

PHISON ELECTRONICS CORPORATION
2025 ANNUAL SHAREHOLDERS' MEETING
MEETING MINUTES
(English Translation for Reference Only)

Convention Method: Physical shareholders' meeting

Meeting time: 9 a.m., Tuesday, May 27, 2025

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

Attending shareholders: Attending shareholders and proxy represented 163,069,595 shares (including 115,386,926 shares which attended through electronic voting) accounting for 78.94% of (excluding 0 share of the shares with no voting rights stipulated in 2 paragraph of Article 179 of the Company Act) 206,566,328 shares, the Company's total outstanding shares.

Attendants' directors: Chairman Wee Kuan Gan, Director Tzung Horng Kuang, Director Jiunn Yeong Yang, Director Chih Jen Hsu, Independent Director Huei Ming Wang (Convener of Audit Committee and Remuneration Committee), Independent Director Yu Lun Huang (Member of Audit Committee).

Attendants as guest or observer: Accountants Chien Hui Lu of KPMG, Yu-Ning Chen, Attorney-at-Law of HL & Partners.

Chairman: Wee Kuan Gan, the chairman of the Board of Directors

Recorder: Angela Lee

I. Call Meeting to Order :

The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Remarks (Omitted)

III. Report Items (Proposed by Board of Directors)

Case No. 1: The Company's 2024 Business Report, please refer to Attachment 1.

Case No. 2: The Company's Audit Committee's Review Report, please refer to Attachment 2.

Case No. 3: Report on 2024 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 the year, it shall appropriate 8% to 19% for employees' compensation and no more than 1.5% for directors' remuneration".

2. In the year of 2024, the Company earned NT\$10,372,831,564 (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 2024's profits for employees' compensation (about 9.64% of the profits for the year 2024) and NT\$35,000,000 for directors' remuneration (about 0.34% of the profits for the year 2024), all in cash.

Case No. 4: Report on 2024 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 2024:

2024	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	08/14/2024	02/07/2025	13.12356282 (Note 2)	2,701,063,197
H2	03/07/2025	Not yet decided	12 (Note 3)	2,471,061,936
Total				5,172,125,133

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 205,921,828 outstanding shares as of Jan 31, 2025, and the proposed cash dividend per share is NT\$12. 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: 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 First Domestic Unsecured Convertible Corporate Bonds (Abbreviation : Phison I)	Phison Electronics Corporation Second Domestic Unsecured Convertible Corporate Bonds (Abbreviation : Phison II)
Date of approval	September 8, 2021	December 28, 2023
Reason of issuance	Purchase real estate, plant and equipment, repletion of working capital	Repletion of working capital
Date of issuance	December 17, 2021	January 23, 2024
Total amount of issuance	NT\$3,500,000,000	NT\$6,000,000,000
Par value of issuance	NT\$100,000	NT\$100,000
Price of issuance	Issued at 100.5% of face value	Issued at 101% of face value
Duration of issuance	Three years. From December 17, 2021 to December 17, 2024	Five years. From January 23, 2024 to January 23, 2029
Coupon rate	0.00%	0.00%
Current conversion price	NA	NT\$563.3
Repayment method	The convertible bonds matured on December 17, 2024, and were delisted from the OTC market on the next business day, December 18, 2024. In accordance with Article 6 of Phison I's issuance and conversion regulations, the company repaid the bonds in full at face value in cash upon maturity. The payment was made on December 30, 2024.	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.
Conversion situation	As of the maturity date of the convertible corporate bonds on December 17, 2024, a total of 68 bonds, amounting to NT\$6.8 million, had been converted, resulting in the issuance of 13,335 common shares. The remaining 34,932 unconverted bonds, amounting to NT\$3,493.2 million, were fully repaid in cash by the company.	As of the suspension date for conversions prior to this shareholders' meeting on March 29, 2025, no conversions had been made.

Case No. 6: Report on the actual handling situation of the private placement of common shares approved by 2024 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 2024 annual shareholders' meeting on May 27, 2024. 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: Report of the Company's Investment in Mainland China.

Explanation: Please refer to Attachment 3 for information on the Company's investment in Mainland China in 2024.

IV. Proposals to accept

Case No. 1 (Proposed by the Board)

Note: To accept the Company's 2024 Business Report and Financial Statements.

Explanation: 1. The Individual Financial Statements of the Company for the year of 2024 (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, Ms. Qian Hui Lu and Mr. Cheng, An Chih, 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 2024 Business Report, Consolidated Financial Statements and Individual Financial Statements, please refer to Attachment 1 and Attachment 4.

Resolution: The result is as follows :

Shares represented at the time of voting : 162,258,095 Votes

Voting Results*	% of the total represented share present
Votes in favor : 151,045,366 Votes (104,518,370 Votes)	93.08%
Votes against : 9,986 Votes (9,986 Votes)	0.00%
Votes invalid : 0 Votes	0.00%
Votes abstained : 11,202,743 Votes (10,858,570 Votes)	6.90%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case No. 2 (Proposed by the Board)

Note: To accept the Company's 2024 earning distribution.

Explanation: The net profit after tax in 2024 was NT\$7,953,205,850. The company prepared a statement of profit distribution for the year ended December 31, 2024, in accordance with the Article of Incorporation of the company as follow:

Phison Electronics Corporation
PROFIT DISTRIBUTION TABLE
Year 2024

(Unit: NTD\$)

Retained earnings at the beginning of the period	21,813,979,830
Net profit after tax of Year 2024	7,953,205,850
Less: Change in re-measurement of defined benefit plans in Year 2024	3,894,658
The total of, the net profit after tax of the period plus the else items of the period be included in the undistributed earnings.	7,949,311,192
Less: 10% Legal Reserve	794,931,119
Reserved for first half of 2024	487,058,774
The balance of Legal Reserve	307,872,345
Add: Reversal of Special Reserve based on regulations	24,531,271
Reversal for first half of 2024	74,354,984
The balance of Special Reserve based on regulations	49,823,713
Distributed earnings as of December 31, 2024	28,992,891,174
Distributable items:	
Dividend to shareholders-Cash (Distributed NT\$25.12356282per share)	5,172,125,133
First cash dividends distributed of the year (NT\$13.12356282per share ^{Note 2})	2,701,063,197
Second cash dividends distribution (NT\$12per share ^{Note 3})	2,471,061,936
Unappropriated retained earnings by the end of the period.	23,820,766,041

