits expense	<u>\$ 725,031</u>	<u>\$ 698,343</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 298,067	\$ 265,207
Operating expenses	<u>426,964</u>	<u>433,136</u>
	<u>\$ 725,031</u>	<u>\$ 698,343</u>

g. Employees' compensation and remuneration to directors

Phihong accrued employees' compensation and remuneration of directors at the rates no less than 10% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. Loss for the three months ended March 31, 2025, so the employee remuneration and director's remuneration were not estimated. The compensation of employees and the remuneration of directors for the three months ended March 31, 2025 and 2024 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	10%	10%
Remuneration of directors	2%	2%

Amount

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	\$ -	\$ 8,574
Remuneration of directors	-	1,715

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate and adjust in the following year.

The appropriations of employees' compensation and remuneration of directors for 2024 and 2023 that were resolved by the board of directors on March 11, 2025 and March 7, 2024, respectively, are as shown below:

Amount

	For the Three Months Ended March 31	
	2024	2023
	Cash	Cash
Compensation of employees	\$ 22,840	\$ 28,702
Remuneration of directors	4,568	5,741

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors for 2024 and 2023 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2025	2024
Foreign exchange gains	\$ 68,902	\$ 69,281
Foreign exchange losses	<u>(33,028)</u>	<u>(12,052)</u>
Net gains	<u>\$ 35,874</u>	<u>\$ 57,229</u>

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Three Months Ended March 31	
	2025	2024
Current tax		
In respect of the current period	\$ 13,166	\$ 38,690
Adjustments for prior year	(1,746)	(5,027)
Others	<u>494</u>	<u>-</u>
	11,914	33,663
Deferred tax		
In respect of the current period	<u>(15,591)</u>	<u>10,592</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (3,677)</u>	<u>\$ 44,255</u>

b. Income tax assessments

The Company's income tax returns through 2022 have been assessed and approved by the tax authorities.

26. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2025	2024
Basic earnings (loss) per share	<u>\$ (0.33)</u>	<u>\$ 0.16</u>
Diluted earnings (loss) per share		<u>\$ 0.16</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2025	2024
Profit (loss) used in the computation of basic earnings (loss) per share	<u>\$ (140,888)</u>	<u>\$ 67,137</u>
Profit (loss) used in the computation of diluted earnings (loss) per share	<u>\$ (140,888)</u>	<u>\$ 67,137</u>

Ordinary Shares Outstanding

	Unit: In Thousands of Shares	
	For the Three Months Ended March 31	
	2025	2024
Weighted average number of ordinary shares used in computation of basic earnings per share	431,208	431,208
Effect of potentially dilutive ordinary shares Compensation of employee	<u> -</u>	<u> 513</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>431,208</u>	<u>431,721</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. GOVERNMENT GRANTS

PHC received government grants for acquiring energy-saving equipment. Such amounts have been deducted from the carrying amounts of the relevant assets while recognized in profit or loss within the useful lives of the assets by reducing the depreciation expenses. For the three months ended March 31, 2025 and 2024, the depreciation expenses have decreased by \$538 thousand and \$790 thousand, respectively.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 123,199	\$ 123,199

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investment in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 134,368	\$ 134,368

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Domestic unlisted shares	\$ -	\$ -	\$ 130,469	\$ 130,469

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Balance, beginning of period	\$ 134,368	\$ 122,608	\$ 122,608
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	(9,385)	(7,154)	7,862
Additions	-	21,000	-
Repayment from capital reduction	(1,790)	(2,083)	-
Effect of foreign currency exchange differences	6	(3)	(1)
Balance, end of period	<u>\$ 123,199</u>	<u>\$ 134,368</u>	<u>\$ 130,469</u>

b. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 8,662,601	\$ 7,135,813	\$ 7,405,575
Financial assets at FVTOCI			
Equity instruments	123,199	134,368	130,469
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	6,095,176	4,506,410	4,706,030

- 1) The balances included cash and cash equivalents, financial assets measured at amortized cost, contract assets, notes receivable, trade receivables, trade receivables from related parties, other receivables, other receivables from related parties and refundable deposits.
- 2) The balances included short-term borrowings, short bills payable, contract liabilities, trade payables, trade payables to related parties, other payables, bonds payable, long-term borrowings, lease liabilities and guarantee deposits received.

c. Financial risk management objectives and policies

The Group's major financial instruments included cash and cash equivalents, financial assets measured at amortized cost, equity instruments, contract assets, notes receivable, trade receivables, other receivables, other receivables from related parties, refundable deposits/guarantee deposits received, short-term borrowings, short bills payable, contract liabilities, trade payables, trade payables to related parties, other payables, long-term borrowings, bonds payable and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see a) below) and interest rates (see b) below).

