

Phison Electronics Corporation

Handbook for 2026 Annual Shareholders' Meeting

Convention Method : Physical shareholders meeting

Meeting time : May 27, 2026

**Venue : No.1, Qunyi Road, Zhunan Township, Miaoli County
(located in Guangyuan Science and Technology Park)**

Notice to Readers

For the convenience of readers, the Handbook for the 2026 Annual Shareholders' Meeting 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 version of the Handbook for the 2026 Annual Shareholders' Meeting of shall prevail.

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Phison Electronics Corporation
Meeting Procedure of 2026 Annual Shareholders’
Meeting

1. Call the Meeting to order
2. Chairman's Remarks
3. Report Items
4. Proposals to accept
5. Matters to be election
6. Discussion Proposals
7. Extemporary Motions
8. Adjournment

Phison Electronics Corporation

Agenda of 2026 Annual Shareholders' Meeting

(Translation)

Convention Method: Physical shareholders' meeting

Meeting time: 9 a.m., Wednesday, May 27, 2026

Venue: No. 1 Qunyi Road, Zhunan Township, Miaoli County (located in Guangyuan Technology Park)

Meeting chairman: Mr. Wee Kuan Gan, Chairman of the Board

1. Meeting Chairman's Remarks

2. Report Items

Case No. 1: The Company's 2025 Business Report.

Case No. 2: The Company's Audit Committee's Review Report.

Case No. 3: Report on 2025 Employees' compensation and Directors' remuneration Distribution.

Case No. 4: Report on 2025 earnings distribution.

Case No. 5: Report on the issuance of domestic unsecured convertible corporate bonds.

Case No. 6: Report on the actual handling situation of the private placement of common shares approved by 2025 annual shareholders' meeting.

Case No. 7: Report of the Company's Investment in Mainland China.

3. Proposals to accept

Case No. 1: To accept the Company's 2025 Business Report and Financial Statements.

Case No. 2: To accept the Company's 2025 earning distribution.

4. Matters to be election

Case No. 1: Re-Election of the Company's nine Directors (including three independent directors) for the Eleventh Term.

5. Discussion Proposals

Case No. 1: The Company propose to conduct the private placement of common shares.

Case No. 2: Amendment to part of the Articles of “Articles of Incorporation”.

Case No. 3: Release of the New Directors from Non-Competition Restrictions.

6. Extemporary Motions

7. Adjournment

Report Items

Case No. 1: (Proposed by the Board)

Note: The Company's 2025 Business Report.

Explanation: For the Company's 2025 business report, please refer to Attachment 1 on page 19 to 25 of this handbook.

Case No. 2: (Proposed by the Board)

Note: The Company's Audit Committee's Review Report.

Explanation: For the Audit Committee's Review Report of 2025 Financial Statements, please refer to Attachment 2 on page 26 of this handbook.

Case No. 3: (Proposed by the Board)

Note: Report on 2025 Employees' compensation and Directors' remuneration Distribution.

Explanation: 1. According to Article 19 of the Articles of Incorporation of the Company, "If the company makes profits in a given year, it shall allocate 8% to 19% of such profit as employees compensation, of which the allocation to non-executive employees shall not be less than 1% and allocation no more than 1.5% as directors' compensations".

2. In the year of 2025, the Company earned NT\$11,148,786,938 (the amount represents the pre-tax profit before deducting of employees' compensation and directors' remuneration), and it intends to distribute NT\$1,000,000,000 from 2025's profits for employees' compensation (about 8.97% of the profits for the year 2025) and NT\$36,000,000 for directors' remuneration (about 0.32% of the profits for the year 2025), all in cash.

Case No. 4: (Proposed by the Board)

Note: Report on 2025 earnings distribution.

Explanation: Pursuant to the Company Act and the Articles of Incorporation of the Company, the surplus earning distribution of the Company may be proposed at the close of each half fiscal year. If the surplus earning distribution is distributed in cash, the Board of Directors is authorized to adopt a resolution to distribute the surplus earning. The implementation of the Company's surplus earning distribution in the form of cash dividends of 2025:

2025	Date of the resolution of the Board (month/day/year)	Date of distribution (month/day/year)	Cash dividend per share (NT\$)	Total amount of cash dividend (NT\$)
H1	08/14/2025	01/13/2026	6.22831640 (Note 2)	1,343,080,882
H2	03/06/2026	Not yet decided	17 (Note 3)	3,751,904,199
Total				5,094,985,081

Note 1: Cash dividends were approved by the Board of Directors and to be reported at the Annual Shareholders' Meeting.

Note 2: The actual cash dividend per share was adjusted, as authorized by the Board of Directors, based on the number of actual total shares outstanding on the Base Day for cash dividend distribution.

Note 3: The amount distributed was based on the Company's actual total number of 220,700,247 outstanding shares as of Jan 31, 2026, and the proposed cash dividend per share is NT\$17. The actual cash dividend per share shall be subject to adjustment based on the number of actual total shares outstanding on the Base Day for cash dividend distribution. The cash dividends are calculated up to NT\$1. Decimal points are rounded down and the uncounted shares in fractions of NT\$1 shall be transferred to the Company's Employee Benefits Committee.

Case No. 5: (Proposed by the Board)

Note: Report on the issuance of domestic unsecured convertible corporate bonds.

Explanation: The implementation of the Domestic Unsecured Convertible Corporate Bonds of the Company are as follows:

Name	Phison Electronics Corporation Second Domestic Unsecured Convertible Corporate Bonds (Abbreviation : Phison II)	Phison Electronics Corporation Third Domestic Unsecured Convertible Corporate Bonds (Abbreviation : Phison III)
Date of approval	December 28, 2023	September 10, 2025
Reason of issuance	Repletion of working capital	Repletion of working capital
Date of issuance	January 23, 2024	February 6, 2026
Total amount of issuance	NT\$6,000,000,000	NT\$6,000,000,000
Par value of issuance	NT\$100,000	NT\$100,000
Price of issuance	Issued at 101% of face value	Issued at 101% of face value
Duration of issuance	Five years. From January 23, 2024 to January 23, 2029	Five years. From February 6, 2026 to February 6, 2031
Coupon rate	0.00%	0.00%
Current conversion price	NA	NT\$2,488
Repayment method	Unless the bondholder has converted the bonds into the common stock of the Company in accordance with Article 10 of the Regulations for the Issuance and Conversion of the Second Domestic Unsecured Convertible Bonds, or has exercised the right to sell the bonds in accordance with Article 19 of the Regulations, or has been redeemed by the Company in advance in accordance with Article 18 of the Regulations, or has been repurchased and cancelled by the Company from securities dealers, the Company will repay the bonds in cash at face value in one lump sum within ten business days (including the tenth business day) from the day following the maturity date of the bonds. If the aforementioned date falls on a day when the Taipei Exchange is closed for business, it will be postponed to the next business day.	Unless the bondholder has converted the bonds into the common stock of the Company in accordance with Article 10 of the Regulations for the Issuance and Conversion of the Third Domestic Unsecured Convertible Bonds, or has exercised the right to sell the bonds in accordance with Article 19 of the Regulations, or has been redeemed by the Company in advance in accordance with Article 18 of the Regulations, or has been repurchased and cancelled by the Company from securities dealers, the Company will repay the bonds in cash at face value in one lump sum within ten business days (including the tenth business day) from the day following the maturity date of the bonds. If the aforementioned date falls on a day when the Taipei Exchange is closed for business, it will be postponed to the next business day.
Conversion situation	On November 18, 2025, the Company announced the exercise of the redemption right in accordance with Article 18 (1) of the Issuance and Conversion Procedures of the Second Domestic Unsecured Convertible Corporate Bonds of Phison. Except for certain bondholders who had applied to convert their bonds into common shares before the announcement date, all remaining unconverted corporate bonds were fully applied for conversion into common shares by January 26, 2026.	Accordance with Article 9 of the Issuance and Conversion Procedures of the Third Domestic Unsecured Convertible Corporate Bonds of Phison, the conversion period is from May 7, 2026 to February 6, 2031. As of the suspension date for conversions prior to this shareholders' meeting on March 29, 2026, no conversions had been made.

Case No. 6 (Proposed by the Board)

Note: Report on the actual handling situation of the private placement of common shares approved by 2025 annual shareholders' meeting.

Explanation: The motion of conducting the private placement of 18,000,000 common shares and will be carried out in 1~2 times in installments within one year since the date of the resolution of the shareholders' meeting was approved by 2025 annual shareholders' meeting on May 27, 2025. Since the deadline of the aforementioned private placement of common shares is about to expire and no issuance has been carried out, and the Company currently has no plans to continue the private placement of common shares during the remaining period. Therefore, it is proposed to approve that this private placement of 18,000,000 common shares will not continue to be raised and issued.

Case No. 7 (Proposed by the Board)

Note: Report of the Company's Investment in Mainland China.

Explanation: Please refer to Attachment 3 on page 27 to 28 of this handbook for information on the Company's investment in Mainland China in 2025.

Proposals to accept

Case No. 1 (Proposed by the Board)

Note: To accept the Company's 2025 Business Report and Financial Statements.

Explanation: 1. The Individual Financial Statements of the Company for the year of 2025 (including Individual Balance Sheets, Individual Statements of Comprehensive Income, Individual Statements of Changes in Equity, Individual Statement of Cash Flows) and Consolidated Financial Statements (including Consolidated Balance Sheets, Consolidated Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statements of Cash Flows) have been compiled and audited by independent auditors, Mr. Cheng, An Chih and Mr. Wu, Chum Yuan, of KPMG and Audit Committee. Please refer to the aforementioned Financial Statements and Independent Auditors' Review Report together with the Business Report.

2. For the 2025 Business Report, Consolidated Financial Statements and Individual Financial Statements, please refer to Attachment 1 on page 19 to 25 and Attachment 4 on page 29 to 46, of this handbook respectively.

Resolution:

Case No. 2 (Proposed by the Board)

Note: To accept the Company's 2025 earning distribution.

Explanation: The net profit after tax in 2025 was NT\$8,739,178,669. The company prepared a statement of profit distribution for the year ended December 31, 2025, in accordance with the Article of Incorporation of the company as follow:

Phison Electronics Corporation

PROFIT DISTRIBUTION TABLE

Year 2025

(Unit: NTDS)

Retained earnings at the beginning of the period	23,820,766,041
Net profit after tax of Year 2025	8,739,178,669
Less: Change in re-measurement of defined benefit plans in Year 2025	8,911,789
Less: Disposal of equity instruments at fair value through other comprehensive income	47,886,552
The total of the net profit after tax of the period plus the else items of the period be included in the undistributed earnings.	8,682,380,328
Less: 10% Legal Reserve	868,238,033
Reserved for first half of 2025	183,730,825
The balance of Legal Reserve	684,507,208
Add: Reversal of Special Reserve based on regulations	25,643
Reversal for first half of 2025	412,929,303
The balance of Special Reserve based on regulations	412,954,946
Distributed earnings as of December 31, 2025	31,634,933,979
Distributable items:	
Dividend to shareholders-Cash (Distributed NT\$23.22831640 per share)	5,094,985,081
First cash dividends distributed of the year (NT\$6.22831640 per share ^{Note 2})	1,343,080,882
Second cash dividends distribution (NT\$17 per share ^{Note 3})	3,751,904,199
Unappropriated retained earnings by the end of the period.	26,539,948,898

Note 1: Cash dividends were approved by the Board of Directors and to be reported at the Annual Shareholders' Meeting.

Note 2: The actual cash dividend per share was adjusted, as authorized by the Board of Directors, based on the number of actual total shares outstanding on the Base Day for cash dividend distribution.

Note 3: The amount distributed was based on the Company's actual total number of 220,700,247 outstanding shares as of Jan 31, 2026, and the proposed cash dividend per share is NT\$17. The actual cash dividend per share shall be subject to adjustment based on the number of actual total shares outstanding on the Base Day for cash dividend distribution.

Chairman: Wee Kuan Gan President: Zhong Xun Ma Accounting Supervisor: Pao Feng Chen

Resolution:

Matters to be election

Case No. 1 (Proposed by the Board)

Note: Re-Election of the Company's nine Directors (including three independent directors) for the Eleventh Term.

- Explanation:
1. The term of office of the Company's 10th (existing) session of directors will expire on May 30, 2026. In accordance with the Company Act and the Company's Articles of Incorporation, the Company proposes to elect the 11th session of directors, including 9 directors (and 3 independent directors) at the annual shareholders' meeting this year.
 2. 9 directors (including 3 independent directors) will be re-elected for the 11th session of directors. The new directors will be appointed immediately after the end of the shareholders' meeting for a term of three years from May 27, 2026 to May 26, 2029.
 3. The election of directors (including independent directors) of the Company adopts a candidate nomination system, which is based on a list of director candidates elected at the shareholders' meeting. For the list of director (including independent director) candidates, please refer to Attachment 5 on page 47 to 52 of this handbook.
 4. Submitted for election.

