

**Phison Electronics Corp. and Subsidiaries**  
**Consolidated Financial Statements**  
**With Independent Auditors' Review Report**  
**For the Nine Months Ended September 30, 2025 and 2024**

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The independent auditors' review 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' review report and consolidated financial statements, the Chinese version shall prevail.

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## Independent Auditors' Review Report

To the Board of Directors of Phison Electronics Corp.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Phison Electronics Corp. and its subsidiaries ("the Group") as of September 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2025 and 2024, changes in equity and cash flows for the nine months ended September 30, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, of the consolidated financial statements for the third quarter of 2024, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion of the Consolidated Financial Statements in the Third Quarter of 2024

As stated in Note 4(2), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$5,204,366 thousand, constituting 7% of the consolidated total assets as of September 30, 2024, total liabilities amounting to \$849,980 thousand, constituting 3% of the consolidated total liabilities as of September 30, 2024, and total comprehensive income (loss) amounting to \$(10,701) thousand and \$312,816 thousand, constituting 2% and 6% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2024, respectively.



### **Unqualified Conclusion and qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion of the Consolidated Financial Statements in the Third Quarter of 2024 paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Phison Electronics Corp. and its subsidiaries as of September 30, 2025 and 2024, and of its consolidated financial performance for the three months and nine months ended September 30, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting”, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
November 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review 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’ review 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**  
**September 30, 2025, December 31, 2024, and September 30, 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2025		December 31, 2024		September 30, 2024				Liabilities and Equity		September 30, 2025		December 31, 2024		September 30, 2024	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
<b>Current assets:</b>										<b>Current liabilities:</b>							
1100	Cash and cash equivalents (note 6(1))	\$ 12,587,543	17	19,982,162	29	14,918,538	21	2100	Short-term borrowings (note 6(11))	\$ 2,080,680	3	813,068	1	2,190,180	3		
1110	Financial assets at fair value through profit or loss— current (notes 6(2) and 6(15))	1,115,239	1	743,512	1	843,652	1	2130	Contract liabilities—current	431,875	1	168,577	-	139,746	-		
1136	Financial assets at amortized cost—current (note 8)	41,094	-	40,807	-	40,807	-	2170	Accounts payable	5,879,538	8	1,309,205	2	2,009,334	3		
1170	Accounts receivable, net (note 6(4))	10,132,075	14	7,406,796	11	7,977,525	11	2180	Accounts payable—related parties (note 7)	732,985	1	-	-	1,083,753	1		
1180	Accounts receivable—related parties, net (notes 6(4) and 7)	1,595,696	2	604,095	1	983,731	1	2200	Other payables (note 6(12))	7,546,817	10	10,051,558	15	7,885,045	11		
1200	Other receivables (notes 6(5) and 7)	577,599	1	152,010	-	457,065	1	2230	Tax payable	531,624	1	931,598	2	597,040	1		
1220	Tax assets	12,572	-	6,864	-	17,124	-	2280	Lease liabilities—current (note 6(9))	103,659	-	100,516	-	82,914	-		
130X	Inventories (note 6(6))	31,527,041	43	24,614,049	35	28,504,039	40	2320	Long-term borrowings, current portion (notes 6(14), 6(15) and 8)	-	-	28,043	-	3,514,834	5		
1410	Prepayments (note 7)	131,330	-	488,005	1	1,599,164	2	2399	Other current liabilities (notes 6(13) and 7)	362,981	-	816,958	1	1,363,073	2		
1479	Other current assets	2,226	-	2,531	-	2,654	-			17,670,159	24	14,219,523	21	18,865,919	26		
		<u>57,722,415</u>	<u>78</u>	<u>54,040,831</u>	<u>78</u>	<u>55,344,299</u>	<u>77</u>										
<b>Non-current assets:</b>								2500	<b>Non-Current liabilities:</b>								
1510	Financial assets at fair value through profit or loss— non-current (note 6(2))	192,191	-	219,544	-	212,628	-		Financial liabilities at fair value through profit or loss—non-current (notes 6(2) and 6(15))	6,000	-	40,800	-	51,000	-		
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(3))	364,142	1	431,750	1	411,621	1	2530	Bonds payable (note 6(15))	5,682,023	8	5,611,070	8	5,587,616	8		
1550	Investments accounted for using the equity method (note 6(7))	3,955,739	5	3,717,895	5	5,862,985	8	2540	Long-term borrowings (notes 6(14) and 8)	-	-	60,511	-	67,582	-		
1600	Property, plant and equipment (notes 6(8) and 8)	8,476,521	12	7,745,010	11	7,318,012	10	2570	Deferred tax liabilities	92,252	-	100,431	-	108,998	-		
1755	Right-of-use assets (note 6(9))	116,430	-	157,711	-	137,206	-	2580	Lease liabilities—non-current (note 6(9))	66,890	-	109,071	-	111,339	-		
1780	Intangible assets (note 6(10))	350,324	1	400,827	1	261,383	-	2640	Net defined benefit liabilities	125,689	-	125,339	-	120,112	-		
1840	Deferred tax assets	745,350	1	700,574	1	827,163	1	2645	Guarantee deposits received	4,749	-	6,359	-	6,359	-		
1900	Other non-current assets (note 9(2))	1,804,250	2	1,925,025	3	1,862,608	3			5,977,603	8	6,053,581	8	6,053,006	8		
		<u>16,004,947</u>	<u>22</u>	<u>15,298,336</u>	<u>22</u>	<u>16,893,606</u>	<u>23</u>			23,647,762	32	20,273,104	29	24,918,925	34		
<b>Total assets</b>		<u>\$ 73,727,362</u>	<u>100</u>	<u>69,339,167</u>	<u>100</u>	<u>72,237,905</u>	<u>100</u>		<b>Total liabilities</b>								
									<b>Equity</b> (notes 6(18) and 6(19)):								
									Equity attributable to the shareholders of the parent company:								
								3100	Common shares	2,081,058	3	2,058,178	3	2,054,361	3		
								3200	Capital surplus	14,001,723	19	13,053,610	19	13,648,915	19		
								3300	Retained earnings	34,531,803	47	34,283,152	49	31,895,852	44		
								3400	Other equity interest	(545,451)	(1)	(338,243)	-	(283,601)	-		
									<b>Total equity attributable to owners of the parent:</b>	50,069,133	68	49,056,697	71	47,315,527	66		
								36XX	Non-controlling interests	10,467	-	9,366	-	3,453	-		
									<b>Total equity</b>	50,079,600	68	49,066,063	71	47,318,980	66		
									<b>Total liabilities and equity</b>	<u>\$ 73,727,362</u>	<u>100</u>	<u>69,339,167</u>	<u>100</u>	<u>72,237,905</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 three and nine months ended September 30, 2025 and 2024**