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 205,921,828 outstanding shares as of Jan 31, 2025, and the proposed cash dividend per share is NT\$12. 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: The result is as follows :

Shares represented at the time of voting : 162,258,095 Votes

Voting Results*	% of the total represented share present
Votes in favor : 151,116,071 Votes (104,589,075 Votes)	93.13%
Votes against : 11,020 Votes (11,020 Votes)	0.00%
Votes invalid : 0 Votes	0.00%
Votes abstained : 11,131,004 Votes (10,786,831 Votes)	6.86%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

V. 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 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: The result is as follows :

Shares represented at the time of voting : 162,258,095 Votes

Voting Results*	% of the total represented share present
Votes in favor : 148,560,066 Votes (102,033,070 Votes)	91.55%
Votes against : 296,293 Votes (296,293 Votes)	0.18%
Votes invalid : 0 Votes	0.00%
Votes abstained : 13,401,736 Votes (13,057,563 Votes)	8.25%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Case No. 2 (Proposed by the Board)

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

Explanation: 1. According to the requirements of Article 14, Paragraph 6 of the Securities and Exchange Act and the letter No. 1130385442 of the Financial Supervisory Commission, the company shall specify in the articles of incorporation the relevant matters regarding the appropriation of a certain percentage of the annual surplus for adjusting the salary or distributing compensation to non-executive employees.

2. The Company proposes to amend the Articles of Incorporation to stipulate the proportion of compensation allocated to non-executive employees in accordance with the applicable laws, please refer to Attachment 5 amendment comparison table for the “Articles of Incorporation”.

Resolution: The result is as follows :

Shares represented at the time of voting : 162,258,095 Votes

Voting Results*	% of the total represented share present
Votes in favor : 151,116,195 Votes (104,589,199 Votes)	93.13%
Votes against : 12,571 Votes (12,571 Votes)	0.00%
Votes invalid : 0 Votes	0.00%
Votes abstained : 11,129,329 Votes (10,785,156 Votes)	6.85%

*including votes casted electronically (number in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

VI. Extemporary Motions: None.

Shareholders' Questions and Company Responses:

1. Question from Shareholder Account No. 135833:

- (1) Regarding the invested company, Hosin Global (Shenzhen), is there any plan or progress toward an IPO?
- (2) The next-generation PCIe controller IC utilizing 4nm process technology is expected to enter mass production between 2027 and 2028. Does the Company have a projected revenue contribution from this product?

2. Question from Shareholder Account No. 84598:

- (1) In 2021, the Company announced a five-year revenue target of surpassing NT\$100 billion. Is this goal still in place, or will there be an update to this target?
- (2) If Hosin Global (Shenzhen) proceeds with an IPO, does the Company have any plans to divest its stake thereafter?

3. Question from Shareholder Account No. 166261:

- (1) aiDAPTIV has been a key focus of the Company over the past two years. It supports the full AI stack—from fine-tuning and inference to training. Could the Company share more about the current business model and status of aiDAPTIV? Has it evolved from selling hardware alone to a complete solution involving

hardware, firmware, software, and licensing? How much revenue has aiDAPTIV contributed to date?

- (2) According to the Company's investor materials, after excluding non-operating gains such as inventory revaluation, currency exchange benefits, and asset disposal gains, the core product profitability over the past two quarters has been relatively modest. ESP in Q4 FY2024 was only 2.55, and in Q1 FY2025 it was 3.71. Is this due to short-term industry headwinds, or should shareholders expect this level of profitability to persist long term?
- (3) The Company has expressed optimism regarding NAND pricing and growth in AI, controller, and enterprise applications for Q2 and the second half of FY2025. What developments in the industry support this positive outlook? Could you share more details with shareholders?

Summary of Responses from the Chairman's Designated Representative:

1. In response to questions regarding HOSIN Global (Shenzhen), as the company operates under local regulatory frameworks, Phison is not in a position to comment on its future development or IPO-related matters on Hosin Global's behalf.
2. The Company remains committed to its long-term revenue goal of NT\$100 billion. However, challenges such as reduced consumer spending driven by U.S. inflation and broader supply chain uncertainties are ongoing. Phison will continue to drive growth across all product lines and investments to achieve this target.
3. Regarding aiDAPTIV+, Phison has initiated collaborations with strategic partners. The solution is being actively developed for AI-related applications and software customization across various markets, expanding beyond hardware to full-stack integration.
4. The relatively low profitability in Q4 FY2024 and Q1 FY2025 is mainly attributed to broader industry conditions, subdued market demand, and increased R&D expenses. Despite these challenges, Phison remained profitable while many peers reported losses. The Company maintains a long-term positive outlook on the NAND Flash sector.
5. As the AI ecosystem becomes increasingly complex and costly, Phison is committed to building high-performance teams, leveraging aiDAPTIV+ to enhance development efficiency and optimize human resource costs. The Company will continue innovating high-quality controllers to generate greater shareholder value.

VII. The meeting was adjourned at 09:42 AM on May 27, 2025 (Tuesday).

The minutes of this shareholder's meeting only provide a summary of the meeting key highlights. The actual content and proceedings of the meeting are subject to the recorded audiovisual documentation of the meeting.

PHISON Electronics Corporation

2024 Business Report

1. Operating Strategy and Execution Overview :

In the year 2024, the NAND storage industry faced challenges but also new opportunities. With the rapid growth of AI, servers, and edge computing, the demand for high-speed, high-performance storage solutions continued to rise. Leveraging its strong technical expertise and agile market strategy, Phison successfully navigated market shifts and maintained stable business performance.

In the first half of 2024, demand in the NAND storage market rebounded, with system customers actively launching new products to capture market share. Phison benefited from its diversified market presence across retail storage, gaming consoles, industrial systems, automotive applications, and server solutions, achieving significant operational results. Notably, over 50% of the company's revenue came from its technological strengths in NAND storage controllers and solutions for PC OEMs, Mobile OEMs, and enterprise SSDs, reinforcing its leadership position in the market.

Entering the second half of the year, global economic factors such as trade wars, tariffs, and inflation slowed NAND storage demand, particularly in the retail storage market. This decline was primarily due to widespread pre-installation of SSDs in the PC OEM market, reducing consumer demand for aftermarket upgrades. However, Phison's diversified strategy and innovative product portfolio ensured operational stability. The aiDAPTIV+ edge AI computing solution, introduced at the end of 2023, gradually gained customer adoption, while enterprise SSDs entered mass production and shipment, providing strong support for the company's performance in the latter half of the year.