Election results:

Discussion Proposals

Case No. 1 (Proposed by the Board)

Note: The Company propose to conduct the private placement of common shares.

Explanation: 1. In order to bring in strategic investors and to strengthen long-term cooperative relationships with the strategic partners for the Company's long-term operation and business development, the Company propose to conduct the private placements of new common shares for capital increase in cash in accordance with the Article 43-6 of Securities and Exchange Act (hereinafter referred to as "this private placement of common shares"). The total issuance number of new shares for this private placement of common shares will be not more than 18,000,000 shares, which will be new common shares with a face value of NT\$10 per share, and the increased capital of the Company will be not more than NT\$180,000,000.

2. In accordance with the Article 43-6 of Securities and Exchange Act and the provisions of Directions for Public Companies Conducting Private Placements of Securities, the explanations are as follows:

(1) The basis and reasonableness of the private placement pricing:

A. For setting the offering price of privately placed shares, the offering price shall be not lower than 85% of the higher price of the following two calculations:

a. The simple average closing price of the common shares of the Company for either the 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.

b. The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.

B. The actual price determination date and the actual offering price of private placement shall be within a range that is no less than the resolution of the shareholders' meeting, and the

board of directors is authorized to decide based on the aforementioned pricing basis and based on the consideration of the actual specific subscribers and market conditions in the future.

- C. The determination of the private placement price shall be based on the regulations of Directions for Public Companies Conducting Private Placements of Securities. Additionally, and considering the Company's future development prospects and the strict restrictions on the transfer time, objects and quantity of private placement shares, and the Taipei Exchange listing is not allowed within three years, poor liquidity and other factors, the setting of this private placement price should be reasonable and will not have a significant impact on shareholders' rights and interests.

(2) The method of selecting the specific subscribers:

- A. The method of selecting the specific subscribers is in accordance with the provisions of Article 43-6 of the Securities and issued per 12 September 2023 Letter No. Financial-Supervisory-Securities-Corporate-1120383220 of the Financial Supervisory Commission; and the specific subscribers of this private placement of common shares will be limited to strategic investors.
- B. The subscribers will be limited to the strategic investors:
 - a. The method and objectives of selecting the subscribers: Due to the Company's long-term operation and business development needs, priority will be given to selecting the strategic investors that can directly or indirectly benefit the Company's future operations, and can help the Company expand its business and product markets, strengthen customer relationships, or can help to enhance integrated benefits of product development, or to improve technology, and the strategic investors can recognize the Company's business strategy.

- b. Necessity: The purpose of selecting the subscribers of this private placement of common shares is to bring in strategic investors and strengthen long-term cooperative relationships with strategic partners. Through strategic investors, the Company can enhance long-term business competitiveness and operating efficiency, so it has its necessity.
 - c. Estimated benefits: It is expected to help the Company reduce operating costs, upgrade product technology, and expand sales markets to improve the company's future operating performance by leveraging the strategic investors' business experience, product technology, knowledge, brand reputation and market access, and through strategic cooperation, joint product development, market integration or business development cooperation with the strategic investors.
- C. There are currently no confirmed subscribers.
- (3) Necessary reasons for conducting this private placement of common shares:
- A. Reasons for not using public offering: Considering factors such as capital market conditions, issuance costs, the timeliness and feasibility of private placement method, and the restriction that private placement shares cannot be freely transferred within three years, it is better to ensure and strengthen the closer long-term cooperative relationship with strategic partners. So this time the Company decide to conduct the method of private placement instead of the public offering to increase cash capital and issue new shares.
 - B. The total issuance number of the private placement: The total issuance number of new shares for this private placement of common shares will be not more than 18,000,000 shares. It will be processed in one or two times within one year from the date of resolution of the shareholders' meeting.
 - C. The use of funds and expected benefits for each time of this private placement of common shares are as follows:

Number of times processed	The use of funds	Expected Benefits
Process it in one time	Funds raised from private placement of common shares will be used to seek opportunities for product technology cooperation, market business cooperation or strategic alliances with domestic and foreign customers and suppliers, and at the same time, to increase the Company's operation working capital and meet the Company's long-term operation development needs.	It is expected to help the Company to reduce the Company's operating risks, strengthen the financial structure, and enhance the Company's future operation performance benefits.
Process it in two times	If process it in two times, each time of funds raised from private placement of common shares will be used to seek opportunities for product technology cooperation, market business cooperation or strategic alliances with domestic and foreign customers and suppliers, and at the same time, to increase the Company's operation working capital and meet the Company's long-term operation development needs.	Each time is expected to help the Company to reduce the Company's operating risks, strengthen the financial structure, and enhance the Company's future operation performance benefits.

(4) There were no significant change in management control in one year before the board of directors resolved to conduct this private placement of common shares plan. And the subscribers will be limited to the strategic investors, that will have a positive contribution to the Company's business development.

(5) Other matters to be stated:

A. In principle, the rights and obligations of the common shares in this private placement are the same as those of the Company's issued common shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, except

for the transfer objects and conditions stipulated in this article, in principle, the common shares of private placement shall not be freely transferred within three years from the date of delivery of the shares. After three years from the date of delivery of the shares, the Company will apply for obtaining a approval letter issued by the Taipei Exchange that meets the Taipei Exchange listing standards in accordance with the Securities and Exchange Act and other relevant regulations, and then apply with the competent authorities for public issuance and the Taipei Exchange listing of such common shares in this private placement.

- B. The main contents of this private placement of common shares plan, including the actual issuance number of private placement shares, actual private placement price, selection of subscribers, base date, issuance terms, planned items, fund use and progress, expected benefits and other related matters etc., as well as all other matters related to the issuance plan of this private placement of common shares, are proposed to be submitted to the shareholders' meeting to authorize the board of directors with full power and authority to adjust, decide and handle it based on market conditions. In the future, if there are any changes in laws or requirements of the competent authorities, or based on operational assessments, or changes due to objective environmental needs, it is also proposed to authorize the board of directors to handle all related matters with full power and authority.
- C. In addition to the scope of authorization mentioned above, it is proposed that the shareholders' meeting authorize the chairman and his/her designated representative to sign, negotiate and change all contracts and documents related to the private placement of common shares on behalf of the Company, and to handle all matters related to the issuance of private placement of common shares for the Company.

Resolution:

Case No. 2 (Proposed by the Board)

Note: Amendment to part of the Articles of “Articles of Incorporation”.

- Explanation:
1. In response to the Company’s receipt of an approval letter for the establishment of Phison Electronics Corporation Zhubei Branch (the “Zhubei Branch”) in the Hsinchu Science Park (Biomedical Park), which permits the Company to invest in and operate an AI-assisted smart medical diagnostic system within the Biomedical Park, Article 2 of the Company’s Articles of Incorporation is hereby amended.
 2. To accommodate the Company’s future financial planning and the implementation of employee equity incentive programs, and to increase the authorized capital, Article 5 of the Company’s Articles of Incorporation is hereby amended.
 3. In accordance with Article 4, Paragraph 3 of the Taipei Exchange Directions for Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEX Listed Companies, Articles 13-1 and 21 of the Company’s Articles of Incorporation are hereby amended.
 4. Please refer to Attachment 6 on page 53 to 55 of this handbook for Comparison Table for Amendments to Articles of Incorporation.

Resolution:

Case No. 3 (Proposed by the Board)

Note: Release of the New Directors from Non-Competition Restrictions.

Explanation: 1. According to paragraph 1 of Article 209 of Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval”.

2. For the fact that the directors of the Company may invest in or operate other companies within the same or similar business scope of the Company and act as directors, in order to meet the actual needs, without prejudice to the interests of the Company, the General Meeting is required to release the new directors from Non-competition restrictions according to laws.

3. Details for Release of the New Directors from Non-Competition Restrictions, please refer to Attachment 7 on page 56 of this handbook.

Resolution:

Extemporary Motions

Adjournment

Attachments

PHISON Electronics Corporation

2025 Business Report

1. Operating Strategy and Execution Overview :

In 2025, the global electronics and semiconductor memory industries continued to face structural transformation and multiple challenges. On one hand, geopolitical tensions remained uncertain, and major memory manufacturers maintained conservative wafer input strategies. Coupled with constrained supply, this led to a tightening supply-demand balance in the NAND Flash market. On the other hand, the rapid expansion of artificial intelligence (AI) inference and edge AI applications has driven a structural surge in data volume, accelerating the transition of storage demand from traditional capacity-oriented needs to a new paradigm emphasizing high-speed data access and real-time data processing.

At this critical juncture of transformation, Phison Electronics adhered to its business philosophy of “technology-driven innovation for the future.” The Company continued to deepen its investment in core technologies, including NAND controllers, enterprise solid-state drives (SSDs), the aiDAPTIV+ edge AI computing architecture, and Retimer/Redriver ICs. At the same time, it adopted flexible market strategies to actively respond to structural changes in global storage demand, achieving several key operational milestones.

From the perspective of external industry conditions and market dynamics, the global NAND Flash market in 2025 remained supply-constrained. Following capacity adjustments at the end of 2024, major suppliers exhibited limited supply growth in 2025. As a result, the growth in NAND bit supply significantly lagged behind the surge in storage demand driven by AI inference, prolonging the tight supply-demand environment. Furthermore, with the rapid adoption of AI inference and large language model (LLM) applications—particularly in real-time inference and retrieval-augmented generation (RAG)—there has been increasing reliance on high-capacity, high-performance SSDs for real-time data access, updates, and

storage of inference-generated data. These demands align closely with the markets Phison has actively developed in recent years.

To address this growing demand, the Company continued to increase R&D investment, focusing on NAND controller design, SSD system integration, and high value-added storage solutions for AI and high-performance computing. By integrating firmware/controllers, enterprise SSDs, and aiDAPTIV+, Phison has established a comprehensive technology ecosystem that enhances its product competitiveness. In response to the challenges of data access performance in AI inference, Phison's proprietary aiDAPTIV+ solution has been increasingly adopted across multiple sectors—including enterprise, manufacturing, healthcare, and research institutions. By utilizing SSDs as KV cache, the solution alleviates DRAM/HBM memory bottlenecks, improving inference efficiency and overall AI system performance. This platform also significantly enhances the deployability and security of enterprise edge AI solutions. In addition, Phison has entered the high-end enterprise SSD market with its proprietary PASCARI brand and customized solutions, making it one of the key drivers of revenue growth. According to market research reports, the penetration rate of PCIe 5.0 SSDs is expected to increase significantly, further boosting the adoption of high-performance storage products.

In 2025, Phison reported consolidated revenue of NT\$72.664 billion, consolidated net income after tax of NT\$8.741 billion, and earnings per share of NT\$41.98, demonstrating strong growth and financial stability. These results reflect the Company's continuous efforts in technological innovation and market expansion, further strengthening its competitive position.

Looking ahead to 2026 and beyond, the Company will continue to uphold its business philosophy of “innovation-driven, value-led growth,” with the following strategic directions: 1. The Company will invest in more advanced controller architectures and SSD solutions, integrating next-generation data acceleration and memory expansion technologies to meet the long-term demands of AI inference and big data processing; 2. Centered on the aiDAPTIV+ platform and enterprise SSD portfolio, the Company will enhance its comprehensive storage solutions for AI servers, edge AI devices, and large-scale data centers, positioning itself not only as a NAND storage supplier but

also as a provider of AI data infrastructure solutions; 3. Through collaboration with global system integrators, cloud service providers, and leading ODM/OEM partners, the Company aims to co-develop differentiated applications, increase product value, and strengthen customer engagement.

Phison remains committed to enhancing corporate governance and sustainable business practices. Through continuous innovation, superior quality, and sound financial management, the Company strives to deliver long-term, stable returns to its shareholders.

2. 2025 Business Results

(1) Description of business results:

① Consolidated operating revenue:

The consolidated net operating revenue of the company for the year 2025 was NT\$72,664,091 thousand, which was increase than the year of 2024 of NT\$58,935,513 thousand by 23.29%.

② Consolidated net profit after tax:

The consolidated net profit after tax of the company for the year 2025 was NT\$8,741,175 thousand, which was increase of 9.90% compared with the year of 2024 of NT\$7,953,999 thousand. The net profit for the period attributable to owners of the parent company for the year 2025 was NT\$8,739,178 thousand.