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	<b>Operating revenue</b> (notes 6(21) and 7)	\$ 18,136,797	100	13,942,559	100	49,865,433	100	46,363,204	100
5000	<b>Operating costs</b> (notes 6(6) 、6(22) and 7)	<u>12,222,792</u>	<u>68</u>	<u>9,860,519</u>	<u>71</u>	<u>34,414,090</u>	<u>69</u>	<u>31,069,088</u>	<u>67</u>
	<b>Gross profit from operations</b>	5,914,005	32	4,082,040	29	15,451,343	31	15,294,116	33
5910	Unrealized profit on transactions with associates (note 7)	<u>(36,418)</u>	<u>-</u>	<u>(6,235)</u>	<u>-</u>	<u>(93,865)</u>	<u>-</u>	<u>(71,074)</u>	<u>-</u>
5950	<b>Realized gross profit</b>	<u>5,877,587</u>	<u>32</u>	<u>4,075,805</u>	<u>29</u>	<u>15,357,478</u>	<u>31</u>	<u>15,223,042</u>	<u>33</u>
	<b>Operating expenses</b> (notes 6(22) and 7):								
6100	Marketing expenses	374,207	2	374,842	3	1,091,972	2	1,184,168	3
6200	General and administrative expenses	310,133	2	214,492	1	763,707	2	932,154	2
6300	Research and development expenses	3,706,841	20	2,161,333	15	8,521,111	17	8,550,820	18
6450	Expected credit loss (note 6(4))	<u>62,119</u>	<u>-</u>	<u>103,222</u>	<u>1</u>	<u>48,685</u>	<u>-</u>	<u>85,500</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>4,453,300</u>	<u>24</u>	<u>2,853,889</u>	<u>20</u>	<u>10,425,475</u>	<u>21</u>	<u>10,752,642</u>	<u>23</u>
	<b>Net operating income</b>	<u>1,424,287</u>	<u>8</u>	<u>1,221,916</u>	<u>9</u>	<u>4,932,003</u>	<u>10</u>	<u>4,470,400</u>	<u>10</u>
	<b>Non-operating income and expenses:</b>								
7010	Other income (notes 6(23) and 7)	53,320	-	63,147	-	110,596	-	156,168	-
7020	Other gains and losses (note 6(23))	836,436	4	(482,649)	(4)	(244,510)	-	111,163	-
7050	Finance costs (note 6(23))	(49,898)	-	(65,185)	-	(118,026)	-	(220,281)	-
7100	Interest income (note 6(23))	50,586	-	45,691	-	208,320	-	173,937	-
7060	Shares of profit (loss) of associates accounted for using the equity method (note 6(7))	<u>340,630</u>	<u>2</u>	<u>(38,035)</u>	<u>-</u>	<u>118,572</u>	<u>-</u>	<u>1,777,757</u>	<u>4</u>
		<u>1,231,074</u>	<u>6</u>	<u>(477,031)</u>	<u>(4)</u>	<u>74,952</u>	<u>-</u>	<u>1,998,744</u>	<u>4</u>
7900	<b>Profit before tax</b>	2,655,361	14	744,885	5	5,006,955	10	6,469,144	14
7950	<b>Income tax expenses</b> (note 6(17))	<u>428,761</u>	<u>2</u>	<u>53,542</u>	<u>-</u>	<u>895,010</u>	<u>2</u>	<u>906,879</u>	<u>2</u>
8200	<b>Net profit for the period</b>	<u>2,226,600</u>	<u>12</u>	<u>691,343</u>	<u>5</u>	<u>4,111,945</u>	<u>8</u>	<u>5,562,265</u>	<u>12</u>
8300	<b>Other comprehensive income (loss):</b>								
	<b>Items that will not be reclassified subsequently to profit or loss</b>								
8310									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(24))	6,497	-	(85,107)	(1)	(46,315)	-	(78,651)	-
8320	Shares of other comprehensive income of associates accounted for using the equity method	<u>52,615</u>	<u>-</u>	<u>(19,186)</u>	<u>-</u>	<u>22,943</u>	<u>-</u>	<u>(43,195)</u>	<u>-</u>
	<b>Total items that will not be reclassified subsequently to profit or loss</b>	<u>59,112</u>	<u>-</u>	<u>(104,293)</u>	<u>(1)</u>	<u>(23,372)</u>	<u>-</u>	<u>(121,846)</u>	<u>-</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	183,348	1	136,709	1	(289,804)	-	251,434	-
8399	Income tax related to items that may be reclassified subsequently (note 6(17))	<u>(36,652)</u>	<u>-</u>	<u>(27,278)</u>	<u>-</u>	<u>57,918</u>	<u>-</u>	<u>(50,255)</u>	<u>-</u>
	<b>Total items that may be reclassified subsequently to profit or loss</b>	<u>146,696</u>	<u>1</u>	<u>109,431</u>	<u>1</u>	<u>(231,886)</u>	<u>-</u>	<u>201,179</u>	<u>-</u>
8300	<b>Other comprehensive income</b>	<u>205,808</u>	<u>1</u>	<u>5,138</u>	<u>-</u>	<u>(255,258)</u>	<u>-</u>	<u>79,333</u>	<u>-</u>
8500	<b>Total comprehensive income</b>	<u>\$ 2,432,408</u>	<u>13</u>	<u>696,481</u>	<u>5</u>	<u>3,856,687</u>	<u>8</u>	<u>5,641,598</u>	<u>12</u>
	<b>Net profit attributable to:</b>								
8610	Shareholders of the parent Company	\$ 2,225,486	12	691,424	5	4,110,630	8	5,562,011	12
8620	Non-controlling interests	<u>1,114</u>	<u>-</u>	<u>(81)</u>	<u>-</u>	<u>1,315</u>	<u>-</u>	<u>254</u>	<u>-</u>
		<u>\$ 2,226,600</u>	<u>12</u>	<u>691,343</u>	<u>5</u>	<u>4,111,945</u>	<u>8</u>	<u>5,562,265</u>	<u>12</u>
	<b>Total comprehensive income attributable to:</b>								
8710	Shareholders of the parent Company	\$ 2,431,207	13	696,242	5	3,855,586	8	5,641,184	12
8720	Non-controlling interests	<u>1,201</u>	<u>-</u>	<u>239</u>	<u>-</u>	<u>1,101</u>	<u>-</u>	<u>414</u>	<u>-</u>
		<u>\$ 2,432,408</u>	<u>13</u>	<u>696,481</u>	<u>5</u>	<u>3,856,687</u>	<u>8</u>	<u>5,641,598</u>	<u>12</u>
	<b>Earnings per share (New Taiwan Dollars) (note 6(20)):</b>								
9750	Basic earnings per share	\$ <u>10.75</u>		<u>3.37</u>		<u>19.90</u>		<u>27.31</u>	
9850	Diluted earnings per share	\$ <u>10.01</u>		<u>3.16</u>		<u>18.69</u>		<u>25.03</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 nine months ended September 30, 2025 and 2024**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to the shareholders of the parent company														
									Total other equity interest						
	Share capital			Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury shares	Subtotal of equity attributable to the shareholders of the parent	Non-controlling interests	Total equity
	Common shares	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total							
<b>Balance at January 1, 2024</b>	\$ 2,044,690	3,000	2,047,690	11,552,379	6,563,841	222,728	24,021,597	30,808,166	(71,980)	(290,794)	(362,774)	(1,257,308)	42,788,153	-	42,788,153
Net profit for the period	-	-	-	-	-	-	5,562,011	5,562,011	-	-	-	-	5,562,011	254	5,562,265
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	201,019	(121,846)	79,173	-	79,173	160	79,333
Total comprehensive income (loss) for the period	-	-	-	-	-	-	5,562,011	5,562,011	201,019	(121,846)	79,173	-	5,641,184	414	5,641,598
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	-	-	781,368	-	(781,368)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	65,691	(65,691)	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	(4,474,325)	(4,474,325)	-	-	-	-	(4,474,325)	-	(4,474,325)
Changes in equity of associates accounted for using the equity method	-	-	-	95,784	-	-	-	-	-	-	-	-	95,784	-	95,784
Changes in ownership interests of subsidiaries accounted	-	-	-	(270)	-	-	-	-	-	-	-	-	(270)	270	-
The transfer of treasury share to employees	-	-	-	1,241,794	-	-	-	-	-	-	-	1,257,308	2,499,102	-	2,499,102
Share-based payments-stock options	-	-	-	79,540	-	-	-	-	-	-	-	-	79,540	-	79,540
Exercise of employee stock options	3,000	3,540	6,540	173,179	-	-	-	-	-	-	-	-	179,719	-	179,719
Conversion of convertible bonds	121	10	131	6,513	-	-	-	-	-	-	-	-	6,644	-	6,644
Due to recognition of equity component of convertible bonds	-	-	-	499,996	-	-	-	-	-	-	-	-	499,996	-	499,996
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	2,769	2,769
<b>Balance at September 30, 2024</b>	<b>\$ 2,047,811</b>	<b>6,550</b>	<b>2,054,361</b>	<b>13,648,915</b>	<b>7,345,209</b>	<b>288,419</b>	<b>24,262,224</b>	<b>31,895,852</b>	<b>129,039</b>	<b>(412,640)</b>	<b>(283,601)</b>	<b>-</b>	<b>47,315,527</b>	<b>3,453</b>	<b>47,318,980</b>
<b>Balance at January 1, 2025</b>	<b>\$ 2,053,341</b>	<b>4,837</b>	<b>2,058,178</b>	<b>13,053,610</b>	<b>7,345,209</b>	<b>288,419</b>	<b>26,649,524</b>	<b>34,283,152</b>	<b>32,547</b>	<b>(370,790)</b>	<b>(338,243)</b>	<b>-</b>	<b>49,056,697</b>	<b>9,366</b>	<b>49,066,063</b>
Net profit for the period	-	-	-	-	-	-	4,110,630	4,110,630	-	-	-	-	4,110,630	1,315	4,111,945
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(231,672)	(23,372)	(255,044)	-	(255,044)	(214)	(255,258)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	4,110,630	4,110,630	(231,672)	(23,372)	(255,044)	-	3,855,586	1,101	3,856,687
Appropriation and distribution of retained earnings:															
Legal reserve appropriated	-	-	-	-	491,603	-	(491,603)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	-	462,753	(462,753)	-	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	(3,814,143)	(3,814,143)	-	-	-	-	(3,814,143)	-	(3,814,143)
Changes in equity of associates accounted for using the equity method	-	-	-	333,836	-	-	-	-	-	-	-	-	333,836	-	333,836
Share-based payments-stock options	-	-	-	35,277	-	-	-	-	-	-	-	-	35,277	-	35,277
Exercise of employee stock options	12,935	9,945	22,880	579,000	-	-	-	-	-	-	-	-	601,880	-	601,880
Conversion of convertible bonds	2	(2)	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(47,836)	(47,836)	-	47,836	47,836	-	-	-	-
<b>Balance at September 30, 2025</b>	<b>\$ 2,066,278</b>	<b>14,780</b>	<b>2,081,058</b>	<b>14,001,723</b>	<b>7,836,812</b>	<b>751,172</b>	<b>25,943,819</b>	<b>34,531,803</b>	<b>(199,125)</b>	<b>(346,326)</b>	<b>(545,451)</b>	<b>-</b>	<b>50,069,133</b>	<b>10,467</b>	<b>50,079,600</b>