Phison's consolidated revenue for 2024 reached NT\$58.936 billion, with a consolidated net profit of NT\$7.954 billion and earnings per share (EPS) of NT\$39.95. These results highlight Phison's strong growth and financial stability, reflecting its continuous efforts in technology development and market expansion, further strengthening its competitive position.

Looking ahead, Phison remains committed to driving technological innovation and market expansion. The company plans to enhance the development of high-end storage products and make breakthroughs in AI computing applications. Progress is expected in areas such as AI inference optimization, automotive electronics, and enterprise storage solutions. With the launch of new products and the recovery of market demand, Phison will focus on improving product quality and technical services while deepening collaborations with global strategic partners.

Phison is dedicated to leveraging its technological strengths to proactively address market challenges, delivering best-in-class storage solutions, achieving sustainable business growth, and creating a win-win situation for shareholders, employees, and customers.

2. 2024 Business Results

(1) Description of business results:

① Consolidated operating revenue:

The consolidated net operating revenue of the company for the year 2024 was NT\$58,935,513 thousand, which was increase than the year of 2023 of NT\$48,221,630 thousand by 22.22%.

② Consolidated net profit after tax:

The consolidated net profit after tax of the company for the year 2024 was NT\$7,953,999 thousand, which was increase of 119.46% compared with the year of 2023 of NT\$3,624,428 thousand.

(2) Budget implementation: The Company did not disclose its financial forecasts of the year of 2024, 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	2024	2023	Increases (decreases)	Proportion of the changes (%)
Operating revenue	58,935,513	48,221,630	10,713,883	22.22
Gross profit	19,098,762	16,114,244	2,984,518	18.52
Net Operating Income	3,533,084	3,621,868	(88,784)	(2.45)
Non-operating income and expenses	6,215,982	477,574	5,738,408	1,201.57
Net profit after tax	7,953,999	3,624,428	4,329,517	119.46

② Financial profitability of consolidated operation

Item		2024	2023
Financial structure	Liability to asset ratio (%)	29.24	34.13
	Long-term asset to real estate, plant and equipment ratio (%)	711.68	579.52
Debt-paying ability	Current ratio (%)	380.05	228.52
	Quick ratio (%)	203.51	116.02
	Interest coverage ratio (times)	36.66	76.98
Operation performance	Receivables turnover ratio (times)	6.68	5.72
	Average days of receipt (days)	54.64	63.81
	Inventory turnover ratio (times)	1.62	1.43
	Average sales days (days)	255.30	255.24
	Payables turnover ratio (times)	10.19	5.05
	PP&E turnover ratio (times)	7.76	6.41
	Total asset turnover ratio (times)	0.88	0.77
Profitability	Return on assets (%)	12.17	5.87
	Return on equity attributable to owners of parent company (%)	17.32	9.01
	Ratio of operating income to paid-in capital (%)	171.66	176.88
	Ratio of pre-tax income to paid-in capital (%)	473.67	200.02
	Net income ratio (%)	13.50	7.52
	Basic earnings per share (NTD)	38.95	18.48
Cash flow	Cash flow ratio (%)	14.73	0.00
	Cash flow adequacy ratio (%)	44.30	35.98
	Cash re-investment ratio (%)	(0.99)	(10.05)
Leverage	Degree of operating leverage (DOL)	1.35	1.35
	Degree of financial leverage (DFL)	1.08	1.02

(4) Overview of R&D

① Research and development costs in 2024 and the most recent two years:

The consolidated R&D expenses for 2024, 2023 and 2022 are NT\$12,585,639 thousand, NT\$10,305,558 thousand and NT\$8,130,501 thousand respectively, accounting for 21.35%, 21.37% and 13.49% of the consolidated operating revenue for each period. And as of the end of December 2024, the company has obtained 2,074 patents approvals from various countries.

② R & D results:

In 2024, the following products have been successfully developed and launched, including:

- a. World's First PCIe 5.0 DRAM-Less Client SSD Controller – E31T
- b. World's First Single-Chip (SoC) Native USB 4.0 Controller – U21
- c. UFS 3.1 PS8325 – Designed for High-End Smartphones, Featuring TSMC 12nm Process and Dual-Channel Architecture
- d. UFS 3.1 PS8329 – Targeting the High-Value Mid-Range Smartphone Market with 22nm Process Technology
- e. UFS 4.0 PS8361 – Aimed at Flagship Smartphones, Featuring TSMC 12nm Process and Quad-Channel Architecture
- f. PASCARI – Enterprise SSD Brand Designed for Server and Enterprise Applications
- g. First 128TB Ultra-High-Capacity 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 2025 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

Attachment 2: Audit Committee's Review Report

Audit Committee's Review Report

The board of directors prepared the Company's 2024 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

2025 Annual Shareholders' Meeting

Phison Electronics Corp.

Audit Committee Convener :

Huei Ming Wang

March 7, 2025

Attachment 3: 2024 Investment in Mainland China

Phison Electronics Corp. Information on Investment in Mainland China For the year ended December 31, 2024

(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 January 1, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Investment Income (Losses)	Book Value	Accumulated Remittances in as of December 31, 2024	Note
					Outflow	Inflow							
Hefei Ruhan Electronic Technology Limited	Design, R&D, sale of electronics product and technical support service and rendering of related services and investment	182,825	2(1)	182,825	-	-	182,825	(57,117)	100.00	(57,117)	86,970	-	
Hefei Xinpeng Technology Co., Ltd.	R&D, production and sale of electronic product and technical service and rendering of related services and investment	735,136	2(1)	-	-	-	-	(235,625)	24.23	(57,097)	81,208	-	
Hosin Global Electronics Co., Ltd. (SZ)	R&D and sale of electronic product and technical service and rendering of related services	1,988,232	2(1) and 2(2)	442,780	-	-	442,780	2,751,896	23.20	1,202,600	3,102,148	-	

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, 2024	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Investment Income (Losses)	Book Value	Accumulated Remittances of Earnings in as of December 31, 2024	Note
					Outflow	Inflow							
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	2,872	100.00	2,872	50,016	-	
Power Storage Electronics Limited	Design, R&D, production and sales of integrated circuits, systems and electronics hardware and software and rendering of related services	267,720	2(3)	-	267,720	-	267,720	(44,225)	100.00	(44,225)	224,220	-	

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 2)
936,845	1,664,498	29,439,638

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: 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.