(2) Budget implementation: The Company did not disclose its financial forecasts of the year of 2025, so it is not necessary to publicly disclose the implementation of the budget.

(3) Financial balance and profitability analysis:

① Consolidated operating revenue and expenditure:

Unit: Thousands of New Taiwan Dollars

Item	2025	2024	Increases (decreases)	Proportion of the changes (%)
Operating revenue	72,664,091	58,935,513	13,728,578	23.29
Gross profit	24,857,698	19,098,762	5,758,936	30.15
Net Operating Income	8,266,461	3,533,084	4,733,377	133.97
Non-operating income and expenses	1,939,356	6,215,982	(4,276,626)	(68.80)
Net profit for the year	8,741,175	7,953,999	787,176	9.90
Net profit for the period attributable to owners of the parent company	8,739,178	7,953,206	785,972	9.88

② Financial profitability of consolidated operation

Item		2025	2024
Financial structure	Liability to asset ratio (%)	29.91	29.24
	Long-term asset to real estate, plant and equipment ratio (%)	717.68	711.68
Debt-paying ability	Current ratio (%)	270.72	380.05
	Quick ratio (%)	126.76	203.51
	Interest coverage ratio (times)	69.98	36.66
Operation performance	Receivables turnover ratio (times)	6.70	6.68
	Average days of receipt (days)	54.47	54.64
	Inventory turnover ratio (times)	1.58	1.62
	Average sales days (days)	231.01	225.30
	Payables turnover ratio (times)	9.36	10.19
	PP&E turnover ratio (times)	8.99	7.76
	Total asset turnover ratio (times)	0.94	0.88
Profitability	Return on assets (%)	11.42	12.17
	Return on equity attributable to owners of parent company (%)	16.01	17.32
	Ratio of operating income to paid-in capital (%)	379.26	171.66
	Ratio of pre-tax income to paid-in capital (%)	468.24	473.67
	Net income ratio (%)	12.03	13.50
	Basic earnings per share (NTD)	41.98	38.95
Cash flow	Cash flow ratio (%)	6.32	14.73
	Cash flow adequacy ratio (%)	23.62	44.30
	Cash re-investment ratio (%)	(5.67)	(0.99)
Leverage	Degree of operating leverage (DOL)	1.18	1.35
	Degree of financial leverage (DFL)	1.02	1.08

(4) Overview of R&D

① Research and development costs in 2025 and the most recent two years:

The consolidated R&D expenses for 2025 and 2024 are NT\$13,775,492 thousand and NT\$12,585,639 thousand respectively, accounting for 18.96% and 21.35% of the consolidated operating revenue for each period. And as of the end of December 2025, the company has obtained 2,144 patents approvals from various countries.

② R & D results:

In 2025, the following products have been successfully developed and launched, including:

- a. The world's first flagship PCIe 5.0 SSD controller, E28
- b. The world's first PCIe 5.0 DRAM-less client SSD controller, E31T
- c. The world's first single-chip (SoC) native USB 4.0 controller, U21
- d. The world's first SSD controller PS5022 to achieve ISO 26262 ASIL-B automotive certification
- e. High-performance UFS 4.1 controllers PS8361 and PS8363 targeting flagship smartphones
- f. UFS 3.1 controller PS8329, built on a 22nm process, targeting high-value mid-range smartphones
- g. The world's highest-capacity 128TB enterprise SSD, D205V

③ Based on market demand trends, industry competition, and new product launch schedules, the company currently plans to develop or continuously upgrade product lines in 2026 as follows:

- a. Continuously develop high-end enterprise SSDs with higher capacity, faster speeds, and enhanced interface fault tolerance, collaborating with strategic partners to meet the demands of the enterprise storage market
- b. Develop more compact, higher-capacity, and power-efficient controller solutions, including eMMC, UFS, and BGA SSDs for automotive storage, addressing the high-speed storage needs of future mobile devices

- c. Advance the development of automotive-grade controller chips and strengthen compliance with various automotive certifications, including AEC-Q100, ISO 26262, IATF 16949, and ASPICE, to meet the growing demand for automotive electronics
- d. Continue introducing Redriver/Retimer ICs for PCs, servers, and in-vehicle systems, providing optimal signal stability solutions for high-speed transmission platforms
- e. Build upon the aiDAPTIV+ platform to develop next-generation edge AI solutions, expanding Edge AI applications and enabling more users to benefit from AI-driven convenience

Chairman:
Wee Kuan Gan

President:
Zhong Xun Ma

Accounting Supervisor:
Pao Feng Chen

Audit Committee's Review Report

The board of directors prepared the Company's 2025 Business Report, Financial Statements and profit distribution, etc. The CPA firm of KPMG audited the Financial Statements and have issued an audit report. Above Business Reports, Financial Statements and profit distribution were audited by Audit Committee and found no discrepancy, as reported in accordance with the Securities and Exchange Act and Company Act, please check.

To

2026 Annual Shareholders' Meeting

Phison Electronics Corporation

Audit Committee Convener :

Huei Ming Wang

March 6, 2026

Attachment 3: 2025 Investment in Mainland China

Phison Electronics Corp. and Subsidiaries
Information on Investment in Mainland China
For the year ended December 31, 2025

(Amounts in Thousands)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Highest percentage of ownership during the year (%)	Investment Income (Losses)	Book Value	Accumulated Remittance of Earnings in as of December 31, 2025	Note
					Outflow	Inflow								
Hefei Ruhua Electronic Technology Limited	Design, R&D, sales of electronics product and technical support service, as well as rendering of related services and investment	182,825	2(1)	182,825	-	-	182,825	9,781	100.00	100.00	9,781	202,138	-	Note 4
Hefei Xupeng Technology Co., Ltd.	R&D, production and sales of electronic product and technical service, as well as rendering of related services and investment	735,136	2(1)	-	-	-	-	39,306	23.75	24.23	9,805	79,409	-	
Hosin Global Electronics Co., Ltd. (SZ)	R&D and sales of electronic product and technical service, as well as rendering of related services and investment	2,072,062	2(1) and 2(2)	442,780	-	-	442,780	5,671,571	22.50	23.20	744,097	4,138,399	2,068,111	
Power Storage Technology (Shenzhen) Limited	Design, R&D, import and export of storage devices and electronic components	43,520	2(3)	43,520	-	-	43,520	2,118	100.00	100.00	2,118	52,414	-	Note 4

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2025	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Highest percentage of ownership during the year (%)	Investment Income (Losses)	Book Value	Accumulated Remittance of Earnings in as of December 31, 2025	Note
					Outflow	Inflow								
Power Storage Electronics Limited	Design, R&D, production and sales of integrated circuits, systems and electronics hardware and software, as well as rendering of related services	267,720	2(3)	267,720	-	-	267,720	23,196	100.00	100.00	23,196	249,188	-	Note 4

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment (Note 3)
936,845	1,909,733	36,064,802

Note 1: Method of investment.

1. Direct investment in the company in Mainland China.
2. Indirect investment in Mainland China through an existing investee company in a third region.
 - (1) Indirect investment in Mainland China through an existing investee company (Regis Investment (Samoa) Limited) in a third region.
 - (2) Indirect investment in Mainland China through an existing investee company (Global Flash Limited) in a third region.
 - (3) Indirect investment in Mainland China through an existing investee company (Power Flash (Samoa) Limited) in a third region.

Note 2: The investment amount approved by the Department of Investment Review, MOEA, includes the investment in Shenzhen Quanxing Technology Co., Ltd., and the amount related to the reinvestment in businesses in Mainland China under item (3)-1.

Note 3: In accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008, the limitation on investment in Mainland China shall not exceed 60% of the Company's net worth.

Note 4: The aforementioned inter-company transactions and balance have been eliminated in the consolidated financial statements.



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Phison Electronics Corp.:

Opinion

We have audited the consolidated financial statements of Phison Electronics Corp. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") and the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

1. Revenue recognition

Please refer to Note 4(14) and Note 6(21) for "Summary of significant accounting policies—Revenue recognition" and "Description of significant accounts—Operating revenue", respectively.



Description of key audit matter:

The Group engaged primarily in the sale of flash memory controllers and peripheral system applications. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Group to the risk that the sales transactions made close to the balance sheet date may not be recorded in the appropriate period. In addition, the Group operates in an industry in which sales revenue is easily influenced by various external factors such as supply and demand of the market, and this may impact the recognition of revenue. Consequently, this is one of the key areas that our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and evaluating the effectiveness of the design and performing internal controls over the timing of revenue recognition; sample testing on sales transaction that took place before and after the balance sheet date to assess the accuracy of the timing of revenue recognition; and assessing the adequacy of the Group's disclosures of revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to Note 4(8), Note 5, and Note 6(6) for "Summary of significant accounting policies—Inventories", "Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty", and "Description of significant accounts—Inventories", respectively.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environment in the industry of the Group, the life cycles of products of the Group are short and the prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. Consequently, this is one of the key areas that our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the aging report of inventory and analyzing the fluctuation of inventory aging; verifying the accuracy of the net realizable value of inventories and the inventory aging report on a sample basis, assessing the historical reasonableness of management's estimates on inventory provisions; and evaluating whether valuation of inventories was accounted in accordance with the Group's accounting policies, as well as assessing the adequacy of the Group's disclosures of its policy and other related disclosures.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