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 nine months ended September 30, 2025 and 2024**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2025	2024
<b>Cash flows from operating activities:</b>		
<b>Profit before income tax</b>	\$ 5,006,955	6,469,144
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	563,467	512,062
Amortization expense	472,882	382,850
Expected credit loss	48,685	85,500
Net loss (gain) on financial assets at fair value through profit or loss	(398,090)	182,797
Finance costs	118,026	220,281
Net gain on disposal of property, plant and equipment	-	(1,218)
Interest income	(208,320)	(173,937)
Dividend income	(38,725)	(44,843)
Share-based payments	35,277	1,324,554
Shares of loss (profit) of associates accounted for using the equity method	(118,572)	(1,777,757)
Unrealized profit (loss) on transactions with associates	93,865	71,074
Unrealized foreign exchange loss (gain)	249,990	(56,945)
Inventory obsolescence loss (reversal gain)	(972,816)	533,936
Recognition of refund liabilities	5,723	91,926
Profit from lease modification	-	(909)
<b>Total adjustments to reconcile profit (loss)</b>	(148,608)	1,349,371
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable (including related parties)	(3,625,235)	423,212
Other receivables	(412,316)	113,590
Inventories	(5,940,176)	(4,627,570)
Prepayments	356,675	(1,484,128)
Other current assets	305	(1,027)
Contract liabilities	263,298	6,781
Accounts payable (including related parties)	5,280,395	(3,390,550)
Other payables	(1,142,101)	(1,504,747)
Other current liabilities	(232,347)	(171,195)
Net defined benefit liabilities	350	1,890
<b>Total changes in operating assets and liabilities</b>	(5,451,152)	(10,633,744)
Cash outflow generated from operations	(592,805)	(2,815,229)
Interest paid	(51,678)	(112,304)
Income taxes paid	(1,295,729)	(767,002)
<b>Net cash flows used in operating activities</b>	(1,940,212)	(3,694,535)