Attachment 4: 2024 Financial Statements



安侯建業聯合會計師事務所

KPMG

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Hsinchu City 300091, Taiwan (R.O.C.)

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To the Board of Directors of Phison Electronics Corp.:

Opinion

We have audited the consolidated financial statements of Phison Electronics Corp. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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) “Summary of significant accounting policies—Revenue recognition” , Note 6(21) “Description of significant accounts—Operating revenue” to the consolidated financial statements.



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 its revenue recognition policy and other related disclosures.

2. Valuation of inventories

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

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; on a sample basis, verifying the accuracy of the net realizable value of inventories and the inventory aging report; 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 and assessing the adequacy of the Group's disclosures of its policy and other related disclosures.

Other Matter

Phison Electronics Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, 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 Chien-Hui Lu and An-Chin Cheng.

KPMG

Taipei, Taiwan (Republic of China)

March 7, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(1))	\$ 19,982,162	29	14,220,367	22
1110 Financial assets at fair value through profit or loss – current (notes 6(2) and 6(15))	743,512	1	980,757	2
1136 Financial assets at amortized cost – current (note 8)	40,807	-	40,568	-
1170 Accounts receivable, net (note 6(4))	7,406,796	11	7,814,027	12
1180 Accounts receivable – related parties, net (notes 6(4) and 7)	604,095	1	1,807,764	3
1200 Other receivables (notes 6(5) and 7)	152,010	-	418,775	1
1220 Tax assets	6,864	-	10,345	-
130X Inventories (note 6(6))	24,614,049	35	24,410,405	37
1410 Prepayments (note 7)	488,005	1	115,036	-
1479 Other current assets	2,531	-	1,627	-
	<u>54,040,831</u>	<u>78</u>	<u>49,819,671</u>	<u>77</u>
Non-current assets:				
1510 Financial assets at fair value through profit or loss – non-current (note 6(2))	219,544	-	242,257	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(3))	431,750	1	457,457	1
1550 Investments accounted for using the equity method (note 6(7))	3,717,895	5	4,062,871	6
1600 Property, plant and equipment (notes 6(8) and 8)	7,745,010	11	7,447,729	12
1755 Right-of-use assets (note 6(9))	157,711	-	95,345	-
1780 Intangible assets (note 6(10))	400,827	1	234,303	-
1840 Deferred tax assets (note 6(17))	700,574	1	843,711	1
1900 Other non-current assets (note 9(2))	1,925,025	3	1,759,180	3
	<u>15,298,336</u>	<u>22</u>	<u>15,142,853</u>	<u>23</u>
Total assets	<u>\$ 69,339,167</u>	<u>100</u>	<u>64,962,524</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (note 6(11))	\$ 813,068	1	2,106,363	3
2130 Contract liabilities – current	168,577	-	132,965	-
2170 Accounts payable	1,309,205	2	5,478,643	8
2180 Accounts payable – related parties (note 7)	-	-	1,028,950	2
2200 Other payables (note 6(12))	10,051,558	15	7,563,165	12
2230 Tax payable	931,598	2	499,194	1
2280 Lease liabilities – current (note 6(9))	100,516	-	64,400	-
2320 Long-term borrowings, current portion (notes 6(14), 6(15) and 8)	28,043	-	3,498,863	5
2399 Other current liabilities (notes 6(13), 7 and 9(3))	816,958	1	1,428,880	3
	<u>14,219,523</u>	<u>21</u>	<u>21,801,423</u>	<u>34</u>
Non-current liabilities:				
2500 Financial liabilities at fair value through profit or loss – non-current (notes 6(2) and 6(15))	40,800	-	-	-
2530 Bonds payable (note 6(15))	5,611,070	8	-	-
2540 Long-term borrowings (notes 6(14) and 8)	60,511	-	88,513	-
2570 Deferred tax liabilities (note 6(17))	100,431	-	76,736	-
2580 Lease liabilities – non-current (note 6(9))	109,071	-	83,731	-
2640 Net defined benefit liabilities (note 6(16))	125,339	-	118,222	-
2645 Guarantee deposits received	6,359	-	5,746	-
	<u>6,083,581</u>	<u>8</u>	<u>372,948</u>	<u>-</u>
Total liabilities	<u>20,273,104</u>	<u>29</u>	<u>22,174,371</u>	<u>34</u>
Equity (notes 6(18) and 6(19)):				
Equity attributable to the shareholders of the parent company:				
3100 Common shares	2,058,178	3	2,047,690	3
3200 Capital surplus	13,053,610	19	11,552,379	18
3300 Retained earnings	34,283,152	49	30,808,166	47
3400 Other equity interest	(338,243)	-	(362,774)	-
3500 Treasury shares	-	-	(1,257,308)	(2)
Total equity attributable to owners of the parent:	<u>49,056,697</u>	<u>71</u>	<u>42,788,153</u>	<u>66</u>
36XX Non-controlling interests	9,366	-	-	-
Total equity	<u>49,066,063</u>	<u>71</u>	<u>42,788,153</u>	<u>66</u>
Total liabilities and equity	<u>\$ 69,339,167</u>	<u>100</u>	<u>64,962,524</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, 2024 and 2023