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group believed that its foreign currency assets and liabilities were not significantly exposed to foreign currency risk. Thus, after assessing its balance of foreign currency assets and liabilities, it did not hedge the risk and did not adopt hedge accounting.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34 to the consolidated financial statements.

Sensitivity analysis

The Group was mainly exposed to the USD, RMB and VND.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity analysis is for a 1% change in foreign currency rates and included only outstanding foreign currency denominated monetary items at the end of period. A positive number below indicates a decrease (increase) in pre-tax profit (loss) when New Taiwan dollars strengthen by 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit (loss) and other equity, and the balances below would be negative.

	For the Three Months Ended March 31	
	2025	2024
USD	\$ 26,628	\$ 25,376
RMB	(221)	(2,006)
VND	(376)	(8)

b) Interest rate risk

The Group was exposed to fair value interest rate risk and cash flow interest rate risk from long-term, short-term borrowings, short-term bills payable, bonds payable and lease liabilities at both fixed and floating interest rates.

The carrying amounts of the Group's financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial liabilities	\$ 1,524,039	\$ 820,316	\$ 1,164,125
Cash flow interest rate risk			
Financial liabilities	1,667,250	353,621	445,281

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the period was outstanding for the whole year.

If interest rates had increased/decreased by 100 basis points, with all other variables held constant, the Group cash outflows would have been \$16,672 thousand and \$4,453 thousand for the three months ended March 31, 2025 and 2024, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

According to the Group's policy, the Group only transacts with creditworthy counterparties. In the case that overdue receivables may result to the risks on financial losses, the Group usually obtains the collateral, to mitigate the risks. The Group continuously monitors the risk exposure the Group transacts with many creditworthy customers and assigns personnel to annually review and approve their credit limits.

Trade receivables generate from of a large number of customers, who vary from the industries and geographical areas. The Group continuously evaluate the customer's financial performances to ensure the collection of the trade receivables. In addition, if necessary, the Group purchases the insurance to secure the trade receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2025 and 2024, the Group had available unutilized bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2025

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,903,889	\$ -	\$ -	\$ 2,903,889
Lease liabilities	42,302	58,198	9,659	110,159
Variable interest rate instrument	164,867	44,600	1,457,783	1,667,250
Fixed interest rate instrument	<u>1,413,880</u>	<u>-</u>	<u>-</u>	<u>1,413,880</u>
	<u>\$ 4,524,938</u>	<u>\$ 102,798</u>	<u>\$ 1,467,442</u>	<u>\$ 6,095,178</u>

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	<u>\$ 42,302</u>	<u>\$ 63,134</u>	<u>\$ 4,723</u>

December 31, 2024

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,332,473	\$ -	\$ -	\$ 3,332,473
Lease liabilities	44,852	58,198	17,767	120,817
Variable interest rate instrument	197,521	40,883	115,217	353,621
Fixed interest rate instrument	<u>-</u>	<u>699,499</u>	<u>-</u>	<u>699,499</u>
	<u>\$ 3,574,846</u>	<u>\$ 798,580</u>	<u>\$ 132,984</u>	<u>\$ 4,506,410</u>

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	<u>\$ 44,852</u>	<u>\$ 70,677</u>	<u>\$ 5,288</u>

March 31, 2024

	On Demand or Less than 1 Year	1 to 3 Years	Over 3 Years	Total
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 3,096,623	\$ -	\$ -	\$ 3,096,623
Lease liabilities	24,226	13,842	12,042	50,110
Variable interest rate instrument	278,031	29,733	137,517	445,281
Fixed interest rate instrument	<u>414,823</u>	<u>-</u>	<u>699,193</u>	<u>1,114,016</u>
	<u>\$ 3,813,703</u>	<u>\$ 43,575</u>	<u>\$ 848,752</u>	<u>\$ 4,706,030</u>