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

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 6, 2026

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
 Phison Electronics Corp. and subsidiaries
 Consolidated Balance Sheets
 December 31, 2025 and 2024
 (Expressed in Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(1))	\$ 16,275,252	19	19,982,162	29
1110 Financial assets at fair value through profit or loss – current (notes 6(2) and 6(13))	1,433,838	2	743,312	1
1136 Financial assets at amortized cost – current (note 8)	41,094	-	40,807	-
1170 Accounts receivable, net (note 6(4))	11,788,601	14	7,406,796	11
1180 Accounts receivable – related parties, net (notes 6(4) and 7)	1,900,459	2	604,095	1
1200 Other receivables (notes 6(5) and 7)	596,339	1	152,010	-
1220 Tax assets	33,236	-	6,864	-
1300X Inventories (note 6(6))	35,608,709	41	24,614,049	35
1410 Prepayments (note 7)	807,167	1	488,005	1
1479 Other current assets	4,991	-	2,531	-
	<u>68,479,676</u>	<u>80</u>	<u>54,040,831</u>	<u>78</u>
Non-current assets:				
1510 Financial assets at fair value through profit or loss – non-current (note 6(2))	179,808	-	219,544	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(3))	990,969	1	431,750	1
1550 Investments accounted for using the equity method (note 6(7))	4,719,750	6	3,717,895	5
1600 Property, plant and equipment (notes 6(8) and 8)	8,424,354	10	7,745,010	11
1755 Right-of-use assets (note 6(9))	101,353	-	157,711	-
1780 Intangible assets (note 6(10))	323,460	-	400,827	-
1840 Deferred tax assets (note 6(17))	628,814	1	700,574	1
1900 Other non-current assets (note 6(2))	1,907,425	2	1,925,023	3
	<u>17,275,933</u>	<u>20</u>	<u>15,298,336</u>	<u>22</u>
Total assets	<u>\$ 85,755,609</u>	<u>100</u>	<u>69,339,167</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (note 11)	-	-	116	-
2120 Financial liabilities at fair value through profit or loss – current (notes 6(2) and 6(13))	-	-	423,838	1
2130 Contract liabilities – current	-	-	6,825,339	8
2170 Accounts payable	-	-	2,052,579	3
2180 Accounts payable – related parties (note 7)	-	-	10,575,446	12
2200 Other payables (note 6(12))	-	-	944,876	1
2230 Taxes payable	-	-	76,835	-
2280 Lease liabilities – current (note 6(9))	-	-	1,103,896	1
2320 Long-term borrowings, current portion (notes 6(14), 6(15) and 8)	-	-	941,439	1
2399 Other current liabilities (notes 6(13) and 7)	-	-	25,295,348	30
			<u>14,219,533</u>	<u>21</u>
Non-current liabilities:				
2500 Financial liabilities at fair value through profit or loss – non-current (notes 6(2) and 6(15))	-	-	-	-
2530 Bonds payable (note 6(15))	-	-	-	-
2540 Long-term borrowings (notes 6(14) and 8)	-	-	5,611,070	8
2570 Deferred tax liabilities (note 6(17))	-	-	167,759	-
2580 Lease liabilities – non-current (note 6(9))	-	-	44,454	-
2640 Net defined benefit liabilities (note 6(16))	-	-	136,928	-
2645 Guarantee deposits received	-	-	3,116	-
			<u>6,053,381</u>	<u>8</u>
Total liabilities	<u>25,647,605</u>	<u>30</u>	<u>20,273,104</u>	<u>29</u>
Equity (notes 6(18) and 6(19)):				
Equity attributable to the shareholders of the parent company:				
Common shares	2,179,614	2	2,058,178	3
Capital surplus	19,104,335	22	13,053,610	19
Retained earnings	39,151,389	46	34,283,152	49
Other equity interest	(338,317)	-	(338,345)	-
Total equity attributable to owners of the parent:	<u>60,097,121</u>	<u>70</u>	<u>49,056,697</u>	<u>71</u>
Non-controlling interests	10,883	-	9,366	-
Total equity	<u>60,108,004</u>	<u>70</u>	<u>49,066,063</u>	<u>71</u>
Total liabilities and equity	<u>\$ 85,755,609</u>	<u>100</u>	<u>69,339,167</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Phison Electronics Corp. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2025		2024	
	Amount	%	Amount	%
4000 Operating revenue (notes 6(21) and 7)	\$ 72,664,091	100	58,935,513	100
5000 Operating costs (notes 6(6) · 6(22) and 7)	47,665,438	66	39,827,755	68
Gross profit from operations	24,998,653	34	19,107,758	32
5910 Unrealized profit or loss on transactions with associates (note 7)	(140,955)	-	(8,996)	-
5950 Realized gross profit	24,857,698	34	19,098,762	32
Operating expenses (notes 6(22) and 7):				
6100 Marketing expenses	1,647,034	2	1,694,467	3
6200 General and administrative expenses	1,201,423	2	1,279,995	2
6300 Research and development expenses	13,775,492	19	12,585,639	21
6450 Expected credit loss (reversal gain) (note 6(4))	(32,712)	-	5,577	-
Total operating expenses	16,591,237	23	15,565,678	26
Net operating income	8,266,461	11	3,533,084	6
Non-operating income and expenses:				
7010 Other income (notes 6(23) and 7)	256,687	-	340,773	1
7020 Other gains and losses (note 6(23))	789,261	1	4,742,099	8
7050 Finance costs (note 6(23))	(147,949)	-	(273,410)	-
7100 Interest income (note 6(23))	284,037	1	255,672	-
7060 Shares of profit (loss) of associates accounted for using the equity method(note 6(7))	757,320	1	1,150,848	2
	1,939,356	3	6,215,982	11
7900 Profit before tax	10,205,817	14	9,749,066	17
7950 Income tax expenses (note 6(17))	1,464,642	2	1,795,067	3
8200 Net profit for the year	8,741,175	12	7,953,999	14
8300 Other comprehensive income (loss):				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Remeasurements of defined benefit plans (note 6(16))	(11,140)	-	(4,869)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(24))	(27,740)	-	(77,304)	-
8320 Shares of other comprehensive income of associates accounted for using the equity method	5,843	-	(2,692)	-
8349 Income tax related to items that will not be reclassified subsequently (note 6(17))	2,229	-	974	-
Total items that will not be reclassified subsequently to profit or loss	(30,808)	-	(83,891)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translation of foreign financial statements	(32,935)	-	130,602	-
8399 Income tax related to items that may be reclassified subsequently (note 6(17))	6,491	-	(26,132)	-
Total items that may be reclassified subsequently to profit or loss	(26,444)	-	104,470	-
8300 Other comprehensive income	(57,252)	-	20,579	-
8500 Total comprehensive income	\$ 8,683,923	12	7,974,578	14
Net profit attributable to:				
8610 Shareholders of the parent Company	\$ 8,739,178	12	7,953,206	14
8620 Non-controlling interests	1,997	-	793	-
	\$ 8,741,175	12	7,953,999	14
Total comprehensive income attributable to:				
8710 Shareholders of the parent Company	\$ 8,682,406	12	7,973,842	14
8720 Non-controlling interests	1,517	-	736	-
	\$ 8,683,923	12	7,974,578	14
Earnings per share (New Taiwan Dollars) (note 6(20)):				
9750 Basic earnings per share	\$	41.98	\$	38.95
9850 Diluted earnings per share	\$	39.74	\$	35.68

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
 Phison Electronics Corp. and subsidiaries
 Consolidated Statements of Changes in Equity
 For the years ended December 31, 2025 and 2024
 (Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the shareholders of the parent company												
	Share capital		Retained earnings			Unrealized		Total other equity interest			Total equity		
	Common shares	Advance shares	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange difference on revaluation of foreign financial statements	Unrealized gain (loss) on investment	Subtotal of equity attributable to the parent shareholders		Non-controlling shareholders' interest	
Balance at January 1, 2024	2,024,650	3,000	2,027,650	11,524,339	6,583,941	212,728	2,871,266	(71,980)	(20,324)	(2,427,366)	7,493,252	793	7,493,258
New profit for the year	-	-	-	-	-	65,691	7,841,349	(71,980)	-	7,841,349	20,636	-	7,861,985
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(3,887)	104,327	(79,860)	24,331	(47)	-	24,284
Total comprehensive income (loss) for the year	-	-	-	-	-	65,691	7,837,462	(71,980)	(79,860)	24,331	20,636	-	7,876,272
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	-	-	781,268	-	-	(781,268)	-	-	-	-	-
Appropriated special reserve	-	-	-	-	-	65,691	-	(65,691)	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	(4,474,322)	(4,474,322)	-	(4,474,322)	-	-	(4,474,322)
Changes in equity of associates accounted for using the equity method	-	-	-	(608,349)	-	-	-	-	-	-	(608,349)	-	(608,349)
Changes in accounted ownership interests of subsidiaries	-	-	-	(83)	-	-	-	-	-	-	(83)	-	(83)
This remainder of retained shares to employees	-	-	-	1,341,794	-	-	-	-	-	1,341,794	-	-	1,341,794
Share-based payment-stock options	-	-	-	87,080	-	-	-	-	-	87,080	-	-	87,080
Exercise of employee stock options	8,120	1,835	10,315	274,200	-	-	-	-	-	284,535	-	-	284,535
Conversion of convertible bonds	131	2	133	6,610	-	-	-	-	-	6,743	-	-	6,743
Due to recognition of equity component of convertible bonds	-	-	-	499,996	-	-	-	-	-	499,996	-	-	499,996
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	8,144	-	8,144
Balance at December 31, 2024	2,032,341	4,837	2,037,178	13,053,610	7,345,209	288,419	26,649,554	34,347	(70,790)	(352,243)	49,056,697	9,266	49,066,005
New profit for the year	-	-	-	-	-	65,691	7,791,178	(71,980)	-	7,791,178	1,897	-	7,793,075
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(3,941)	61,860	(41,807)	16,112	(184,20)	-	16,112
Total comprehensive income (loss) for the year	-	-	-	-	-	65,691	7,787,237	(30,120)	(41,807)	16,112	(168,20)	-	7,722,222
Appropriation and distribution of retained earnings:													
Appropriated legal reserve	-	-	-	-	491,603	-	-	(491,603)	-	-	-	-	-
Appropriated special reserve	-	-	-	-	-	462,713	-	(462,713)	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	(3,814,143)	(3,814,143)	-	-	(3,814,143)	-	(3,814,143)
Changes in equity of associates accounted for using the equity method	-	-	-	154,919	-	-	-	-	-	-	154,919	-	154,919
Share-based payment-stock options	-	-	-	840,840	-	-	-	-	-	840,840	-	-	840,840
Exercise of employee stock options	26,390	7,015	33,405	840,840	-	-	-	-	-	874,230	-	-	874,230
Conversion of convertible bonds	-	-	-	4,129,611	-	-	-	-	-	4,129,611	-	-	4,129,611
Disposal of investment in equity instrument measured at fair value through other comprehensive income	2	88,029	90,031	-	-	-	-	-	-	-	4,617,662	-	4,617,662
Balance at December 31, 2025	2,079,233	99,881	2,179,114	19,104,332	7,856,817	751,127	30,567,405	(47,887)	47,887	(438,217)	60,062,111	10,883	60,108,004

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Phison Electronics Corp. and subsidiaries

Consolidated Statements of Cash Flows
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Profit before income tax	\$ 10,205,817	9,749,066
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	755,083	694,998
Amortization expenses	606,497	538,416
Expected credit losses (reversal gains)	(32,712)	5,577
Net losses (gains) on financial assets at fair value through profit or loss	(846,952)	265,821
Finance costs	147,949	273,410
Net gains on disposal of property, plant and equipment	-	(1,247)
Interest income	(284,037)	(255,672)
Dividend income	(38,725)	(45,291)
Share-based payments	153,330	1,332,094
Shares of loss (profit) of associates accounted for using the equity method	(757,320)	(1,150,848)
Gains on disposal of investments accounted for using the equity method	(26,267)	(4,289,820)
Unrealized profit or loss on transactions with associates	140,955	8,996
Unrealized foreign exchange losses (gains)	197,596	(572,207)
Inventory obsolescence reversal gains	(713,501)	(100,923)
Recognition of refund liabilities	455,255	171,852
Total adjustments to reconcile profit (loss)	(242,849)	(3,124,844)
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	(5,508,968)	1,715,459
Other receivables	(446,761)	272,549
Inventories	(10,281,159)	(102,721)
Prepayments	(319,162)	(372,969)
Other current assets	(2,460)	(904)
Contract liabilities	255,281	35,612
Accounts payable (including related parties)	7,570,367	(5,204,354)
Other payables	1,878,374	668,172
Other current liabilities	(122,170)	(175,843)
Net defined benefit liabilities	449	2,248
Total changes in operating assets and liabilities	(6,976,209)	(3,162,751)
Cash inflow generated from operations	2,986,759	3,461,471
Interest paid	(69,289)	(149,870)
Income taxes paid	(1,319,928)	(1,217,508)
Net cash flows from operating activities	1,597,542	2,094,093

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Phison Electronics Corp. and subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(658,707)	(55,315)
Proceeds from disposal of financial assets at fair value through other comprehensive income	70,043	-
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	1,705	3,718
Acquisition of financial assets at amortized cost	(287)	(239)
Acquisition of financial assets at fair value through profit or loss	(30,000)	(1,295)
Proceeds from disposal of financial assets at fair value through profit or loss	207,353	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	7,543	-
Acquisition of investments accounted for using the equity method	(104,000)	(143,721)
Proceeds from disposal of investments in associates	128,250	5,436,854
Acquisition of property, plant and equipment (including prepayments for equipment)	(1,396,629)	(964,510)
Proceeds from disposal of property, plant and equipment	-	9,539
Decrease in refundable deposits	70,237	27,782
Acquisition of intangible assets	(528,984)	(704,857)
Interests received	286,479	249,893
Dividends received	38,725	45,291
Net cash flows from (used in) investing activities	<u>(1,908,272)</u>	<u>3,903,140</u>
Cash flows from financing activities:		
Increase in short-term loans	15,295,387	9,152,673
Decrease in short-term loans	(13,752,390)	(10,528,341)
Repayments of long-term borrowings	(88,554)	(27,429)
Proceeds from issuing bonds (excluding issuance costs)	-	6,054,064
Redemption of bonds payable	-	(3,493,200)
Decrease in guarantee deposits received	(167,168)	(628,772)
Payment of lease liabilities	(100,069)	(88,182)
Cash dividends paid	(5,172,125)	(2,660,817)
Exercise of employee stock options	876,250	284,555
Treasury shares sold to employees	-	1,254,088
Increase in non-controlling interests	-	8,545
Net cash flows used in financing activities	<u>(3,108,669)</u>	<u>(672,816)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(287,511)</u>	<u>437,378</u>
Net increase (decrease) in cash and cash equivalents	<u>(3,706,910)</u>	<u>5,761,795</u>
Cash and cash equivalents at beginning of period	<u>19,982,162</u>	<u>14,220,367</u>
Cash and cash equivalents at end of period	<u>\$ 16,275,252</u>	<u>19,982,162</u>

See accompanying notes to consolidated financial statements.



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Independent Auditors' Report

To the Board of Directors of Phison Electronics Corp.:

Opinion

We have audited the parent-company-only financial statements of Phison Electronics Corp. (“the Company”), which comprise the parent-company-only balance sheets as of December 31, 2025 and 2024, the parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including a summary of material accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent-Company-Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-company-only financial statements of the current period. These matters were addressed in the context of our audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Based on our judgment, the key audit matters that should be disclosed in this report are as follows:

1. Revenue recognition

Please refer to Note 4(14) and Note 6(20) for “Summary of significant accounting policies—Revenue recognition” and “Description of significant accounts—Operating revenue” to the parent-company-only financial statements, respectively.