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

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (notes 6(21) and 7)	\$ 58,935,513	100	48,221,630	100
5000	Operating costs (notes 6(6) - 6(22) and 7)	<u>39,827,755</u>	<u>68</u>	<u>32,057,192</u>	<u>67</u>
	Gross profit from operations	19,107,758	32	16,164,438	33
5910	Unrealized profit on transactions with associates (note 7)	<u>(8,996)</u>	<u>-</u>	<u>(50,194)</u>	<u>-</u>
5950	Realized gross profit	<u>19,098,762</u>	<u>32</u>	<u>16,114,244</u>	<u>33</u>
	Operating expenses (notes 6(22) and 7):				
6100	Marketing expenses	1,694,467	3	1,277,484	3
6200	General and administrative expenses	1,279,995	2	959,935	2
6300	Research and development expenses	12,585,639	21	10,305,558	21
6450	Expected credit loss (reversal gain) (note 6(4))	<u>5,577</u>	<u>-</u>	<u>(50,601)</u>	<u>-</u>
	Total operating expenses	<u>15,565,678</u>	<u>26</u>	<u>12,492,376</u>	<u>26</u>
	Net operating income	<u>3,533,084</u>	<u>6</u>	<u>3,621,868</u>	<u>7</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(23) and 7)	340,773	1	295,717	1
7020	Other gains and losses (note 6(23))	4,742,099	8	258,980	1
7050	Finance costs (note 6(23))	<u>(273,410)</u>	<u>-</u>	<u>(53,957)</u>	<u>-</u>
7100	Interest income (note 6(23))	255,672	-	207,981	-
7060	Shares of profit (loss) of associates accounted for using the equity method (note 6(7))	<u>1,150,848</u>	<u>2</u>	<u>(231,147)</u>	<u>-</u>
		<u>6,215,982</u>	<u>11</u>	<u>477,574</u>	<u>2</u>
7900	Profit before tax	9,749,066	17	4,099,442	9
7950	Income tax expenses (note 6(17))	<u>1,795,067</u>	<u>3</u>	<u>475,014</u>	<u>1</u>
8200	Net profit for the year	<u>7,953,999</u>	<u>14</u>	<u>3,624,428</u>	<u>8</u>
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))	(4,869)	-	(972)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(24))	<u>(77,304)</u>	<u>-</u>	<u>(56,570)</u>	<u>-</u>
8320	Shares of other comprehensive income of associates accounted for using the equity method	<u>(2,692)</u>	<u>-</u>	<u>(4,775)</u>	<u>-</u>
8349	Income tax related to items that will not be reclassified subsequently (note 6(17))	<u>974</u>	<u>-</u>	<u>194</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>(83,891)</u>	<u>-</u>	<u>(62,123)</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	130,602	-	(124,063)	(1)
8399	Income tax related to items that may be reclassified subsequently (note 6(17))	<u>(26,132)</u>	<u>-</u>	<u>24,812</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>104,470</u>	<u>-</u>	<u>(99,251)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>20,579</u>	<u>-</u>	<u>(161,374)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 7,974,578</u>	<u>14</u>	<u>3,463,054</u>	<u>7</u>
	Net profit attributable to:				
8610	Shareholders of the parent Company	\$ 7,953,206	14	3,624,428	8
8620	Non-controlling interests	<u>793</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 7,953,999</u>	<u>14</u>	<u>3,624,428</u>	<u>8</u>
	Total comprehensive income attributable to:				
8710	Shareholders of the parent Company	\$ 7,973,842	14	3,463,054	7
8720	Non-controlling interests	<u>736</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 7,974,578</u>	<u>14</u>	<u>3,463,054</u>	<u>7</u>
	Earnings per share (New Taiwan Dollars) (note 6(20)):				
9750	Basic earnings per share	<u>\$ 38.95</u>		<u>18.48</u>	
9850	Diluted earnings per share	<u>\$ 35.68</u>		<u>17.57</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 Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the shareholders of the parent company										Total other equity interest		
											Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
	Share capital	Retained earnings	Legal reserve	Capital surplus	Unappropriate earnings	Exchange differences on translation of foreign currency statements	Total	Treasury shares	Non-controlling shareholders' interests	Subtotal of equity attributable to the parent			
	Common shares	Advances on share capital	Total share capital		Special reserve								Total equity
Balance at January 1, 2023	1,970,740	16,005	1,986,745	8,970,438	6,347,401	27,271	28,992,665	(21,681,010)	37,651,822	3,624,428	(161,374)	-	37,651,822
Net profit for the year	-	-	-	-	-	-	3,624,428	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(778)	-	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	-	-	-	3,624,428	-	-	-	-	-	-
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	(778)	-	-	-	-	-	-
Legal reserve appropriated	-	-	-	-	-	-	(778)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment-shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	-	-	-	(1,753,517)	-	-	-	-	-	(1,753,517)
The transfer of treasury share to employees	-	-	-	746,357	-	-	-	-	-	746,357	-	-	746,357
Share-based payments-stock options	-	-	-	274,982	-	-	-	-	-	1,078,890	-	-	1,078,890
Exercise of employee stock options	73,950	-	60,945	1,318,731	-	-	-	-	-	241,871	-	-	241,871
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	1,379,676	-	-	1,379,676
Balance at December 31, 2023	2,044,690	3,000	2,047,690	11,552,179	6,563,841	222,728	30,808,166	(14,632)	42,788,153	42,788,153	-	-	42,788,153
Net profit for the year	-	-	-	-	-	-	7,938,366	-	-	7,938,366	-	-	7,938,366
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(3,895)	-	-	(3,895)	-	-	(3,895)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	7,938,366	-	-	7,938,366	-	-	7,938,366
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	(3,895)	-	-	(3,895)	-	-	(3,895)
Legal reserve appropriated	-	-	-	-	-	-	(3,895)	-	-	(3,895)	-	-	(3,895)
Special reserve appropriated	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using the equity method	-	-	-	-	-	-	(4,474,325)	-	-	(4,474,325)	-	-	(4,474,325)
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-
The transfer of treasury share to employees	-	-	-	608,364	-	-	-	-	-	608,364	-	-	608,364
Share-based payments-stock options	-	-	-	85	-	-	-	-	-	85	-	-	85
Exercise of employee stock options	8,520	-	10,355	1,241,194	-	-	-	-	-	2,409,102	-	-	2,409,102
Conversion of convertible bonds	-	-	-	274,900	-	-	-	-	-	87,080	-	-	87,080
Due to recognition of equity component of convertible bonds	-	-	-	6,610	-	-	-	-	-	284,555	-	-	284,555
Increase in non-controlling interests	-	-	-	499,996	-	-	-	-	-	499,996	-	-	499,996
Balance at December 31, 2024	2,053,341	4,832	2,058,173	13,053,610	7,345,209	288,119	34,283,152	14,632	49,056,697	49,056,697	-	-	49,056,697