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	<u>\$ 24,226</u>	<u>\$ 18,935</u>	<u>\$ 6,949</u>

b) Financing facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank facilities:			
Amount used	\$ 1,609,965	\$ 183,154	\$ 279,964
Amount unused	<u>5,698,635</u>	<u>7,005,923</u>	<u>6,783,871</u>
	<u>\$ 7,308,600</u>	<u>\$ 7,189,077</u>	<u>\$ 7,063,835</u>
Secured bank facilities:			
Amount used	\$ 771,567	\$ 902,467	\$ 596,939
Amount unused	<u>1,827,472</u>	<u>1,558,932</u>	<u>1,866,966</u>
	<u>\$ 2,599,039</u>	<u>\$ 2,461,399</u>	<u>\$ 2,463,905</u>

30. RELATED-PARTY TRANSACTIONS

a. The Group's related parties and relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
TCC Energy Storage Technology Corporation ("TCC Energy Storage")	Related party
Spring City Resort Co., Ltd.	Related party
FREE 2 MOVE ESOLUTIONS NORTH AMERICA LCC ("F2M")	Related party
EVSE Solutions ("EVSE")	Related party
TCC Energy Storage (Dutch) Holdings B.V. ("TCCE")	Related party
Peter Lin	Phihong's chairman
Kevin Lin	Related party
Joyce Lin	Related party
Peggy Wu	Related party

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below:

b. Trading transactions

Item	Related Party Name	For the Three Months Ended March 31	
		2025	2024
Operating revenue	F2M	\$ 393	\$ 179,347
	Others	<u>9,294</u>	<u>460</u>
		<u>\$ 9,687</u>	<u>\$ 179,807</u>

The sales prices and trading terms of the Group to related parties are based on contractual agreements.

The purchase price of the Group from the above-mentioned related parties is based on factors such as product type, cost, market price, and market competition, and is not significantly different from that of ordinary manufacturers.

c. Contract liabilities

Related Party Name	March 31, 2025	December 31, 2024	March 31, 2024
F2M	\$ 503	\$ -	\$ 6,363
EVSE	2,531	-	-
TCC Energy Storage	-	41	-
Others	<u>-</u>	<u>-</u>	<u>12,647</u>
	<u>\$ 3,034</u>	<u>\$ 41</u>	<u>\$ 19,010</u>

d. Receivables from related parties

Item	Related Party Name	March 31, 2025	December 31, 2024	March 31, 2024
Trade receivables	F2M	\$ -	\$ 2,082	\$ 119,249
	TCC Energy Storage	1	8,333	-
	TCCE	3,819	3,653	-
	Others	<u>-</u>	<u>179</u>	<u>1,356</u>
		<u>\$ 3,820</u>	<u>\$ 14,247</u>	<u>\$ 120,605</u>

e. Operating expenses

Item	Related Party Category	For the Three Months Ended March 31	
		2025	2024
Operating expenses	Related party	<u>\$ 3,046</u>	<u>\$ 11,137</u>

f. Remuneration of key management personnel

The types and amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Three Months Ended March 31	
	2025	2024
Short-term benefits	\$ 36,323	\$ 30,899
Post-employment benefits	<u>178</u>	<u>175</u>
	<u>\$ 36,501</u>	<u>\$ 31,074</u>

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

g. Other transactions with related parties

Phihong's chairman served as the joint guarantor for Phihong's short-term borrowings, short-term bills payable, bonds payable and long-term borrowings. As of March 31, 2025, December 31, 2024 and March 31, 2024, the amounts of the guarantees were \$2,339,250 thousand, \$902,967 thousand and \$1,007,401 thousand, respectively.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group have been provided as collateral for project performance bonds, bank loans, domestic secured corporate bonds, and post-release duty payment:

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at amortized cost - current (Note 8)	\$ -	\$ 7,982	\$ 7,772
Land	463,345	463,345	463,345
Right-of-use assets - land use right	20,094	35,732	67,426
Buildings	371,388	412,890	411,440
Investment properties	<u>35,528</u>	<u>35,489</u>	<u>-</u>
	<u>\$ 890,355</u>	<u>\$ 955,438</u>	<u>\$ 949,983</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group at March 31, 2025, December 31, 2024 and March 31, 2024 were as follows:

- a. According to tariff to regulations, the Group provides letters of bank guarantee to apply for the customer clearance, post-release duty payment. The amount of the letters of credit were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Letter of bank guarantees	\$ 5,000	\$ 1,500	\$ 1,000