Description of key audit matter:

The Company engaged primarily in the sale of flash memory controllers and peripheral system applications. Revenue is recognized depending on the various trade terms agreed with customers. This exposes the Company to the risk that the sales transactions made close to the balance sheet date may not be recorded in the appropriate period. In addition, the Company operates in an industry in which sales revenue is easily influenced by various external factors such as supply and demand of the market, and this may impact the recognition of revenue. Consequently, this is one of the key areas that our audit focused on.



How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and evaluating the effectiveness of the design and performing internal controls over the timing of revenue recognition; sample testing on sales transaction that took place before and after the balance sheet date to assess the accuracy of the timing of revenue recognition; and assessing the adequacy of the Group' s disclosures of revenue recognition policy and other related disclosures.

2. Valuation of inventories

Please refer to Note 4(7), Note 5, and Note 6(6) for "Summary of significant accounting policies – Inventories" , "Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty" , and "Description of significant accounts – Inventories" to the parent-company-only financial statements, respectively.

Description of key audit matter:

Inventories are measured at the lower of cost and net realizable value. Due to the rapid technological innovations and highly competitive environment in the industry of the Company, the life cycles of products of the Company are short and the prices fluctuate rapidly, which could possibly result in a price decline and obsolescence of inventory, wherein the inventory cost may exceed its net realizable value. Consequently, this is one of the key areas that our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the aging report of inventory and analyzing the fluctuation of inventory aging; verifying the accuracy of the net realizable value of inventories and the inventory aging report on a sample basis, assessing the historical reasonableness of management' s estimates on inventory provisions; and evaluating whether valuation of inventories was accounted in accordance with the Company' s accounting policies, as well as assessing the adequacy of the Company' s disclosures of its policy and other related disclosures.

Responsibilities of Management and Those Charged with Governance for the Parent-company-only Financial Statements

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company' s financial reporting process.



Auditors' Responsibilities for the Audit of the Parent-company-only Financial Statements

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

As part of an audit in accordance with the parent-company-only Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent-company-only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent-company-only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the disclosures, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-company-only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Chun-Yuan Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 6, 2026

Notes to Readers

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

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

(English Translation of Parent-Company-Only Financial Statements and Report Originally Issued in Chinese)
Phison Electronics Corp.

Balance Sheets

December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2025		December 31, 2024		December 31, 2025		December 31, 2024		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(1))	\$ 12,219,844	14	12,000,049	17	2100 Short-term borrowings (note 6(11))	\$ 2,550,964	3	815,068	1
1110 Financial assets at fair value through profit or loss – current (notes 6(2) and 6(14))	1,288,339	2	629,824	1	2120 Financial liabilities at fair value through profit or loss – current (notes 6(2) and 6(14))	116	-	-	-
1136 Financial assets at amortized cost – current (note 8)	41,094	-	40,807	-	2130 Contract liabilities – current	419,808	-	158,712	-
1170 Accounts receivable, net (note 6(4))	10,970,074	13	7,151,283	10	2170 Accounts payable	6,677,913	8	1,126,802	2
1180 Accounts receivable – related parties, net (notes 6(4) and 7)	2,506,653	3	785,347	1	2180 Accounts payable – related parties (note 7)	2,116,125	3	55,003	-
1200 Other receivables (notes 6(5) and 7)	522,881	1	69,828	-	2200 Other payables (note 6(12))	10,128,332	12	9,606,141	14
1300 Inventories (note 6(6))	35,283,400	41	34,424,982	36	2230 Taxes payable	868,123	1	925,638	2
1410 Prepayments (note 7)	785,293	1	472,144	1	2280 Lease liabilities – current (note 6(9))	47,919	-	79,645	-
1479 Other current assets	910	-	1,534	-	2320 Long-term borrowings, current portion (note 6(14))	1,103,896	1	-	-
	63,618,488	75	45,578,778	66	2399 Other current liabilities (notes 6(13) and 7)	1,129,053	1	884,950	1
Non-current assets:									
1510 Financial assets at fair value through profit or loss – non-current (note 6(2))	120,391	-	149,802	-		24,842,149	29	13,643,959	20
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(3))	184,976	-	266,896	-	2500 Non-current liabilities:	-	-	40,800	-
1550 Investments accounted for using the equity method (note 6(7))	10,907,104	13	12,705,916	19	2530 Bonds payable (note 6(14))	-	-	5,611,070	9
1600 Property, plant and equipment (notes 6(8) and 7)	7,667,066	9	7,003,890	10	2570 Deferred tax liabilities (note 6(16))	165,501	-	99,531	-
1755 Right-of-use assets (note 6(9))	41,652	-	79,533	-	2580 Lease liabilities – non-current (note 6(9))	4,827	-	51,209	-
1780 Intangible assets (note 6(10))	311,285	-	387,184	1	2640 Net defined benefit liabilities (note 6(15))	136,928	-	125,339	-
1840 Deferred tax assets (note 6(16))	530,485	1	608,019	1	2645 Guarantee deposits received	1,353	-	2,758	-
1900 Other non-current assets (note 9(2))	1,866,422	2	1,851,345	3		308,609	-	5,930,707	9
	21,629,391	25	23,052,585	34		25,150,738	29	19,574,666	29
Total assets	\$ 85,245,879	100	68,631,363	100	Equity (notes 6(17) and 6(18)):				
					3100 Common shares	2,179,614	3	2,058,178	3
					3200 Capital surplus	19,104,335	22	13,053,610	19
					3300 Retained earnings	39,151,389	46	34,283,152	50
					3400 Other equity interest	(338,217)	-	(338,243)	(1)
					Total equity	60,097,121	71	49,056,697	71
					Total liabilities and equity	\$ 85,245,879	100	68,631,363	100

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Phison Electronics Corp.

Statements of Comprehensive Income

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

	2025		2024		
	Amount	%	Amount	%	
4000	Operating revenue (notes 6(20) and 7)	\$ 71,993,999	100	58,187,962	100
5000	Operating costs (notes 6(6), 6(21) and 7)	47,585,429	66	39,523,515	68
	Gross profit from operations	24,408,570	34	18,664,447	32
5910	Unrealized profit or loss on transactions with associates (note 7)	(140,955)	-	(8,996)	-
5950	Realized gross profit	24,267,615	34	18,655,451	32
	Operating expenses (notes 6(21) and 7):				
6100	Marketing expenses	1,411,129	2	1,495,706	3
6200	General and administrative expenses	1,029,098	2	1,133,363	2
6300	Research and development expenses	13,844,798	19	12,534,516	21
6450	Expected credit loss (reversal gain) (note 6(4))	(33,841)	-	5,642	-
	Total operating expenses	16,251,184	23	15,169,227	26
	Net operating income	8,016,431	11	3,486,224	6
	Non-operating income and expenses:				
7010	Other income (notes 6(22) and 7)	203,564	-	301,121	-
7020	Other gains and losses (notes 6(22) and 7)	851,112	1	347,367	1
7050	Finance costs (note 6(22))	(143,608)	-	(268,025)	-
7100	Interest income (note 6(22))	179,314	-	208,591	-
7060	Shares of profit (loss) of subsidiaries and associates accounted for using the equity method (note 6(7))	1,005,974	2	5,262,554	9
		2,096,356	3	5,851,608	10
7900	Profit before tax	10,112,787	14	9,337,832	16
7950	Income tax expenses (note 6(16))	1,373,609	2	1,384,626	2
8200	Net profit for the year	8,739,178	12	7,953,206	14
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans (note 6(15))	(11,140)	-	(4,869)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(23))	(24,377)	-	(59,202)	-
8330	Shares of other comprehensive income of subsidiaries and associates accounted for using the equity method	2,480	-	(20,794)	-
8349	Income tax related to items that will not be reclassified subsequently (note 6(16))	2,229	-	974	-
	Total items that will not be reclassified subsequently to profit or loss	(30,808)	-	(83,891)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(32,455)	-	130,659	-
8399	Income tax related to items that may be reclassified subsequently (note 6(16))	6,491	-	(26,132)	-
	Total items that may be reclassified subsequently to profit or loss	(25,964)	-	104,527	-
8300	Other comprehensive income	(56,772)	-	20,636	-
8500	Total comprehensive income	\$ 8,682,406	12	7,973,842	14
	Earnings per share (New Taiwan Dollars) (note 6(19)):				
9750	Basic earnings per share	\$ 41.98		38.95	
9850	Diluted earnings per share	\$ 39.74		35.68	

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Phison Electronics Corp.

Statements of Changes in Equity
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	Share capital						Retained earnings		Unappropriated retained earnings	Total	Total other equity interest	Total equity
	Common shares	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gains (losses) on financial assets				
Balance at January 1, 2024	3,044,650	3,000	3,047,650	11,533,379	6,583,381	323,738	31,011,987	30,838,168	(71,980)	(790,954)	(1,357,764)	7,953,306
Net profit for the year	-	-	-	-	-	-	(3,895)	7,953,306	-	-	-	7,953,306
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(3,895)	(3,895)	104,527	(79,996)	24,531	20,656
Total comprehensive income (loss) for the year	-	-	-	-	-	-	(3,895)	7,953,306	104,527	(79,996)	24,531	20,656
Appropriation and distribution of retained earnings:												
Appropriated legal reserve	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	-	-	-	-	-	-
Appropriated special reserve	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Changes in accounted ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
The transfer of treasury shares to employees	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments-stock options	-	-	-	1,241,784	-	-	65,691	1,307,474	(4,474,325)	-	-	(4,474,325)
Exercise of employee stock options	8,520	1,835	10,355	274,200	-	-	-	284,555	-	-	-	284,555
Conversion of convertible bonds	131	2	133	6,610	-	-	-	6,743	-	-	-	6,743
Due to recognition of equity component of convertible bonds	-	-	-	489,896	-	-	-	489,896	-	-	-	489,896
Balance at December 31, 2024	2,053,341	4,837	2,058,178	13,053,610	7,345,809	388,419	26,649,524	34,283,153	33,547	(370,790)	(338,243)	49,056,687
Net profit for the year	-	-	-	-	-	-	8,739,178	8,739,178	-	-	-	8,739,178
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(8,011)	(8,011)	(25,964)	(11,887)	(47,861)	(58,772)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	8,739,267	8,739,267	(25,964)	(21,887)	(47,861)	8,689,466
Appropriation and distribution of retained earnings:												
Appropriated legal reserve	-	-	-	-	-	-	(491,603)	(491,603)	-	-	-	(491,603)
Appropriated special reserve	-	-	-	-	-	-	(467,753)	(467,753)	-	-	-	(467,753)
Cash dividends of common shares	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payments-stock options	-	-	-	524,919	-	-	(3,814,143)	(3,814,143)	-	-	-	(3,814,143)
Exercise of employee stock options	26,390	7,015	33,405	153,310	-	-	-	186,715	-	-	-	186,715
Conversion of convertible bonds	-	-	-	842,845	-	-	-	842,845	-	-	-	842,845
Disposal of instruments in equity instruments measured at fair value through other comprehensive income	2	88,029	90,031	4,529,631	-	-	-	4,617,693	-	-	-	4,617,693
Balance at December 31, 2025	2,079,733	99,881	2,179,614	19,104,335	7,836,812	751,172	30,563,406	39,151,889	6,583	(344,800)	(338,217)	60,097,111

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Phison Electronics Corp.

Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	2025	2024
Cash flows from operating activities:		
Profit before income tax	\$ 10,112,787	9,337,832
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	615,346	582,436
Amortization expenses	599,332	532,877
Expected credit losses (reversal gains)	(33,841)	5,642
Net losses (gains) on financial assets at fair value through profit or loss	(855,466)	257,229
Finance costs	143,608	268,025
Interest income	(179,314)	(208,591)
Dividend income	(32,884)	(45,291)
Share-based payments	151,697	1,304,409
Shares of loss (profit) of subsidiaries and associates accounted for using the equity method	(1,005,974)	(5,262,554)
Gains on disposal of property, plant and equipment	-	(1,403)
Gain on disposal of investments accounted for using the equity method	(26,267)	-
Unrealized profit or loss on transactions with associates	140,955	8,996
Unrealized foreign exchange gains	(112,382)	(445,156)
Inventory obsolescence reversal gains	(719,839)	(64,573)
Recognition of refund liabilities	455,255	171,852
Profit from lease modification	-	(64)
Total adjustments to reconcile profit (loss)	(859,774)	(2,896,166)
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	(5,363,687)	1,817,957
Other receivables	(453,163)	309,231
Inventories	(10,138,599)	(128,663)
Prepayments	(310,149)	(370,541)
Other current assets	624	(695)
Contract liabilities	261,096	25,752
Accounts payable (including related parties)	7,613,887	(5,285,273)
Other payables	1,876,478	598,922
Other current liabilities	(48,562)	(166,046)
Net defined benefit liabilities	449	2,248
Total changes in operating assets and liabilities	(6,561,626)	(3,197,108)
Cash inflow generated from operations	2,691,387	3,244,558
Interest paid	(64,849)	(144,433)
Income taxes paid	(1,278,910)	(717,298)
Net cash flows used in operating activities	1,347,628	2,382,827

(Continued)

See accompanying notes to parent-company-only financial statements.