(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 nine months ended September 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2025	2024
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(33,706)	(32,815)
Proceeds from disposal of financial assets at fair value through other comprehensive income	53,294	-
Acquisition of financial assets at amortized cost	(287)	(239)
Acquisition of financial assets at fair value through profit or loss	-	(1,295)
Acquisition of investments accounted for using the equity method	(80,000)	-
Increase in prepayments for investments	(24,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	5,438	-
Acquisition of property, plant and equipment (including prepayments for equipment)	(1,276,736)	(404,241)
Proceeds from disposal of property, plant and equipment	-	8,071
Decrease in refundable deposits	120,531	25,951
Acquisition of intangible assets	(422,636)	(409,851)
Interest received	213,258	171,370
Dividends received	35,697	44,843
<b>Net cash flows used in investing activities</b>	<b>(1,409,147)</b>	<b>(598,206)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	10,487,252	8,417,719
Decrease in short-term loans	(9,208,772)	(8,357,177)
Repayments of long-term borrowings	(88,554)	(20,517)
Proceeds from issuing bonds (excluding issuance costs)	-	6,054,064
Decrease in guarantee deposits received	(165,535)	(75,932)
Payment of lease liabilities	(48,383)	(37,513)
Cash dividends paid	(5,172,125)	(2,660,817)
Exercise of employee stock options	601,880	179,719
Treasury shares sold to employees	-	1,254,088
Increase in non-controlling interests	-	2,769
<b>Net cash flows from (used in) financing activities</b>	<b>(3,594,237)</b>	<b>4,756,403</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(451,023)</b>	<b>234,509</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(7,394,619)</b>	<b>698,171</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>19,982,162</b>	<b>14,220,367</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 12,587,543</b>	<b>14,918,538</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**September 30, 2025 and 2024**  
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