- b. The Group signed a contract for the construction of new plants on the Group's own land. The amount of the unrecognized commitments was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Acquisition of property, plant and equipment			
Signed amount	\$ 2,850,378	\$ 3,054,085	\$ 2,528,487
Unpaid amount	633,836	773,356	1,543,530

33. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

In order to protect the Company's credit and shareholders' rights and interests, the Company's Board of Directors approved the Company's share buyback on April 10, 2025 to repurchase 6,600 thousand shares during the period from April 11, 2025 to June 10, 2022, with the buyback price ranging from NT\$14.5 to NT\$45.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Groups' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

March 31, 2025

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 105,630	33.10000	\$ 3,496,367
RMB	19,608	4.61311	90,452
VND	3,984,224	0.00129	5,140

Financial liabilities

Monetary items			
USD	25,183	33.10000	833,567
RMB	24,402	4.61311	112,567
VND	33,137,093	0.00129	42,747

December 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 68,667	32.72500	\$ 2,247,135
RMB	17,830	4.55216	81,166
VND	205,108,494	0.00129	264,590

Financial liabilities

Monetary items			
USD	28,086	32.72500	919,108
RMB	39,742	4.55216	180,913
VND	183,375,630	0.00129	236,555

March 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 79,703	31.99	\$ 2,549,705
RMB	21,389	4.50894	96,441
VND	190,963,970	0.00129	246,344
<u>Financial liabilities</u>			
Monetary items			
USD	379	31.99	12,136
RMB	65,871	4.50894	297,009
VND	191,556,324	0.00129	247,108

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Material marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 6) Intercompany relationships and significant intercompany transactions. (Table 6)
- 7) Information on investees. (Table 7)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 9)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

36. SEGMENT INFORMATION

a. Basic information of operation segments

1) Classification of operating segments

The segments of the Group to be reported are as follows:

- a) Power Supply Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of power supply products.
- b) EV Energy Products Segment: Mainly responsible for the R&D, design, manufacturing, sales, and after-sales service of EV Energy products.

2) Principles for measuring profit and loss of the operating segment

The accounting policies of each operating segment are the same as the material accounting policies described in Note 4 to the consolidated financial statements. The profit and loss of the operating segment of the Group are measured by the operating profit and loss that can be controlled by the segment manager, and are used as the basis for management performance evaluations.

b. Segment revenues and results

The following was an analysis of the Group's revenue and results by reportable segment:

	Power Supply	EV Energy	Others	Adjustments and Layoffs	Total
For the three months ended <u>March 31, 2025</u>					
Revenues from external customers	<u>\$ 1,596,202</u>	<u>\$ 715,394</u>	<u>\$ 442</u>	<u>\$ (53,778)</u>	<u>\$ 2,258,260</u>
Segment (losses) incomes	<u>\$ (128,363)</u>	<u>\$ (134,136)</u>	<u>\$ 219</u>	<u>\$ -</u>	\$ (262,280)
Interest incomes					27,813
Other incomes					35,262
Other gains and losses					73,640
Finance costs					(16,894)
Share of loss of associates					<u>(2,106)</u>
Loss before income tax					<u>\$ (144,565)</u>
For the three months ended <u>March 31, 2024</u>					
Revenues from external customers	<u>\$ 1,539,373</u>	<u>\$ 974,088</u>	<u>\$ 2,725</u>	<u>\$ (173,887)</u>	<u>\$ 2,342,299</u>
Segment (losses) incomes	<u>\$ (79,835)</u>	<u>\$ 82,017</u>	<u>\$ (1,307)</u>	<u>\$ -</u>	\$ 875
Interest incomes					35,084
Other incomes					32,452
Other gains and losses					55,464
Finance costs					(14,945)
Share of profit of associates					<u>2,462</u>
Profit before income tax					<u>\$ 111,392</u>