(English Translation of Parent-Company-Only Financial Statements Originally Issued in Chinese)
Phison Electronics Corp.

Statements of Cash Flows (Continued)
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	<u>2025</u>	<u>2024</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(12,500)	(30,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	70,043	-
Acquisition of financial assets at amortized cost	(287)	(239)
Proceeds from disposal of financial assets at fair value through profit or loss	207,353	-
Proceeds from capital reduction of financial assets at fair value through profit or loss	7,543	-
Acquisition of investments accounted for using the equity method	(384,000)	(1,033,770)
Proceeds from disposal of investments in associates	128,250	8,545
Acquisition of property, plant and equipment (including prepayments for equipment)	(1,259,548)	(803,501)
Proceeds from disposal of property, plant and equipment	-	9,539
Decrease in refundable deposits	71,901	32,917
Acquisition of intangible assets	(523,433)	(695,825)
Interests received	179,424	207,000
Dividends received	3,475,309	45,291
Net cash flows from (used in) investing activities	<u>1,960,055</u>	<u>(2,260,043)</u>
Cash flows from financing activities:		
Increase in short-term loans	15,295,387	9,152,673
Decrease in short-term loans	(13,752,390)	(10,528,341)
Proceeds from issuing bonds (excluding issuance costs)	-	6,054,064
Redemption of bonds payable	-	(3,493,200)
Decrease in guarantee deposits received	(165,330)	(629,381)
Payment of lease liabilities	(73,170)	(70,094)
Cash dividends paid	(5,172,125)	(2,660,817)
Exercise of employee stock options	876,250	284,555
Treasury shares sold to employees	-	1,254,088
Net cash flows used in financing activities	<u>(2,991,378)</u>	<u>(636,453)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(96,510)</u>	<u>308,388</u>
Net increase (decrease) in cash and cash equivalents	219,795	(205,281)
Cash and cash equivalents at beginning of period	<u>12,000,049</u>	<u>12,205,330</u>
Cash and cash equivalents at end of period	<u>\$ 12,219,844</u>	<u>12,000,049</u>

See accompanying notes to parent-company-only financial statements.

Attachment 5: The 11th List of Candidates for Directors and Independent Directors

Phison Electronics Corporation
The 11th List of Candidates for Directors

Name of Directors Candidates (Gender)	Education	Major Past Positions	Current Positions	The representative name of the legal entity or government office	Current shareholding as of March 29, 2026 (shares)
Wee Kuan Gan (M)	Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University	Vice President of Phison Electronics Corporation	Chairman of Phison Electronics Corporation Vice President of Phison Electronics Corporation	Cheng He Investment Co., Ltd	2,503,000
Chung Hsun Ma (M)	Master's Degree, Department of Physics, National Central University	President of Phison Electronics Corporation	President of Phison Electronics Corporation	No	80,000
Chih Jen Hsu (M)	Department of Information and Computer Engineering, Chung Yuan Christian University	Winbond Electronics Corporation Assistant Manager Founder of Phison Electronics Corporation	Vice Technical President of Phison Electronics Corporation	No	1,040,301
Chiu An Chuang (M)	Honorary Doctorate, College of Education, National Chi Nan University	Director and President of Thailand Shin Yu Industrial Co., Ltd. Chairman of the 28th Mediation Committee of Jhushan Town, Nantou	Government Affairs Advisor, Executive Yuan Chairman of the Management Committee of Zi Nan Temple Director of SUNMOON	Cheng Shuo Investment Limited	1,288,000

Name of Directors Candidates (Gender)	Education	Major Past Positions	Current Positions	The representative name of the legal entity or government office	Current shareholding as of March 29, 2026 (shares)
Jiunn Yeong Yang (M)	Ph.D. of Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University	County Founder of Phison Electronics Corporation	DEVELOPMENT CO., LTD. No	No	4,549,114
Kenjiro Hara (M)	Master's degree in Mechanical Engineering, Tokyo University of Science	Toshiba Corporation, Senior Manager of Procurement Department Toshiba Memory Corporation, General Manager of Procurement Department Kioxia Semiconductor Taiwan Corporation, Chairman of Directors MICROTOPS DESIGN CORPORATION, Director	Kioxia Corporation, General Manager of Global Assembly & Test Planning Division Kioxia Semiconductor Taiwan Corporation, Director	Trusted Investment Account of Kioxia Corporation by First Bank	19,821,112

(Continued)

Phison Electronics Corporation The 11th List of Candidates for Independent Directors

Name of Independent Directors Candidates (Gender)	Education	Major Past Positions	Current Positions	Has it served for three consecutive independent directors	Reasons for continuing to nominate independent directors who have served three consecutive terms	Current shareholding as of March 29, 2026 (shares)
Huei Ming Wang (M)	Master of Industrial Management from Chung Hua University	Director of Moores Rowland CPAs Independent director of GIGA-BYTE TECHNOLOGY CO., LTD. Independent director of Taisol Electronics Co., Ltd.	Independent director of GIGA-BYTE TECHNOLOGY CO., LTD. Independent director of Taisol Electronics Co., Ltd. Chairman of Jiasheng Asset Management Co., Ltd. Chairman of Shi Lu Xuan Restaurant Co., Ltd. Chairman of Qingcheng Property Development Co., Ltd. Chairman of Jiayang Asset Management Co., Ltd. Chairman of Apollo Power co., ltd. Chairman of Apollo Xin Neng Co., Ltd. Chairman of Apollo Energy Co., Ltd. Chairman of Apollo digital power	No	Not Applicable	0

Name of Independent Directors Candidates (Gender)	Education	Major Past Positions	Current Positions	Has it served for three consecutive independent directors	Reasons for continuing to nominate independent directors who have served three consecutive terms	Current shareholding as of March 29, 2026 (shares)
Yu Lun Huang (F)	Ph.D., Department of Computer Science and Information Engineering, National Yang Ming Chiao Tung University	Dean of school hire Vice Academic Affairs, National Yang Ming Chiao Tung University	CO., LTD. Chairman of Fuzhiyang Co., Ltd. Chairman of Citizen Enterprise Management Consulting Co., Ltd. Supervisor of ECROWD MEDIA INC Supervisor of United Power Research Technology Corp. Certified Public Accountant of Huei Ming Wang Accounting Firm	No	Not Applicable	0

Name of Independent Directors Candidates (Gender)	Education	Major Past Positions	Current Positions	Has it served for three consecutive independent directors	Reasons for continuing to nominate independent directors who have served three consecutive terms	Current shareholding as of March 29, 2026 (shares)
Cheng Chin Lu (M)	Ph.D., Graduate Institute of Business Administration, College of Management, National Taipei University of Technology	Engineering, National Yang Ming Chiao Tung University Vice President, Taiwan Electrical and Electronic Manufacturers' Association Deputy Division Director, Electronics and Information Technology Division, Industrial Development Bureau, MOEA	Vice President, Taiwan Electrical and Electronic Manufacturers' Association Adjunct Professor, Graduate Institute of Business Administration, College of Management, National Taipei University of Technology	No	Not Applicable	8,000

Name of Independent Directors Candidates (Gender)	Education	Major Past Positions	Current Positions	Has it served for three consecutive independent directors	Reasons for continuing to nominate independent directors who have served three consecutive terms	Current shareholding as of March 29, 2026 (shares)
		Adjunct Professor, Graduate Institute of Business Administration, College of Management, National Taipei University of Technology				

Phison Electronics Corporation
Comparison Table for Amendments to Articles of Incorporation

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
Article 2	<p>The scope of business of the Corporation shall be as follows:</p> <p>(i) CC01080 Electronic Parts and Components Manufacturing</p> <p>(ii) I301010 Software Design Services</p> <p>(iii) F218010 Retail Sale of Computer Software</p> <p>(iv) F119010 Wholesale of Electronic Materials</p> <p>(v) F219010 Retail Sale of Electronic Materials</p> <p>(vi) CE01030 Photographic and Optical Equipment Manufacturing</p> <p>(vii) CC01120 Data Storage Media Manufacturing and Duplicating</p> <p>(viii) I501010 Product Designing</p> <p>(ix) F401010 International Trade</p> <p><u>(x) F108031 Wholesale of Medical Devices</u></p> <p><u>(xi) F208031 Retail Sale of Medical Apparatus</u></p> <p><u>(xii) CF01011 Medical Devices Manufacturing</u></p> <p><u>(xiii) ZZ99999 All business items that are</u></p>	Article 2	<p>The scope of business of the Corporation shall be as follows:</p> <p>(i) CC01080 Electronic Parts and Components Manufacturing</p> <p>(ii) I301010 Software Design Services</p> <p>(iii) F218010 Retail Sale of Computer Software</p> <p>(iv) F119010 Wholesale of Electronic Materials</p> <p>(v) F219010 Retail Sale of Electronic Materials</p> <p>(vi) CE01030 Photographic and Optical Equipment Manufacturing</p> <p>(vii) CC01120 Data Storage Media Manufacturing and Duplicating</p> <p>(viii) I501010 Product Designing</p> <p>(ix) F401010 International Trade</p> <p>(x) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval</p>	<p>Pursuant to the approval letter for the establishment of “Phison Electronics Corp. Zhubei Branch” (hereinafter referred to as the “Zhubei Branch”) within the Hsinchu Science Park (Biomedical Park), which permits the investment in and establishment of said branch and the operation of AI-powered intelligent diagnostic auxiliary systems, Article 2 of the Company’s “Articles of Incorporation” is hereby amended.</p>

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
	not prohibited or restricted by law, except those that are subject to special approval			
Article 5	<p>The total capital of the company shall be in the amount of <u>3,600,000,000</u> New Taiwan Dollars, divided into <u>360,000,000</u> shares, at ten New Taiwan Dollars each, of which unissued shares is authorized to board of directors to issue in installments.</p> <p>In the first total capital, NT\$<u>350</u> million was reserved, and the shares were divided into <u>35</u> million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right. It shall be issued separately based on the resolution of the board of directors.</p>	Article 5	<p>The total capital of the company shall be in the amount of 3,000,000,000 New Taiwan Dollars, divided into 300,000,000 shares, at ten New Taiwan Dollars each, of which unissued shares is authorized to board of directors to issue in installments.</p> <p>In the first total capital, NT\$290 million was reserved, and the shares were divided into 29 million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right. It shall be issued separately based on the resolution of the board of directors.</p>	In order to facilitate the planning and implementation of the Company's future financial strategies and employee stock incentive schemes, and to increase the total authorized capital, Article 5 of the Company's "Articles of Incorporation" is proposed for amendment.
Article 13-1	In the aforementioned quota of directors of the Company, the number of independent directors shall be <u>not less than 3 persons and furthermore</u>	Article 13-1	In the aforementioned quota of directors of the Company, the number of independent directors shall be at least two and not less than one-fifth,	For the Directions of Article 4, Item 3 of Taipei Exchange Directions for

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
	<p><u>not less than one-third of the board seats</u>, which are elected from the list of candidates of independent directors in the shareholders' meeting under the candidate nomination system. Below be omitted.</p>		<p>which are elected from the list of candidates of independent directors in the shareholders' meeting under the candidate nomination system. Below be omitted.</p>	<p>Compliance Requirements for the Appointment and Exercise of Powers of the Boards of Directors of TPEX Listed Companies amend these article.</p>
Article 21	<p>The Articles were established on October 24, 2000. (The rest omitted) The twenty-seventh amendment was made on May 27, 2025. <u>The twenty-eighth amendment was made on May 27, 2026.</u></p>	Article 21	<p>The Articles were established on October 24, 2000. (The rest omitted) The twenty-seventh amendment was made on May 27, 2025.</p>	<p>Amendment of revision date</p>

Attachment 7: Details for Release of the New Directors from Non-Competition Restrictions

Details for Release of the New Directors from Non-Competition Restrictions

Name of Juristic Person Shareholder	Main Scope of Business of the Juristic Person Shareholder	Other Concurrent Company Name and Position Held	Main Scope of Business
Trusted Investment Account of Kioxia Corporation by First Bank (Kioxia Corporation)	Development, manufacturing and sales of flash memory and related products, and related business	Solid State System Co., Ltd. Director Kioxia Semiconductor Taiwan Corporation Director Kioxia Taiwan Corporation Director MicroTops Design Corporation Director	NAND Flash controller IC MEMS microphone and Audio IC Intellectual Property and Design Services Management of subcontracted production Sales and marketing of memory and SSD products Design and development of flash memory controller chips for peripheral applications

Name of Director	Other Concurrent Company Name and Position Held	Main Scope of Business
Trusted Investment Account of Kioxia Corporation by First Bank (Kioxia Corporation) Representative Kenjiro Hara	Kioxia Semiconductor Taiwan Corporation, Director	Management of subcontracted production
Huei Ming Wang	GIGA-BYTE TECHNOLOGY CO., LTD. Independent director	Manufacturing, processing and trading of computer hardware peripherals, buying and selling business

Appendices

Phison Electronics Corporation

Rules of Procedure for Shareholders' Meeting

Article 1: The Company's shareholder's meeting shall be conducted in accordance with the Rules. The items which are not regulated in the Rules shall be processed in accordance with the relevant provisions of the Company Act and the Articles of Incorporation of the Company.