**1. Company history**

Phison Electronics Corp. (the “Company”) was incorporated on November 8, 2000, with the approval of the Ministry of Economic Affairs, R.O.C. The major business activities of the Company and its subsidiaries (the “Group”) are the design and manufacturing of flash memory controllers and peripheral system applications. The Company’s shares have been trading on the Taipei Exchange (over-the-counter exchange in Taiwan) since December 6, 2004.

**2. Approval date and procedures of the consolidated financial statements**

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 7, 2025.

**3. New standards, amendments and interpretations adopted**

- (1) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- (3) The impact of IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	<p>January 1, 2027  note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

## Phison Electronics Corp. and subsidiaries

### Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures” and the Amendments to IFRS 19 "subsidiaries without Public Accountability:Disclosures"

#### 4. Summary of material accounting policies

##### (1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

##### (2) Basis of consolidation

Principles of preparation of the consolidated financial statements were the same as those of the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2024.

##### A. List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Name investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Lian Xu Dong Investment Corporation	Investment	100.00	100.00	100.00	
The Company	Phison Electronics Japan Corp.	Sales and service office	100.00	100.00	100.00	
The Company	Emtops Electronics Corp.	Investment	100.00	100.00	100.00	
The Company	Phisontech Electronics Taiwan Corp.	Investment and trade	100.00	100.00	100.00	

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Name investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
The Company	Global Flash Limited	Investment and trade	100.00	100.00	100.00	
The Company	Power Flash (Samoa) Limited	Investment and trade	100.00	100.00	100.00	
The Company	Regis Investment (Samoa) Limited	Investment	100.00	100.00	100.00	
The Company	Nextorage Corporation	R&D, design, manufacture and sale of flash memory application products	98.31	98.31	99.38	Note 1
The Company	Phison Technology India Private Limited	Design, R&D, import and export of storage devices and electronic components	100.00	100.00	100.00	Note 2
The Company	Great Storage Investment Corporation	Investment	100.00	100.00	100.00	
The Company	Gorich Investment Corporation	Investment	100.00	-	-	Note 3
Global Flash Limited	Core Storage Electronic (Samoa) Limited	Investment and trade	100.00	100.00	100.00	
Lian Xu Dong Investment Corporation	Ostek Corporation	Manufacture and trade of electronic components	100.00	100.00	100.00	
Power Flash (Samoa) Limited	Power Flash (HK) Limited	Sale of electronic products	100.00	100.00	100.00	
Power Flash (Samoa) Limited	Power Storage Technology (Shenzhen) Limited	Design, R&D, import and export of storage devices and electronic components	100.00	100.00	100.00	
Power Flash (Samoa) Limited	Power Storage Electronics Limited	Design, R&D, production and sales of integrated circuits, systems and electronics hardware and software and rendering of related services	100.00	100.00	100.00	
Regis Investment (Samoa) Limited	RealYou Investment Limited	Investment	100.00	100.00	100.00	

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Name investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
RealYou Investment Limited	Hefei Ruhan Electronic Technology Limited	Design, R&D and sale of electronic products and technical support service and rendering of related services and investment	100.00	100.00	100.00	
Emtops Electronics Corp.	Phison Technology Inc.	Sale of electronic products and service office	100.00	100.00	100.00	
Phisontech Electronics Taiwan Corp.	Super Storage Technology Corporation	Manufacture and trade of electronic components	100.00	100.00	100.00	
Great Storage Investment Corporation	Maistorage Technology Sdn. Bhd.	R&D, design, manufacture, and sale of flash memory controller chips and storage solutions, along with trade, import and export, software development, and technical support services	100.00	100.00	100.00	

Note 1: The Company transferred to align with the employee incentive plan of its subsidiary, resulting in a decrease in its ownership percentage to 98.308%. Hence, the disclosures are presented uniformly with two decimal places.