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Profit before income tax	\$ 9,749,066	4,099,442
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	694,998	685,682
Amortization expense	538,416	519,158
Expected credit loss (reversal gain)	5,577	(50,601)
Net loss (gain) on financial assets at fair value through profit or loss	265,821	(429,756)
Finance costs	273,410	53,957
Net loss (gain) on disposal of property, plant and equipment	(1,247)	184
Interest income	(255,672)	(207,981)
Dividend income	(45,291)	(86,966)
Share-based payments	1,332,094	518,918
Shares of loss (profit) of associates accounted for using the equity method	(1,150,848)	231,147
Gain on disposal of investments accounted for using the equity method	(4,289,820)	-
Unrealized profit on transactions with associates	8,996	50,194
Unrealized foreign exchange (gain) loss	(572,207)	141,958
Inventory obsolescence reversal gain	(100,923)	(379,317)
Recognition (reversal) of refund liabilities	171,852	(191,265)
Profit from lease modification	-	(30)
Total adjustments to reconcile profit (loss)	<u>(3,124,844)</u>	<u>855,282</u>
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	1,715,459	(2,652,148)
Other receivables	272,549	(84,828)
Inventories	(102,721)	(3,640,713)
Prepayments	(372,969)	(45,765)
Other current assets	(904)	(172)
Contract liabilities	35,612	(13,358)
Accounts payable (including related parties)	(5,204,354)	456,891
Other payables	668,172	(291,580)
Other current liabilities	(175,843)	59,197
Net defined benefit liabilities	<u>2,248</u>	<u>2,452</u>
Total changes in operating assets and liabilities	<u>(3,162,751)</u>	<u>(6,210,024)</u>
Cash inflow (outflow) generated from operations	3,461,471	(1,255,300)
Interest paid	(149,870)	(18,271)
Income taxes paid	<u>(1,217,508)</u>	<u>(422,646)</u>
Net cash flows from (used in) operating activities	<u>2,094,093</u>	<u>(1,696,217)</u>

(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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(55,315)	(91,330)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	9,000
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3,718	-
Acquisition of financial assets at amortized cost	(239)	(69)
Acquisition of financial assets at fair value through profit or loss	(1,295)	(500,938)
Proceeds from disposal of financial assets at fair value through profit or loss	-	801,049
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	9,000
Acquisition of investments accounted for using the equity method	(143,721)	-
Proceeds from disposal of investments in associates	5,436,854	-
Acquisition of property, plant and equipment	(964,510)	(390,749)
Proceeds from disposal of property, plant and equipment	9,539	300
Decrease (increase) in refundable deposits	27,782	(1,117,665)
Acquisition of intangible assets	(704,857)	(377,763)
Interest received	249,893	207,864
Dividends received	45,291	86,966
Net cash flows from (used in) investing activities	3,903,140	(1,364,335)
Cash flows from financing activities:		
Increase in short-term loans	9,152,673	2,561,756
Decrease in short-term loans	(10,528,341)	(384,462)
Repayments of long-term borrowings	(27,429)	(48,949)
Proceeds from issuing bonds (excluding issuance costs)	6,054,064	-
Redemption of bonds payable	(3,493,200)	-
Decrease in guarantee deposits received	(628,772)	(1,150,954)
Payment of lease liabilities	(88,182)	(63,905)
Cash dividends paid	(2,660,817)	(2,836,702)
Exercise of employee stock options	284,555	1,379,676
Treasury shares sold to employees	1,254,088	801,843
Increase in non-controlling interests	8,545	-
Net cash flows from (used in) financing activities	(672,816)	258,303
Effect of exchange rate changes on cash and cash equivalents	437,378	(11,153)
Net increase (decrease) in cash and cash equivalents	5,761,795	(2,813,402)
Cash and cash equivalents at beginning of period	14,220,367	17,033,769
Cash and cash equivalents at end of period	\$ 19,982,162	14,220,367

See accompanying notes to consolidated financial statements.



安侯建業聯合會計師事務所

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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, 2024 and 2023, 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, 2024 and 2023, 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 Accountant 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) “Summary of significant accounting policies—Revenue recognition” , Note 6(20) “Description of significant accounts—Operating revenue” to the parent company only financial statements.

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 its revenue recognition policy and other related disclosures.

2. Valuation of inventories

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

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; on a sample basis, verifying the accuracy of the net realizable value of inventories and the inventory aging report; 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 and 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 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 Chien Hui Lu and An-Chin Cheng.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2025