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	PHT	PHJ	Other receivables from related parties	Yes	\$ 496,500 (US\$ 15,000,000)	\$ 496,500 (US\$ 15,000,000)	\$ -	6.30%	b	\$ -	Capital movement	\$ -	-	\$ -	\$ 1,994,145	\$ 3,988,291	
		ZSH	"	"	496,500 (US\$ 15,000,000)	496,500 (US\$ 15,000,000)	-	5.31%-6.85%	"	-	"	-	-	-	1,994,145	3,988,291	
		ZCM	"	"	165,500 (US\$ 5,000,000)	165,500 (US\$ 5,000,000)	-	5.31%-6.85%	"	-	"	-	-	-	1,994,145	3,988,291	
		ZAS	"	"	165,500 (US\$ 5,000,000)	165,500 (US\$ 5,000,000)	-	5.31%-6.85%	"	-	"	-	-	-	1,994,145	3,988,291	
		ZNS	"	"	165,500 (US\$ 5,000,000)	165,500 (US\$ 5,000,000)	-	5.31%-6.85%	"	-	"	-	-	-	1,994,145	3,988,291	
		ZJS	"	"	165,500 (US\$ 5,000,000)	165,500 (US\$ 5,000,000)	-	5.31%-6.85%	"	-	"	-	-	-	1,994,145	3,988,291	
1	PHC	PHE	"	"	46,131 (RMB 10,000,000)	46,131 (RMB 10,000,000)	46,131	4.90%	"	-	"	-	-	-	2,345,656	2,345,656	
2	PHZ	PHP	"	"	1,037,950 (RMB 225,000,000)	1,037,950 (RMB 225,000,000)	1,037,950	4.75%	"	-	"	-	-	-	1,922,853	1,922,853	
3	ZSH	ZAS	"	"	662,000 (US\$ 20,000,000)	662,000 (US\$ 20,000,000)	99,300	5.5%-6.55%	"	-	"	-	-	-	4,336,758	4,336,758	
		ZNS	"	"	496,500 (US\$ 15,000,000)	496,500 (US\$ 15,000,000)	-	5.5%-6.55%	"	-	"	-	-	-	4,336,758	4,336,758	
		ZJS	"	"	662,000 (US\$ 20,000,000)	662,000 (US\$ 20,000,000)	-	5.5%-6.55%	"	-	"	-	-	-	4,336,758	4,336,758	

Note 1: The parent company and its subsidiaries are coded as follows:

- a. The parent company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Reasons for financing are as follows:

- a. Business relationship.
- b. The need for short-term financing.

Note 3: According to the Company's policy, the aggregated financing amounts provided to others shall not exceed 40% of its net worth, which is based on the latest audited or reviewed parent-company-only financial statements. The maximum amount permitted to a single borrower is listed based on the types of financing reasons as follows:

- a. Business relationship: Each of the financing amounts shall not exceed the higher amount of the total purchases from or sales to a borrower in the most recent year or in the current year.
- b. The need for short-term financing: Each of the financing amounts shall not exceed 20% of the Company's net worth, which is based on the latest audited or reviewed parent-company-only financial statements.

Note 4: According to the operating procedures for loans to other subsidiary of the Group, the aggregate amount of loans between subsidiaries shall not exceed 150% of the net worth of the lending subsidiary based on the latest financial statements of the subsidiary.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 2 and 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 2 and 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Phihong	PHV	Subsidiary of the Company	\$ 7,478,046	\$ 496,500 (US\$ 15,000,000)	\$ 496,500 (US\$ 15,000,000)	\$ -	\$ -	4.98	\$ 9,970,728	Y	N	N	7
		ZTM	"	7,478,046	1,600,000	1,600,000	-	-	16.05	9,970,728	Y	N	N	4 and 5
		ZSH	"	7,478,046	1,489,500 (US 45,000,000)	1,489,500 (US 45,000,000)	-	-	14.94	9,970,728	Y	N	N	6
		PHJ	"	7,478,046	164,948 (JPY 750,000,000)	164,948 (JPY 750,000,000)	109,965 (JPY 500,000,000)	-	-	1.65	9,970,728	Y	N	N

Note 1: The parent company and its subsidiaries are coded as follows:

- a. The Company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the Company's procedures for the Management of Endorsements and Guarantees, the aggregate amount of endorsements/guarantees provided by the Company shall not exceed 100% of endorser/guarantor's net worth. Additionally, the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 75% of the Company's net worth. The net worth is based on the Company's latest parent-company-only financial statements.

Note 3: In accordance with the operating procedures of the Group's subsidiaries, the total amount of endorsements between subsidiaries shall not exceed the net value of the latest financial statement.

Note 4: On August 4, 2022, the board of directors approved that the Company's endorsements/guarantees amount to ZTM is NT\$600 million.