Note 2: The Company held 2,299,990 shares and Emtops Electronics Corp. held 10 shares.

Note 3: For operation needs, the Company set up Gorich Investment Corporation in Taiwan in March, 2025.

Note 4: Since all the above subsidiaries are non-significant, their financial statements for the third quarter of 2024 have not been reviewed by independent auditors.

B. Subsidiaries excluded from the consolidated financial statements: None.

(3) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(4) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

**5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty**

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC), the management has to made judgments and estimates regarding the following period (including climaterelated risks and opportunities) that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2024. For related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2024.

**6. Description of significant accounts**

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the consolidated financial statements for the year ended December 31, 2024. Please refer to Note 6 of consolidated financial statements for the year ended December 31, 2024.

(1) Cash and cash equivalent

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Cash	\$ 120	120	165
Demand deposits and check deposits	9,223,587	9,550,489	9,929,326
Cash equivalents—time deposits	3,363,836	10,431,553	4,989,047
	<u><u>\$ 12,587,543</u></u>	<u><u>19,982,162</u></u>	<u><u>14,918,538</u></u>

Please refer to note 6(24) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(2) Financial assets and liabilities at fair value through profit or loss

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Financial assets at fair value through profit or loss—current:			
Beneficiary certificates—open-end funds	\$ 114,974	113,688	113,262
Domestic listed stock	971,465	620,824	723,195
Derivative instruments—convertible bonds (note 6(15))	28,800	9,000	7,195
	<u><u>\$ 1,115,239</u></u>	<u><u>743,512</u></u>	<u><u>843,652</u></u>

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Financial assets at fair value through profit or loss — non-current:			
Domestic private equity funds	\$ 1,831	4,296	4,404
Domestic unlisted stocks	127,547	144,882	139,477
Foreign unlisted stocks	62,813	70,366	68,747
	<u>\$ 192,191</u>	<u>219,544</u>	<u>212,628</u>
Financial liability at fair value through profit or loss — non-current:			
Derivative instruments-convertible bonds (note 6(15))	\$ <u>6,000</u>	<u>40,800</u>	<u>51,000</u>

None of financial assets and liabilities mentioned above were pledged as collateral.

- (3) Financial assets at fair value through other comprehensive income — non-current

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Domestic unlisted stocks	\$ 297,712	329,678	307,123
Foreign unlisted stocks	66,430	102,072	104,498
	<u>\$ 364,142</u>	<u>431,750</u>	<u>411,621</u>

The Group held the abovementioned equity investment for long-term strategic purpose, rather than for trading purpose. Therefore, those equity investments have been designated as financial assets at fair value through other comprehensive income. None of the financial assets mentioned above were pledge as collateral.

The Group sold shares of CAL-COMP INDUSTRIA DE SEMICONDUCTORES S.A. at a fair value of \$53,294 thousand in the second quarter of 2025. The accumulated loss on disposal amounted to \$47,836 thousand, which has been reclassified from other equity to retained earnings.

- (4) Accounts receivable, net (including related and non-related parties)

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Accounts receivable	\$ 10,245,032	7,472,132	8,122,622
Accounts receivable — related parties	1,597,133	604,485	984,281
	11,842,165	8,076,617	9,106,903
Less: loss allowance	(114,394)	(65,726)	(145,647)
	<u>\$ 11,727,771</u>	<u>8,010,891</u>	<u>8,961,256</u>



**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime expected credit losses. The expected credit losses on accounts receivable are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of each debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit losses experience does not show significantly different loss patterns for different customer segments, the loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Group's customer base.

The Group writes off an accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the accounts receivable are over two years past due, whichever occurs earlier. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable (including related and non-related parties) based on the Group's allowance matrix.

	<b>September 30, 2025</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate (%)</b>	<b>Loss allowance</b>
Current	\$ 11,168,336	0.09	9,846
1~60 days past due	364,190	3.85	14,019
61~90 days past due	299,655	26.90	80,601
91~120 days past due	145	61.38	89
More than 151 days past due	9,839	100.00	9,839
	<b>\$ 11,842,165</b>		<b>114,394</b>
	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate (%)</b>	<b>Loss allowance</b>
Current	\$ 7,253,362	0.05	3,545
1~60 days past due	768,920	1.20	9,255
61~90 days past due	1,786	21.11	377
More than 151 days past due	52,549	100.00	52,549
	<b>\$ 8,076,617</b>		<b>65,726</b>

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

	<b>September 30, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate (%)</b>	<b>Loss allowance</b>
Current	\$ 8,189,561	0.05	4,051
1~60 days past due	764,898	5.73	43,832
61~90 days past due	59,584	21.09	12,567
91~120 days past due	1,693	48.79	826
121~150 days past due	80,806	91.59	74,010
More than 151 days past due	10,361	100.00	10,361
	<b>\$ 9,106,903</b>		<b>145,647</b>

The movement in the loss allowance for accounts receivable (including related and non-related parties) was as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance, beginning of the period	\$ 65,726	60,140
Impairment losses recognized	48,685	85,500
Effect of movements in exchange rates	(17)	7
Balance, end of the period	<b>\$ 114,394</b>	<b>145,647</b>

None of the accounts receivable mentioned above were pledged as collateral. As the average credit term of 30~90 days is similar with the practice in the industry, there are no finance elements included.