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2024		December 31, 2023	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(1))	\$ 12,000,049	17	12,205,330	19
1110 Financial assets at fair value through profit or loss – current (notes 6(2) and 6(14))	629,824	1	868,663	1
1136 Financial assets at amortized cost – current (note 8)	40,807	-	40,568	-
1170 Accounts receivable, net (note 6(4))	7,151,283	10	7,579,693	12
1180 Accounts receivable – related parties, net (notes 6(4) and 7)	785,347	1	2,067,256	3
1200 Other receivables (notes 6(5) and 7)	69,828	-	377,463	1
1300X Inventories (note 6(6))	24,424,962	36	24,231,726	38
1410 Prepayments (note 7)	475,144	1	104,603	-
1479 Other current assets	1,534	-	839	-
	45,578,778	66	47,476,141	74
Non-current assets:				
1510 Financial assets at fair value through profit or loss – non-current (note 6(2))	149,802	-	163,624	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(3))	266,896	-	296,098	1
1550 Investments accounted for using the equity method (note 6(7))	12,705,916	19	6,898,032	11
1600 Property, plant and equipment (notes 6(8) and 7)	7,003,890	10	6,733,056	10
1755 Right-of-use assets (note 6(9))	79,533	-	77,613	-
1780 Intangible assets (note 6(10))	387,184	1	224,236	-
1840 Deferred tax assets (note 6(16))	608,019	1	787,266	1
1900 Other non-current assets (note 9(2))	1,851,345	3	1,733,547	3
	23,082,585	34	16,913,472	26
Total assets	\$ 68,631,363	100	64,389,613	100
Liabilities and Equity				
Current liabilities:				
2100 Short-term borrowings (note 6(11))	\$ 813,068	1	2,106,363	3
2130 Contract liabilities – current	158,712	-	132,960	-
2170 Accounts payable	1,126,802	2	5,312,630	8
2180 Accounts payable – related parties (note 7)	55,003	-	1,148,482	2
2200 Other payables (note 6(12))	9,606,141	14	7,186,521	11
2230 Tax payable	925,638	2	435,245	1
2280 Lease liabilities – current (note 6(9))	73,645	-	54,593	-
2320 Long-term borrowings, current portion (note 6(14))	-	-	3,471,593	6
2399 Other current liabilities (notes 6(13), 7 and 9(3))	884,950	1	1,482,844	3
	13,643,959	20	21,331,031	34
Non-current liabilities:				
2500 Financial liabilities at fair value through profit or loss-non-current (notes 6(2) and 6(14))	40,800	-	-	-
2530 Bonds payable (note 6(14))	5,611,070	9	-	-
2570 Deferred tax liabilities (note 6(16))	99,531	-	76,685	-
2580 Lease liabilities – non-current (note 6(9))	51,209	-	72,768	-
2640 Net defined benefit liabilities (note 6(15))	125,339	-	118,222	-
2645 Guarantee deposits received	2,758	-	2,754	-
	5,930,707	9	270,429	-
	19,574,666	29	21,601,460	34
Total liabilities				
Equity (notes 6(17) and 6(18)):				
3100 Common shares	2,058,178	3	2,047,690	3
3200 Capital surplus	13,053,610	19	11,552,379	18
3300 Retained earnings	34,283,152	50	30,808,166	48
3400 Other equity interest	(338,243)	(1)	(362,774)	(1)
3500 Treasury shares	-	-	(1,257,308)	(2)
Total equity	49,056,697	71	42,788,153	66
Total liabilities and equity	\$ 68,631,363	100	64,389,613	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, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(20) and 7)	\$ 58,187,962	100	47,513,008	100
5000	Operating costs (notes 6(6), 6(21) and 7)	39,523,515	68	31,886,845	67
	Gross profit from operations	18,664,447	32	15,626,163	33
5910	Unrealized profit on transactions with associates (note 7)	(8,996)	-	(50,194)	-
5950	Realized gross profit	18,655,451	32	15,575,969	33
	Operating expenses (notes 6(21) and 7):				
6100	Marketing expenses	1,495,706	3	1,158,506	2
6200	General and administrative expenses	1,133,363	2	821,294	2
6300	Research and development expenses	12,534,516	21	10,309,104	22
6450	Expected credit loss (reversal gain) (note 6(4))	5,642	-	(50,759)	-
	Total operating expenses	15,169,227	26	12,238,145	26
	Net operating income	3,486,224	6	3,337,824	7
	Non-operating income and expenses:				
7010	Other income (notes 6(22) and 7)	301,121	-	252,959	1
7020	Other gains and losses (notes 6(22) and 7)	347,367	1	363,490	1
7050	Finance costs (note 6(22))	(268,025)	-	(49,465)	-
7100	Interest income (note 6(22))	208,591	-	187,371	-
7060	Shares of profit (loss) of subsidiaries and associates accounted for using the equity method (note 6(7))	5,262,554	9	(52,214)	-
		5,851,608	10	702,141	2
7900	Profit before tax	9,337,832	16	4,039,965	9
7950	Income tax expenses (note 6(16))	1,384,626	2	415,537	1
8200	Net profit for the year	7,953,206	14	3,624,428	8
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))	(4,869)	-	(972)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(23))	(59,202)	-	(70,986)	-
8330	Shares of other comprehensive income of subsidiaries and associates accounted for using the equity method	(20,794)	-	9,641	-
8349	Income tax related to items that will not be reclassified subsequently (note 6(16))	974	-	194	-
	Total items that will not be reclassified subsequently to profit or loss	(83,891)	-	(62,123)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	130,659	-	(124,063)	(1)
8399	Income tax related to items that may be reclassified subsequently (note 6(16))	(26,132)	-	24,812	-
	Total items that may be reclassified subsequently to profit or loss	104,527	-	(99,251)	(1)
8300	Other comprehensive income	20,636	-	(161,374)	(1)
8500	Total comprehensive income	\$ 7,973,842	14	3,463,054	7
	Earnings per share (New Taiwan Dollars) (note 6(19)):				
9750	Basic earnings per share	\$ 38.95		18.48	
9850	Diluted earnings per share	\$ 35.68		17.57	

See accompanying notes to parent company only financial statements.

Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	2024	2023
Cash flows from operating activities:		
Profit before income tax	\$ 9,337,832	4,039,965
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	582,436	587,921
Amortization expense	532,877	514,923
Expected credit loss (reversal gain)	5,642	(50,759)
Net loss (gain) on financial assets at fair value through profit or loss	257,229	(453,131)
Finance costs	268,025	49,465
Interest income	(208,591)	(187,371)
Dividend income	(45,291)	(81,717)
Share-based payments	1,304,409	514,054
Shares of loss (profit) of subsidiaries and associates accounted for using the equity method	(5,262,554)	52,214
Gain on disposal of property, plant and equipment	(1,403)	-
Unrealized profit on transactions with associates	8,996	50,194
Unrealized foreign exchange (gain) loss	(445,156)	178,399
Inventory obsolescence reversal gain	(64,573)	(380,542)
Recognition (reversal) of refund liabilities	171,852	(191,265)
Profit from lease modification	(64)	(30)
Total adjustments to reconcile profit (loss)	(2,896,166)	602,355
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	1,817,957	(2,816,549)
Other receivables	309,231	(127,184)
Inventories	(128,663)	(3,566,869)
Prepayments	(370,541)	(42,315)
Other current assets	(695)	30
Contract liabilities	25,752	(13,363)
Accounts payable (including related parties)	(5,285,273)	614,588
Other payables	598,922	(377,861)
Other current liabilities	(166,046)	(102,727)
Net defined benefit liabilities	2,248	2,452
Total changes in operating assets and liabilities	(3,197,108)	(6,429,798)
Cash inflow (outflow) generated from operations	3,244,558	(1,787,478)
Interest paid	(144,433)	(13,717)
Income taxes paid	(717,298)	(349,771)
Net cash flows from (used in) operating activities	2,382,827	(2,150,966)

(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, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	<u>2024</u>	<u>2023</u>
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(30,000)	(85,300)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	9,000
Acquisition of financial assets at amortized cost	(239)	(69)
Proceeds from disposal of financial assets at fair value through profit or loss	-	801,049
Acquisition of financial assets at fair value through profit or loss	-	(500,000)
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	9,000
Acquisition of investments accounted for using the equity method	(1,033,770)	-
Proceeds from disposal of investments accounted for using the equity method	8,545	-
Acquisition of property, plant and equipment	(795,675)	(376,767)
Proceeds from disposal of property, plant and equipment	9,539	-
Decrease (increase) in refundable deposits	32,917	(1,118,228)
Acquisition of intangible assets	(695,825)	(375,968)
Decrease (increase) in prepayments for land and equipment	(7,826)	48,053
Interest received	207,000	188,526
Dividends received	45,291	81,717
Net cash flows used in investing activities	<u>(2,260,043)</u>	<u>(1,318,987)</u>
Cash flows from financing activities:		
Increase in short-term loans	9,152,673	2,561,756
Decrease in short-term loans	(10,528,341)	(384,462)
Proceeds from issuing bonds (excluding issuance costs)	6,054,064	-
Redemption of bonds payable	(3,493,200)	-
Decrease in guarantee deposits received	(629,381)	(996,803)
Payment of lease liabilities	(70,094)	(53,713)
Cash dividends paid	(2,660,817)	(2,836,702)
Exercise of employee stock options	284,555	1,379,676
Treasury shares sold to employees	1,254,088	801,843
Net cash flows from (used in) financing activities	<u>(636,453)</u>	<u>471,595</u>
Effect of exchange rate changes on cash and cash equivalents	<u>308,388</u>	<u>(8,902)</u>
Net decrease in cash and cash equivalents	<u>(205,281)</u>	<u>(3,007,260)</u>
Cash and cash equivalents at beginning of period	<u>12,205,330</u>	<u>15,212,590</u>
Cash and cash equivalents at end of period	<u>\$ 12,000,049</u>	<u>12,205,330</u>