Note 5: On June 26, 2023, the board of directors approved that the Company's endorsements/guarantees amount to ZTM is NT\$1 billion.

Note 6: On June 26, 2023, the board of directors approved that the Company's endorsements/guarantees amount to ZSH is US\$45 million.

Note 7: On August 12, 2024, the board of directors approved that the Company's endorsements/guarantees amount to PHV is US\$15 million.

Note 8: On December 24, 2024, the board of directors approved that the Company's endorsements/guarantees amount to PHJ is JPY750 million.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2025				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
PHT	<u>Ordinary shares</u>							
	Pao-Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non-current	229,980	\$ 2,988	10.49	\$ 2,988	
	Zhong-Xuan Venture Capital Co., Ltd.	"	"	1,926,833	10,781	8.62	10,781	
	BMC Venture Capital Investment Corporation	"	"	5,700,000	67,465	9.84	67,465	
	RFIC Technology Corporation	"	"	1,000,000	2,711	3.50	2,711	
	BMD Venture Capital Investment Corporation	"	"	4,200,000	37,007	9.31	37,007	
Guang-Lai	<u>Ordinary shares</u>							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non-current	3,000,000	2,149	10.83	2,149	
PHJ	<u>Ordinary shares</u>							
	ENECHANGE EV Labs Ltd.	None	Financial assets at FVTOCI - non-current	45	98	1.55	98	

Note 1: The marketable securities stated here are related to shares, debentures and beneficiary certificates and the derivative products caused by those of "IFRS 9 Financial Instruments".

Note 2: For information on the investments in subsidiaries and associates, refer to Tables 7 and 8.

TABLE 4**PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2025**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
PHT	PHA	Subsidiary of the Company	Sale	\$ (491,748)	(38.05)	To be agreed by both parties	\$ -	-	\$ 115,054	14.83	
	PHC	"	Purchase	405,573	34.79	"	-	-	(304,136)	(17.81)	
	PHP	"	"	192,479	16.51	"	-	-	(102,263)	(5.99)	
	PHV	"	"	567,431	48.68	"	-	-	(253,162)	(14.82)	
PHA	PHT	Subsidiary of PHT	Purchase	491,748	96.70	To be agreed by both parties	-	-	(127,718)	(96.22)	
PHC	PHT	Subsidiary of PHT	Sale	(405,573)	(60.75)	To be agreed by both parties	-	-	303,440	100.00	
PHP	PHT	Subsidiary of PHT	Sale	(192,479)	(56.77)	To be agreed by both parties	-	-	102,263	39.93	
PHV	PHT	Subsidiary of PHT	Sale	(567,431)	(89.05)	To be agreed by both parties	-	-	249,662	85.23	
ZTM	ZSH	Between subsidiaries	Sale	(135,680)	(31.76)	To be agreed by both parties	-	-	-	-	
ZCM	ZSH	Between subsidiaries	Sale	(102,859)	(73.91)	To be agreed by both parties	-	-	-	-	
ZSH	ZCM	Between subsidiaries	Purchase	102,859	0.05	To be agreed by both parties	-	-	-	-	

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE PAID-IN CAPITAL

MARCH 31, 2025

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
PHT	PHC	Subsidiary of the Company	Other receivables \$ 443,916	-	\$ -	-	\$ 6,126	\$ -
	PHV	"	Other receivables 618,526	-	-	-	23,499	-
	PHA	"	Trade receivables 115,054	15.29	-	-	105,098	-
PHZ	PHP	Fellow subsidiary	Other receivables 1,050,275	-	-	-	-	-
PHC	PHT	Subsidiary of PHT	Trade receivables 303,440	10.41	-	-	295,087	-
PHV	PHT	Subsidiary of PHT	Trade receivables 249,662	8.77	-	-	209,143	-
PHP	PHT	Subsidiary of PHT	Trade receivables 102,263	5.99	-	-	50,151	-