Article 1-1: The shareholders' meetings of the Company may be convened by means of physical meeting, visual communication network or other methods promulgated by the central competent authority.

If the shareholders' meeting is held through visual communication, shareholders, an issuer's proxy solicitors, and proxy agents (hereinafter referred to as "shareholders") who wish to attend the meeting online shall register with the Company two days before the meeting date. The shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 2: Attending shareholders or their agents are required to wear an attendance card and to submit attendance cards in lieu of signing in. The number of shares represented by shareholders attending the meeting shall be calculated in accordance with the number of attendance cards submitted by shareholders and the attending number of shares on the platform of the visual communication network, and the number of shares held by shareholders who are permitted to exercise voting rights in electronic form.

Article 3: Shareholders' meeting shall convene at the Company's registered office or a place convenient to attend and suitable for meeting, the meeting shall be called no earlier than 9 a.m. and no later than 3 p.m. The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

Article 4: The Company may appoint its attorneys, certified public accountants, or related persons to attend the shareholders' Meeting.

Staff handling administrative affairs of a Shareholders' Meeting shall wear identification cards or arm bands.

Article 5: Entire proceedings of shareholders' meeting shall be recorded on audio or video tape and preserved for at least 1 year.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 6: When a majority of the shareholders present, who represent more than one-half of the total number of voting shares, the meeting Chairman shall call the meeting. If the number of shares represented by the attending shareholders has not yet constituted the quorum at the time scheduled for the general meeting, the meeting Chairman may postpone the time for the meeting. But the number of postponements shall be limited to two and the total delay time shall not exceed one hour. If the quorum is still not met after two postponements but shareholders representing more than one-third of the total issued shares are present, or by proxy and entitled to vote, a tentative resolution may be passed in accordance with Article of 175 of the Company Act. During the execution of a tentative resolution, if the number of Shares represented by the attending Shareholders has already constituted more than an aggregate of one-half (1/2) of all shares in issue, the meeting Chairman may put the tentative resolutions already passed to the Shareholders' resolution again in accordance with Article 174 of the Company Act. If the shareholders' meeting is held through visual communication, shareholders who wish to attend the meeting online shall re-register with the Company two days before the meeting date.

Article 7: If a shareholder meeting is convened by the board of directors, the board of directors shall decide the proceedings and the meeting shall be conducted accordingly, no changes may be made except with the resolution of the shareholder meeting.

Changes to how the Company convenes its shareholders' meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders' meeting notice.

The preceding paragraph applies to circumstances where the shareholder's meeting is convened by any person, who is outside the board of directors but having the convening right.

Prior to conclusion of the preceding two agenda items (including extraordinary motions), the chairman shall not declare the meeting closed unless a resolution is passed.

After a meeting closed, shareholders may not elect another meeting Chairman to continue the proceeding of the meeting at the same or a new place, provided that, if the meeting Chairman declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of meetings, a new meeting Chairman may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceeding of the meeting.

Article 7-1: Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a written proposal to the Company for discussion at annual shareholders' meeting.

Prior to the book closure date before annual shareholders' meeting is held, the Company shall publicly announce that it will receive shareholder proposals, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

If the proposal of a shareholder is approved by the board of directors and that it is not involved in any following circumstances, it shall be listed in the meeting notice of the annual shareholders' meeting:

1. Where the subject (the issue) of the said proposal cannot be settled or resolved by a resolution to be adopted at a meeting of shareholders.

2. Where the number of shares of held by shareholders making the said proposal is less than one percent (1%) of the total number of outstanding shares at the time when the share transfer registration is suspended in the general shareholder's meeting.
3. Where the said proposal is submitted on the day beyond the deadline fixed and announced by the Company.
4. The proposals submitted by the proposing shareholders exceed one item, or more than 300 words (including punctuation), or were not submitted in a writing format.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform the shareholders who have raised proposals the result of the evaluation. The board of directors shall list the proposals which are not included in the agenda, on the annual shareholders' meeting's handbook and explain the reasons for excluding those proposals from the agenda. These reasons are not included in the agenda or in the meeting minutes.

Article 8 When a shareholder meeting is convened by the board of directors, the Chairman shall preside over the meeting. If the Chairman is on leave or unable to attend the meeting, the vice Chairman shall chair the meeting. If there is no vice Chairman or the vice Chairman is also on leave or unable to attend, the Chairman shall designate a managing director to chair the meeting. If there is no managing director, a director shall be designated. If the Chairman fails to designate a director, directors and the managing director shall elect one person from among them to chair the meeting. When shareholders' meeting is convened by other person who is outside the board of directors but having the convening right, such person shall act as the meeting Chairman at that meeting.

Article 8-1: When the Company convenes a virtual-only shareholders meeting, both the chairman and secretary shall be in the same location, and the chairman shall declare the address of their location when the meeting is called to order.

Article 8-2: When the Company convenes a virtual shareholders meeting, it shall include the items stipulated in the Regulations Governing the Administration of Shareholder Services of Public Companies in the shareholders' meeting notice.

Article 9: During the meeting, the meeting Chairman may declare a break according to his or her judgment.

Article 10: No discussion or vote for non-proposals. During the discussion of proposals, the meeting Chairman may announce that the discussion shall be terminated at an appropriate timing and may, if necessary, make an announcement of the suspension of discussion.

Article 11: When a shareholder attending the shareholders' meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's account number (or the number of attendance card), name of the shareholder and the current shareholding. The sequence of speeches shall be determined by the meeting Chairman.

Article 12: Shareholders' speeches, each person (including natural persons and legal persons) shall be limited to five minutes. However, with the permission of the meeting Chairman, it may be extended once. In the same proposal, each person (including natural persons and legal persons) shall not speak more than twice. When the legal person is appointed to attend as proxy, it may designate only one person to represent the shareholder in the meeting. When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13: After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 13-1: Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chairman declaring the meeting open until the chairman declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in Articles 11 and 12 do not apply. As long as questions so raised are not in violation of the regulations or beyond the scope of a proposal, it is advisable that the questions be disclosed to the public on the virtual meeting platform.

Article 14: When the speech of any shareholder is too long or exceeds the scope of the agenda item, the meeting Chairman may stop their speech. The meeting Chairman may command shareholders who disobey the meeting Chairman's correction and impede the process of the meeting to leave the meeting venue.

Article 15: As the meeting Chairman announced that the discussed proposal shall be terminated or suspended, the chairman may submit them for a vote.

Article 16: Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the resolution of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairman or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Article 17: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the meeting Chairman, provided that all monitoring personnel shall be shareholders of the Company. The results of the voting shall be announced on-site at the meeting, and the records shall be made.

Article 18: In the event amendments or substitutions are provided for in the same proposal, the meeting Chairman may decide the order of the vote including the original proposal. When any one among of them is passed, the other proposals are simultaneously rejected and no further voting shall be required. When the written proposal of a shareholder, pursuant to the Article 172-1 of the Company Act, is included in the agenda of the general shareholders' meeting, and if the type of the proposal is similar to the one already proposed by the board of directors, these proposal submissions shall be combined and processed in accordance with the provisions of the preceding paragraph. The order of the discussion of each proposal brought up in extraordinary motion and the order of the vote shall be decided by the meeting Chairman. When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall

cast votes on proposals and elections on the virtual meeting platform before the chairman announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted one at a time after the chairman announces the voting session ends, and results of votes and elections shall be announced immediately.

Article 18-1: In the event of a virtual shareholders' meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chairman has announced the meeting adjourned.

Article 18-2: In the event of a virtual shareholders' meeting, when declaring the meeting open, the chairman shall also declare, unless under a circumstance where a meeting is not required to be postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chairman has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the first paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders' meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders' meeting, shall be counted towards the total number of shares,

number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders' meeting held under the first paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in the first paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and not postponement or resumption thereof under the first paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders' meeting.

When postponing or resuming a meeting according to the first paragraph, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 18-3: When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 19: The meeting Chairman may command inspector (or security personnel) to maintain order of meeting place. The inspector (or security officer) shall wear an arm-band with the word "inspector".

Article 20: During the meeting, in the event of an air alarm, the meeting shall be suspended and the evacuation will be conducted. One hour after the alarm is lifted, the meeting will resume.

Article 21: These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meeting.

Article 22: This rule is made on March 26, 2003.

The first amendment was made on June 14, 2006.

The second amendment was made on June 13, 2017.

The third amendment was made on May 24, 2022.

Phison Electronics Corporation Procedures of Election of Directors

Article 1: Except as otherwise provided by law and regulation or by this Corporation's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.

Article 2: The overall composition of the board of directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The board of directors of this Corporation shall consider adjusting its composition based on the results of performance evaluation.

Article 3: The qualifications for the independent directors of this Corporation shall comply with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

Article 4: Elections of both directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies

Article 5: The election of the Company's directors adopts a cumulative ballot system. The number of voting rights represented by each share shall be the same as the number of directors to be elected and may be consolidated for the election of one director candidate or split for the election of multiple director candidates.

Article 6: For the election of the Company's directors, the Board of Directors shall prepare ballots in the same number of the directors to be elected, specify the number of voting rights associated with each ballot, and distribute them to the shareholders attending the shareholders' meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 7: The number of Directors will be as specified in the Company's Articles of Association, with voting rights separately calculated for Independent and Non-Independent Director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes received. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the Chairman drawing lots on behalf of any person not in attendance.

Article 8: Before the beginning of the election, the Chairman shall designate a number of shareholders to supervise the casting of the ballots and count the ballots, each of which shall then respectively perform their relevant functions accordingly. The Board of Directors shall prepare a ballot box for the election of directors, which shall be examined in public by the persons supervising the casting of ballots before

the ballots are cast

Article 9: If a candidate is a shareholder, the person casting the vote shall specify the candidate's account name and number in the "candidate" column of the ballot; if the candidate is not a shareholder, the person casting the vote shall specify the candidate's name and identity card number. However, if the candidate is a governmental entity or corporate shareholder, for the account name, the person casting the vote shall enter the name of the governmental entity or corporate shareholder in the "candidate" column of the ballot, and may in addition specify the name of the representative of the governmental entity or corporate shareholder. When there are multiple representatives, the name of each representative shall be indicated.

Article 10: A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by using these procedures.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. In case the candidate whose name is entered in the ballot is a shareholder, but the candidate's name, account name, and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is not a shareholder, and the candidate's name and identity card number do not conform with the director candidate list after a cross-check.
5. Other words or marks are entered in addition to the candidate's account (name) or shareholder account number (or identity card number) and the number of voting rights allotted.
6. No candidate's account (name) or shareholder account number (or identity card number) is entered.

Article 11: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors the numbers of votes with which they were elected, shall be announced by the chairman on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 12: The board of directors of the Company shall issue notifications to the persons elected as directors.

Article 13: These Procedures, and any amendments hereto, shall be implemented after approval by a general meeting.

Phison Electronics Corporation

Articles of Incorporation

Chapter I General Provisions

Article 1: The Corporation shall be incorporated, as a company limited by shares, under the Company Act the Republic of China, and its name shall be 「群聯電子股份有限公司」 in the Chinese language, and 「Phison Electronics Corporation」 in the English language.