The Group entered into an un-recourse factoring agreement with the factor to sell its accounts receivable. Under the agreement, except necessary agreed expenses, the Group does not have the responsibility to assume the default risk of the transferred accounts receivable. The Group derecognized the above accounts receivable, because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The accounts receivable from the factor were recognized as “other receivables” upon the derecognition of those accounts receivable. The outstanding sold accounts receivable at the end of the period were as follows:

(Unit: USD in Thousands)

	<b>September 30, 2024</b>			
<b>Factor</b>	<b>Factor Amount</b>	<b>Amount Recognized in Other Receivables</b>	<b>Range of Handling Fees Rate (%)</b>	<b>Transferring Terms</b>
HSBC Bank (Taiwan) Limited	\$ 1,223	952	0.22~0.60	Note 1~4

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

Note 1: The accounts receivable transferred to the factoring bank are subjected to the consents of agreement between the Group and the bank and credit decision advices without recourse. No financing from the factoring bank agreement is within the factored accounts receivable.

Note 2: The Group informed its customers to make payment directly to the factoring bank.

Note 3: As of September 30, 2024, the outstanding receivables after the above transactions, net of fees charged by the factoring bank, of \$30,128 thousand, was recognized under other receivables.

Note 4: To the extent of the amount transferred to the factor, risks of non-collection or potential payment default by customers in the event of insolvency are borne by the factor. The Group is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables. No collaterals were provided by the Group.

(5) Other receivables

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Tax refunds receivable	\$ 499,376	66,089	232,211
Factored accounts receivable (note 6(4))	-	-	30,128
Dividend receivable	3,028	-	149,319
Others	75,195	85,921	45,407
Less: loss allowance	-	-	-
	<b><u>\$ 577,599</u></b>	<b><u>152,010</u></b>	<b><u>457,065</u></b>

(6) Inventories

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Raw materials	\$ 17,665,948	16,224,028	20,234,714
Work in process	7,369,172	3,333,657	2,299,460
Semi-finished goods	5,963,605	4,753,815	5,577,074
Finished goods	528,316	302,549	392,791
	<b><u>\$ 31,527,041</u></b>	<b><u>24,614,049</u></b>	<b><u>28,504,039</u></b>

The costs of inventories recognized as costs of goods sold for the three months and nine months ended September 30, 2025 and 2024 were \$12,222,792 thousand, \$9,860,519 thousand, \$34,414,090 thousand and \$31,069,088 thousand, respectively.

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The cost of goods sold related to inventories includes gains on inventory revaluation recognized as a result of an increase in the net realizable value and losses on inventories recognized as a result of offsetting the cost of inventories to the the net realizable value, which are presented as follows.

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Inventory valuation and obsolescence losses (reversal gains)	\$ <u>(184,224)</u>	<u>469,482</u>	<u>(972,816)</u>	<u>533,936</u>

None of the inventories mentioned above were pledged as collateral.

(7) Investments accounted for using the equity method

	<b>September 30, 2025</b>		<b>December 31, 2024</b>		<b>September 30, 2024</b>	
	<b>Amount</b>	<b>Ownership interest (%)</b>	<b>Amount</b>	<b>Ownership interest (%)</b>	<b>Amount</b>	<b>Ownership interest (%)</b>
Hosin Global Electronics Co., Ltd. (SZ)	\$ 3,269,193	22.50	3,102,148	23.20	5,411,481	35.68
EpoStar Electronics (BVI) Corporation	220,824	30.51	199,079	30.51	158,675	30.51
Hefei Xinpeng Technology Co., Ltd.	86,555	24.23	81,208	24.23	105,278	24.23
ProGrade Digital Inc.	165,278	28.62	169,130	28.71	159,859	28.71
Microtops Design Corporation	28,328	49.00	29,294	49.00	27,692	49.00
Miphi Semiconductors Private Limited	106,478	45.00	137,036	45.00	-	-
EverBot Technology Co., Ltd.	79,083	40.00	-	-	-	-
	<u>\$ 3,955,739</u>		<u>3,717,895</u>		<u>5,862,985</u>	

For operational needs and expansion into the Indian market, the Company invested \$143,721 thousand in December 2024 to participate in the establishment of Miphi Semiconductors Private Limited in India, thereby acquiring a 45% equity interest.

The Company invested \$80,000 thousand to support operations and expansion of the AI smart healthcare sector in April 2025, and participated in the establishment of EverBot Technology Co., Ltd in Taiwan , thus acquiring a 40% stake in EverBot Technology Co., Ltd.

The Company participated in the capital increase of EverBot Technology Co., Ltd. with a cash investment of \$24,000 thousand. As the capital increase process is still ongoing, the amount has been recorded under prepayments for investments in September 2025.