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details					
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)		
0	PHT	PHA	a	Sales revenue	\$ 491,748	To be agreed by both parties	22.00		
		PHJ	"	"	57,800	"	3.00		
		PHV	"	"	26,508	"	1.00		
		PHC	"	Purchase	405,573	No significant difference	18.00		
		PHP	"	"	192,479	"	9.00		
		PHV	"	"	567,431	"	25.00		
		PHA	"	Trade receivables	115,054	To be agreed by both parties	1.00		
		PHC	"	Other receivables	443,916	"	3.00		
		PHV	"	"	618,526	"	4.00		
		PHC	"	Accounts payable	304,136	"	2.00		
		PHP	"	"	102,263	"	1.00		
		PHV	"	"	253,162	"	2.00		
		1	PHC	PHT	b	Sales revenue	405,573	To be agreed by both parties	2.00
				PHT	"	Trade receivables	303,440	"	2.00
2	PHP	PHT	b	Sales revenue	192,479	To be agreed by both parties	1.00		
		PHT	"	Trade receivables	102,263	"	1.00		
3	PHV	PHT	b	Trade receivables	249,662	To be agreed by both parties	2.00		
		PHT	"	Sales revenue	567,431	"	25.00		
		ZSH	c	Sales revenue	48,576	"	2.00		
4	PHZ	PHP	c	Other receivables	1,050,275	To be agreed by both parties	6.00		
5	PHSY	PHC	c	Sales revenue	17,593	To be agreed by both parties	1.00		
		PHP	"	"	35,637	"	2.00		
6	PHE	PHC	c	Sales revenue	12,305	To be agreed by both parties	1.00		
		PHV	"	"	19,743	"	1.00		
7	ZTM	ZSH	c	Service income	109,974	To be agreed by both parties	5.00		
		ZSH	"	Sales revenue	25,706	"	1.00		
		ZCM	"	"	20,224	"	1.00		
		ZJS	"	"	13,439	"	1.00		

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
8	ZCM	ZCT	c	Sales revenue	\$ 28,180	To be agreed by both parties	1.00
		ZSH	"	"	102,859	"	5.00
9	ZSH	ZTM	c	Sales revenue	31,334	To be agreed by both parties	1.00
		ZAS	"	"	71,104	"	3.00
		ZNS	"	"	63,806	"	3.00
		ZAS	"	Other receivables	96,108	"	1.00

Note 1: The Company and its subsidiaries are coded as follows:

- a. Parent company is coded "0".
- b. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of relationship is as follows:

- a. Parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Between subsidiaries.

Note 3: The percentage calculation is based on the consolidated total operating revenues or total assets. For balance sheet items, each item's period-end balance is shown as a percentage to consolidated total assets as of March 31, 2024. For profit or loss items, cumulative amounts are shown as a percentage to consolidated total operating revenues for the year ended March 31, 2024.

(Concluded)

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2025			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
PHT	PHI	British Virgin Islands	Makes investments	\$ 3,067,556	\$ 3,067,556	98,059,683	100.00	\$ 2,853,805	\$ 24,462	\$ 25,737	
	PHA	The United States	Sells various power supplies	207,203	207,203	3,100,000	100.00	1,291,261	3,495	3,495	
	PHK	British Virgin Islands	Makes investments	554,154	554,154	18,840,000	100.00	(503,363)	(34,824)	(32,474)	
	PHQ	British Virgin Islands	Makes investments	352,043	352,043	12,012,600	100.00	(3,197)	(20,689)	(20,569)	
	Guang-Lai Investment Co., Ltd.	Taiwan	Makes investments	139,758	139,758	13,975,828	100.00	190,177	(1,863)	(1,863)	
	PHJ	Japan	Sells power components	295,181	295,181	25,000	100.00	266,392	44,235	44,239	
					(JPY 500,000,000)	(JPY 500,000,000)					
	PHV	Vietnam	Manufactures and sells various power supplies	1,906,713	1,906,713	65,000,000	100.00	1,761,430	(913)	(888)	
					(US\$ 65,000,000)	(US\$ 65,000,000)					
	ZKH	Cayman Islands	Makes investments	2,083,650	2,083,650	699,272,603	100.00	2,820,750	(107,959)	(93,966)	
				(US\$ 69,927,260)	(US\$ 69,927,260)						
Guang-Lai	Han-Yu Venture Capital Co., Ltd.	Taiwan	Makes investments	100,000	100,000	8,000,000	22.22	69,275	(9,475)	(2,106)	
ZKH	ZSH	Singapore	Makes investment and sells of electrical equipment	2,117,995	2,117,995	67,649,888	100.00	2,795,400	(129,744)	(107,173)	
				(US\$ 65,872,408)	(US\$ 65,872,408)						
ZSH	ZJS	Japan	Sells of electrical equipment and provides electric vehicle charging solutions	16,848	16,848	8,000	100.00	40,500	(15,058)	(15,058)	
				(JPY 80,000,000)	(JPY 80,000,000)						
	ZAH	The United States	Makes investments	95,842	95,842	3,050,000	100.00	251,847	(53,030)	(53,030)	
				(US\$ 3,050,000)	(US\$ 3,050,000)						
	ZTM	Taiwan	Manufactures and sells of electrical equipment	624,343	624,343	60,000,000	100.00	1,135,194	15,166	15,166	
	ZNS	Netherlands	Sells of electrical equipment and provides electric vehicle charging solutions	104,056	104,056	100	100.00	105,505	(17,245)	(17,245)	
				(EUR 3,000,000)	(EUR 3,000,000)						
ZAH	ZAS	The United States	Sells of electrical equipment and provides electric vehicle charging solutions	95,150	95,150	3,000,000	100.00	250,569	(53,011)	(53,011)	
				(US\$ 3,000,000)	(US\$ 3,000,000)						