Article 2: The scope of business of the Corporation shall be as follows:

- (i) CC01080 Electronic Parts and Components Manufacturing
- (ii) I301010 Software Design Services
- (iii) F218010 Retail Sale of Computer Software
- (iv) F119010 Wholesale of Electronic Materials
- (v) F219010 Retail Sale of Electronic Materials
- (vi) CE01030 Photographic and Optical Equipment Manufacturing
- (vii) CC01120 Data Storage Media Manufacturing and Duplicating
- (viii) I501010 Product Designing
- (ix) F401010 International Trade
- (x) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company provides external guarantees for its business needs, and its procedures are in accordance with the Company's Procedures for Endorsement and Guarantee.

Article 2-2: The total amount of the Company's investment shall not exceed 40 percent of its paid-up capital as provided in Article 13 of the Company Act.

Article 3: The Company set up its headquarters in HsinChu County, Taiwan, the Republic of China and if necessary, it may set up branch offices domestically or abroad with a resolution by the board of directors.

Article 4: (Deleted).

Chapter II Shares

Article 5: The total capital of the company shall be in the amount of 3,000,000,000 New Taiwan Dollars, divided into 300,000,000 shares, at ten New Taiwan Dollars each, of which unissued shares is authorized to board of directors to issue in installments.

In the first total capital, NT\$290 million was reserved, and the shares were divided into 29 million shares at par value of NT\$10 per share, which is for the issuance of employees' share subscription warrants in order to exercise the subscription right.

It shall be issued separately based on the resolution of the board of directors.

Article 5-1: The company issues employee stock warrants, the exercise price can be lower than the closing price of the company stocks as of the issuing date which is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares and allowed to register multiple issues over a period of 1 year from the date of the shareholders' resolution.

Article 5-2: If the Company plans to repurchase its own shares and transfer them to employees at less than the average actual share repurchase price, it must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, and must have listed the following matters in the notice of reasons for that shareholders meeting, it may not raise the matter by means of an extraordinary motion:

1. The exercise price, the valuation percentage, the bases of calculations, and the reasonableness thereof.
2. The number of shares to be transferred, the purpose, and the reasonableness thereof.
3. Qualification requirements for employees subscribing to shares, and the number of shares they are allowed to subscribe for.
4. Factors affecting shareholders' equity:
 - A. The expendable amount, and dilution of the company's earnings per share.
 - B. Explain what financial burden will be imposed on the company by transferring shares to employees at less than the average actual share repurchase price.

Article 6: (Deleted).

Article 7: The Company's stock are all registered share certificates and shall be signed or stamped by the directors who is authorized, recorded, and issued after it is legally registered. For the new shares to be issued by the Company offering its shares to the public. The Corporation may be exempted from printing any stock certificate for the shares issued. However, the Corporation shall appoint a centralized securities custody enterprise/institution to make registration of such shares.

Article 8: The registration of stock transfer shall be halted within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting, or within 5 days prior to the record date fixed by the Company for distribution of dividends, bonus or other benefits.

The period of the preceding paragraph shall be counted from the date of the meeting or the record date.

Article 8-1: The Company's shareholder services are performed according to "Regulations Governing the Administration of Shareholder Services of Public Companies" by competent authority.

Chapter III Shareholders' Meeting

Article 9: Shareholders' meeting can be divided into regular meetings and special meetings. Regular meetings are convened once a year and usually within six months of the end of each fiscal year. The regular meeting is convened by the board of directors according to the law. Special meetings may be convened according to the law when necessary.

The shareholders' meeting of the Company may be held by means of visual communication network or other methods promulgated by the central competent authority. In case a shareholders' meeting is proceeded via visual communication network, the shareholders taking part in such a visual communication meeting shall be deemed to have attended the meeting in person.

Article 10: If a shareholder cannot attend a Shareholders Meeting for any reason, it may designate another person to represent it by submitting a proxy that is printed by the Company, specifying the scope of authorization. Shareholders' attendance by designated representatives shall be handled in accordance with Article 177 of the Company Act as well as the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the governing authorities.

Article 11: A shareholder of the Company shall be entitled to one vote for each share held, except in the circumstances set forth in paragraph 3, article 157 and article 179 of the Company Act.

Article 11-1: Shareholders' Meeting shall be convened by the board of directors and chaired by the Chairman of the Board. When the Chairman of the Board is on leave, the Chairman shall appoint one of the directors to act as meeting Chairman, or, if there are no appointment, one of the directors shall be selected from among themselves to act as meeting Chairman. If a shareholders' meeting is convened by a rightful person outside the board of directors, the person convening the meeting shall chair the meeting. When there are two or more conveners, a meeting Chairman shall be elected between them.

Article 12: Unless otherwise stated in the Company Act, any resolution made by the Shareholders Meeting shall be made during a Shareholders Meeting attended by more than half of all shares and passed by the majority of voting rights in attendance.

Chapter IV: Directors and Board of directors

Article 13: The Company appoints seven to eleven directors under candidates' nomination system. The term of directors shall be three years. Directors are elected from the list of candidates and may be eligible for re-election.

The total sum of all registered shares certificates held by all directors shall not be less than that as regulated in "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies" from the regulatory authority.

Article 13-1: In the aforementioned quota of directors of the Company, the number of independent directors shall be at least two and not less than one-fifth, which are elected from the list of candidates of independent directors in the shareholders' meeting under the candidate nomination system.

In accordance with the relevant regulations of the competent authority, the professional qualifications, shareholding, prohibition on positions held at other companies, nomination and selection process and other matters of the Company's Independent Directors, are processed under relevant legal regulations.

Article 13-2: The Company has established the audit committee. Its composition, scope of duties and power, rules of procedure, and other compliance matters shall be in accordance with the relevant regulations of the competent authority.

Article 14: The board of directors is formed by the directors. The Chairman, who is to represent the Company externally, is elected by a majority voting of the directors present at a meeting of its board of directors attended by two-thirds or more of the directors of the Company.

Article 15: In case the Chairman of the board of directors is on leave or absent or cannot exercise his power and authority for any cause, his representative shall be selected according to Article 208 of the Company Act. The board of directors shall be convened by the Chairman of the board of directors. The conduct of the board of directors shall be conducted in accordance with the “Rules of Procedure for Meetings of Board of Directors” of the company.

Directors should attend the board of directors in person. If the board of directors takes the video conference, the director’s participation in the video conference is regarded as personal in person. In case a director cannot attend a Board meeting in person, he/she may appoint another Director to attend on his/her behalf, he/she shall, in each time, issue a written proxy and state the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other Director only.

The Company shall inform each Director seven days prior to a Board meeting, and in case of emergency, the Company may call the board of directors to a meeting at any time. The Company’s board of directors was convened in writing, e-mail, or fax method.

Article 16: Compensations for the Chairman and directors of the Company shall be determined by the board of directors according the involvement and contribution of the Chairman and each director, with reference to the industry standards.

The Company shall purchase liability insurance for its Directors for carrying out the scope of their responsibilities during the terms of office for said Directors.

Chapter V Manager

Article 17: This Company may have managers and their appointment, dismissal and remuneration shall be conducted in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18: At the close of each fiscal year of the Company, the board of directors shall prepare, 1) business report, 2) financial statement and 3) the surplus earning distribution or loss off-setting proposal, etc. subsequently submit them to the meeting of shareholders for its ratification.

Article 19: If the company makes profits in a given year, it shall allocate 8% to 19% of such profit as employees compensation, of which the allocation to non-executive employees shall not be less than 1% and allocation no more than 1.5% as directors' compensations, but the Company shall reserve a portion of profit to make up for accumulated losses, if any.

Employee's remuneration may be distributed in shares or cash, and the compensation of directors shall be paid in cash.

The term "profit" as mentioned in the first paragraph refers to pre-tax profits before deducting the distributed employees and directors' remuneration.

Employee and director remuneration allocation must be approved by the board of directors in a meeting attended by more than two-thirds of all board members, where half of attending directors approve. The remuneration resolution shall be reported in the annual general meeting.

Employee treasury stocks, employee stock options, new shares purchased by employees, employee restricted stock awards, and employee compensation shall be provided by the Company to controlling or subordinate employees who meet certain conditions. The board of directors is authorized to determine its conditions and allocation method.

Article 19-1: The annual earnings in the financial statements of the Company shall first be allocated to pay income tax and offset the accumulated losses of the preceding years before allocating 10% of the remaining earnings to the legal reserve, which is not applicable where the legal reserve has reached the total paid-in capital of the Company. In accordance with law or the competent authority, the Company shall also appropriate or reverse special reserves. With regard to the earnings and accumulated undistributed earnings, the Board of Directors shall submit an earnings distribution proposal to distribute dividends to shareholders, subject to the approval at the shareholders' meeting.

Where the above earnings, legal reserves, and capital reserves are distributed in cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are

distributed by issuing new shares, it shall be resolved at the shareholders' meeting.

Profit distribution or loss appropriation of the Company may be made upon the conclusion of every half fiscal year. When distributing earnings, the Company shall first estimate and retain the tax to be made, offset the accumulated losses, estimate and retain the employees' and directors' remuneration pursuant to paragraph, Article 19, before allocating 10% of the remaining earnings to the legal reserve, which is not applicable where the legal reserve has reached the total paid-in capital of the Company. In accordance with law or the competent authority, the Company shall also appropriate or reverse special reserves. With regard to the earnings and accumulated undistributed earnings, the Board of Directors shall submit an earnings distribution proposal. Where the earnings are distributed in cash, the Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote at a meeting attended by over two-thirds of the Directors and report to the shareholders' meeting. Where they are distributed by issuing new shares, it shall be resolved at the shareholders' meeting.

The Company's dividend policy complies with the laws and regulations and the Articles of Incorporation, takes into account the current and future competitions of the Company with domestic and foreign companies, investment environment, capital demand, capital budget, and shareholders' interests, striking a balance between dividends and the long-term financial planning of the Company, so as to foster sustainable operation and stable development. The dividend distribution of the shareholders of the Company can be distributed in cash dividends or share dividends, in which the proportion of shareholders' cash dividend distribution shall be no less than 10% of the total dividends of the shareholders.

Chapter VII Supplementary Provisions

Article 20: Any matters not prescribed in the Articles, if any, shall be conducted in accordance with the provisions of the Company Act.

Article 21: The Articles were established on October 24, 2000.

The first amendment was made on November 21, 2000.

The second amendment was made on September 5, 2001.

The third amendment was made on February 15, 2002.

The fourth amendment was made on April 9, 2002.

The fifth amendment was made on June 25, 2002.
The sixth amendment was made on March 26, 2003.
The seventh amendment was made on November 12, 2003.
The eighth amendment was made on June 15, 2004.
The ninth amendment was made on March 17, 2005.
The tenth amendment was made on June 16, 2005.
The eleventh amendment was made on June 14, 2006.
The twelfth amendment was made on November 1, 2006.
The thirteenth amendment was made on June 13, 2007.
The fourteenth amendment was made on June 13, 2008.
The fifteenth amendment was made on May 8, 2009.
The sixteenth amendment was made on June 15, 2010.
The seventeenth amendment was made on June 15, 2011.
The eighteenth amendment was made on June 11, 2013.
The nineteenth amendment was made on June 17, 2014.
The twentieth amendment was made on June 2, 2015.
The twenty-first amendment was made on June 15, 2016.
The twenty-second amendment was made on June 13, 2017.
The twenty-third amendment was made on June 12, 2019.
The twenty-four amendment was made on June 3, 2020.
The twenty-fifth amendment was made on July 26, 2021.
The twenty-sixth amendment was made on May 24, 2022.
The twenty-seventh amendment was made on May 27, 2025.

Appendix 4: Shareholdings of ALL Directors

Phison Electronics Corporation Shareholdings of ALL Directors

1. The statutory shareholding of directors of the Company is as follows:
Types and total number of shares issued by the Company: 221,085,747 common shares.
Statutory minimum number of shares held by all directors is 12,000,000 shares.
As the Company has established the Audit Committee, statutory shares held by supervisors are not applicable.
2. As of March 29, 2026, the book closure date of the annual shareholders' meeting, the number of shares held by all directors:

Record date: March 29, 2026

Position	Name	Current shareholding (shares)	Representative
Chairman	Cheng He Investment Co., Ltd	2,503,000	Wee Kuan Gan
Director	Tzung Horng Kuang	1,431,736	
Director	Jiunn Yeong Yang	4,549,114	
Director	KIOXIA Corporation	19,821,112	Hiroshi Miyauchi
Director	Cheng Shuo Investment Limited	1,288,000	Chiu An Chuang
Director	Chih Jen Hsu	1,040,301	
Independent Director	Huei Ming Wang	0	
Independent Director	Chen Wei Wang	0	
Independent Director	Yu Lun Huang	0	
Number of shares actually held by all directors		30,633,263	
Shareholding ratio of total issued shares (%)		13.86	



PHISON

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