See accompanying notes to parent company only financial statements.

Attachment 5: Comparison Table for Amendments to Articles of Incorporation

Phison Electronics Corporation
Comparison Table for Amendments to Articles of Incorporation

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
Article 19	<p>If the company makes profits in a <u>given</u> year, it shall <u>allocate</u> 8% to 19% of <u>such profit as</u> employees compensation, <u>of which the allocation to non-executive employees shall not be less than 1%</u> and <u>allocation</u> no more than 1.5% <u>as</u> directors' compensations, but the Company shall reserve a portion of profit to make up for accumulated losses, if any.</p> <p>Employee's remuneration may be distributed in shares or cash, and the compensation of directors shall be paid in cash.</p> <p>The term "profit" as mentioned in the first paragraph refers to pre-tax profits before deducting the distributed employees and directors' remuneration.</p> <p>Employee and director remuneration allocation must be approved by the board of directors in a meeting attended by more</p>	Article 19	<p>If the company makes profits in the year, it shall appropriate 8% to 19% for employees' compensation and no more than 1.5% for directors' compensations, but the Company shall reserve a portion of profit to make up for accumulated losses, if any.</p> <p>Employee's remuneration may be distributed in shares or cash, and the compensation of directors shall be paid in cash.</p> <p>The term "profit" as mentioned in the first paragraph refers to pre-tax profits before deducting the distributed employees and directors' remuneration.</p> <p>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</p>	<p>To make amendments in accordance to the requirements of Article 14, Paragraph 6 of the Securities and Exchange Act and the letter No. 1130385442 of the Financial Supervisory Commission</p>

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
	<p>than two-thirds of all board members, where half of attending directors approve.</p> <p>The remuneration resolution shall be reported in the annual general meeting.</p> <p>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.</p>		<p>remuneration resolution shall be reported in the annual general meeting.</p> <p>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.</p>	
Article 21	<p>The Articles were established on October 24, 2000.</p> <p>The first amendment was made on November 21, 2000.</p> <p>The second amendment was made on September 5, 2001.</p> <p>The third amendment was made on February 15, 2002.</p> <p>The fourth amendment</p>	Article 21	<p>The Articles were established on October 24, 2000.</p> <p>The first amendment was made on November 21, 2000.</p> <p>The second amendment was made on September 5, 2001.</p> <p>The third amendment was made on February 15, 2002.</p> <p>The fourth amendment</p>	Amendment of revision date

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
	<p>was made on April 9, 2002.</p> <p>The fifth amendment was made on June 25, 2002.</p> <p>The sixth amendment was made on March 26, 2003.</p> <p>The seventh amendment was made on November 12, 2003.</p> <p>The eighth amendment was made on June 15, 2004.</p> <p>The ninth amendment was made on March 17, 2005.</p> <p>The tenth amendment was made on June 16, 2005.</p> <p>The eleventh amendment was made on June 14, 2006.</p> <p>The twelfth amendment was made on November 1, 2006.</p> <p>The thirteenth amendment was made on June 13, 2007.</p> <p>The fourteenth amendment was made on June 13, 2008.</p> <p>The fifteenth amendment was made on May 8, 2009.</p> <p>The sixteenth amendment was made on June 15, 2010.</p> <p>The seventeenth</p>		<p>was made on April 9, 2002.</p> <p>The fifth amendment was made on June 25, 2002.</p> <p>The sixth amendment was made on March 26, 2003.</p> <p>The seventh amendment was made on November 12, 2003.</p> <p>The eighth amendment was made on June 15, 2004.</p> <p>The ninth amendment was made on March 17, 2005.</p> <p>The tenth amendment was made on June 16, 2005.</p> <p>The eleventh amendment was made on June 14, 2006.</p> <p>The twelfth amendment was made on November 1, 2006.</p> <p>The thirteenth amendment was made on June 13, 2007.</p> <p>The fourteenth amendment was made on June 13, 2008.</p> <p>The fifteenth amendment was made on May 8, 2009.</p> <p>The sixteenth amendment was made on June 15, 2010.</p> <p>The seventeenth</p>	

Amended Article		Current Articles		Explanation
Item	Content	Item	Content	
	<p>amendment was made on June 15, 2011.</p> <p>The eighteenth amendment was made on June 11, 2013.</p> <p>The nineteenth amendment was made on June 17, 2014.</p> <p>The twentieth amendment was made on June 2, 2015.</p> <p>The twenty-first amendment was made on June 15, 2016.</p> <p>The twenty-second amendment was made on June 13, 2017.</p> <p>The twenty-third amendment was made on June 12, 2019.</p> <p>The twenty-four amendment was made on June 3, 2020.</p> <p>The twenty-fifth amendment was made on July 26, 2021.</p> <p>The twenty-sixth amendment was made on May 24, 2022.</p> <p><u>The twenty-seventh amendment was made on May 27, 2025.</u></p>		<p>amendment was made on June 15, 2011.</p> <p>The eighteenth amendment was made on June 11, 2013.</p> <p>The nineteenth amendment was made on June 17, 2014.</p> <p>The twentieth amendment was made on June 2, 2015.</p> <p>The twenty-first amendment was made on June 15, 2016.</p> <p>The twenty-second amendment was made on June 13, 2017.</p> <p>The twenty-third amendment was made on June 12, 2019.</p> <p>The twenty-four amendment was made on June 3, 2020.</p> <p>The twenty-fifth amendment was made on July 26, 2021.</p> <p>The twenty-sixth amendment was made on May 24, 2022.</p>	