Note: Information on investees in mainland China, refer to Table 8.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Information on investees in mainland China, including the name, principal business activities, paid-up capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment gain or loss, carrying of the investment, and repatriation of investment income:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 4)	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of March 31, 2025	Note
					Outward	Inward							
PHC	Manufactures and sells various power supplies	\$ 1,988,018 (HK\$ 495,450,000)	Indirect investment in mainland China through PHI	\$ 1,677,679 (HK\$ 419,000,000)	\$ -	\$ -	\$ 1,677,679 (HK\$ 419,000,000)	\$ 16,080	100.00	\$ 16,080	\$ 1,563,771	\$ -	
PHZ	Manufactures and sells various power supplies	1,097,139 (US\$ 31,960,000)	"	955,407 (US\$ 27,598,332)	-	-	955,407 (US\$ 27,598,332)	8,243	100.00	8,243	1,281,903	-	
PHP	Manufactures and sells various power supplies	604,135 (US\$ 20,140,000)	Indirect investment in mainland China through PHK	554,456 (US\$ 18,640,000)	-	-	554,456 (US\$ 18,640,000)	(34,829)	100.00	(34,829)	(491,397)	-	
PHSY	Manufactures and sells electronic materials	39,678 (HK\$ 9,000,000)	Indirect investment in mainland China through PHQ	39,678 (HK\$ 9,000,000)	-	-	39,678 (HK\$ 9,000,000)	(162)	100.00	(162)	70,264	-	
PHE	Manufactures and sells electronic materials	360,124 (US\$ 11,500,000)	"	360,124 (US\$ 11,500,000)	-	-	360,124 (US\$ 11,500,000)	(20,518)	100.00	(20,518)	(74,988)	-	
ZCM	Makes investment and sells of electrical equipment	28,942 (US\$ 950,000)	Indirect investment in mainland China through ZSH	28,942 (US\$ 950,000)	-	-	28,942 (US\$ 950,000)	(23,252)	100.00	(23,252)	(22,764)	-	
ZCS	Sells of electrical equipment and provides electric vehicle charging solutions	21,588 (US\$ 670,000)	"	21,656 (US\$ 670,000)	-	-	21,656 (US\$ 670,000)	(1,234)	100.00	(1,234)	543	-	
ZCT	Sells of electrical equipment and provides electric vehicle charging solutions	49,027 (US\$ 1,605,000)	Indirect investment in mainland China through ZCM	- (US\$ -)	-	-	- (US\$ -)	(2,237)	100.00	(2,237)	14,573	-	

Note 1: The amount was recognized based on reviewed financial statements.

Note 2: The foreign currencies in this table are converted into New Taiwan dollars using exchange rates of the investment date, except for income and expense items which are translated at the average exchange rates for the period.

2. Limit on investment amount in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2025	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$4,114,608	\$4,973,986	Note 1

Note: In accordance with the Article 3 of the "Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area", the Company acquired the Business Operation Headquarter Certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs on June 18, 2021, which exempts the Company from the limitation of the amount of investment amount in mainland China.

PHIHONG TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
PHC	Purchase	\$ 405,573	34.79	To be agreed by both parties	To be agreed by both parties	-	\$ (304,136)	(17.81)	\$ -	
PHP	"	192,479	16.51	"	"	-	(102,263)	(5.99)	-	
ZCM	"	102,859	0.05	"	"	-	-	-	-	