The Group did not participate in the subscription of the cash capital increase of Hosin Global Electronics Co., Ltd. in the first three quarter of 2025 and 2024, therefore, the changes in equity of associate recognized in the capital surplus by the Group amounted to \$321,251 thousand and \$81,705 thousand for the nine months ended September 30, 2025 and 2024.

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- A. The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates to express the adjustment due to the change in fair value when the Group obtained the ownership of the associates and the effect of different accounting policies. Due to the changes in the shareholding ratios and the aforementioned disposals in the fourth quarter of 2024, the previously significant associates were no longer considered significant as of December 31, 2024. Therefore, the amounts as of September 30, 2025 and December 31, 2024 are presented for comparison purposes only.

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Total assets	\$ 40,433,876	37,317,757	39,454,269
Total liabilities	(24,376,244)	(22,878,779)	(23,335,302)
Net assets	<u><u>\$ 16,057,632</u></u>	<u><u>14,438,978</u></u>	<u><u>16,118,967</u></u>
	<b>For the three months ended September 30, 2025</b>	<b>For the three months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2025</b>
Operating revenue	<u><u>\$ 12,087,943</u></u>	<u><u>8,995,761</u></u>	<u><u>33,646,092</u></u>
Total comprehensive income (loss)	<u><u>\$ 1,670,306</u></u>	<u><u>(198,826)</u></u>	<u><u>2,046,992</u></u>
	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Summarized information of the carrying amount of significant associates	<u><u>\$ 3,490,017</u></u>	<u><u>3,301,227</u></u>	<u><u>5,570,156</u></u>
	<b>For the three months ended September 30, 2025</b>	<b>For the three months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2025</b>
Attributable to the Group:			
Net profit (loss)	\$ 348,120	(20,596)	126,242
Other comprehensive income (loss)	<u>121,390</u>	<u>83,388</u>	<u>(54,406)</u>
Total comprehensive income (loss)	<u><u>\$ 469,510</u></u>	<u><u>62,792</u></u>	<u><u>71,836</u></u>
			<u><u>1,912,237</u></u>

Note: The aforementioned associates include Hosin Global Electronics Co., Ltd. (SZ) Group and EpoStar Electronics (BVI) Corporation.

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- B. Except for those disclosed in Note 6(7)-A, the Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Summarized information of the carrying amount of associates that were not individually material	\$ <u><b>465,722</b></u>	<u><b>416,668</b></u>	<u><b>292,829</b></u>
	<b>For the three months ended September 30, 2025</b>	<b>For the three months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2025</b>
Attributable to the Group:			
Net loss	\$ (7,490)	(17,439)	(7,670)
Other comprehensive income (loss)	<u>4,648</u>	<u>(2,993)</u>	<u>(9,243)</u>
Total comprehensive income (loss)	\$ <u><b>(2,842)</b></u>	<u><b>(20,432)</b></u>	<u><b>(16,913)</b></u>

C. Pledged

None of the investments accounted for using the equity method mentioned above were pledged as collateral.

(8) Property, plant and equipment

	<b>Land</b>	<b>Buildings</b>	<b>Mechanical and testing equipment</b>	<b>Office and other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost:						
Balance at January 1, 2025	\$ 2,149,256	5,258,794	1,700,762	478,325	405,000	9,992,137
Additions for the period	940,594	17,282	207,459	45,767	-	1,211,102
Disposal for the period	-	-	(306,695)	(56,155)	-	(362,850)
Reclassification	-	-	38,285	-	-	38,285
Effect of movements in exchange rates	(6)	(272)	(7,094)	(3,984)	-	(11,356)
Balance at September 30, 2025	\$ <u><b>3,089,844</b></u>	<u><b>5,275,804</b></u>	<u><b>1,632,717</b></u>	<u><b>463,953</b></u>	<u><b>405,000</b></u>	<u><b>10,867,318</b></u>
Balance at January 1, 2024	\$ 2,149,265	5,218,918	1,567,986	459,335	191	9,395,695
Additions for the period	-	15,431	297,496	24,993	-	337,920
Disposal for the period	-	-	(232,690)	(77,168)	-	(309,858)
Reclassification	-	-	5,371	737	-	6,108
Effect of movements in exchange rates	7	419	2,526	1,848	5	4,805
Balance at September 30, 2024	\$ <u><b>2,149,272</b></u>	<u><b>5,234,768</b></u>	<u><b>1,640,689</b></u>	<u><b>409,745</b></u>	<u><b>196</b></u>	<u><b>9,434,670</b></u>

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	<u>Land</u>	<u>Buildings</u>	<u>Mechanical and testing equipment</u>	<u>Office and other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Depreciation:						
Balance at January 1, 2025	\$ -	1,035,565	965,447	246,115	-	2,247,127
Depreciation for the period	-	121,318	298,275	92,891	-	512,484
Disposal for the period	-	-	(306,695)	(56,155)	-	(362,850)
Effect of movements in exchange rates	-	(54)	(3,527)	(2,383)	-	(5,964)
Balance at September 30, 2025	<u>\$ -</u>	<u>1,156,829</u>	<u>953,500</u>	<u>280,468</u>	<u>-</u>	<u>2,390,797</u>
Balance at January 1, 2024	\$ -	877,865	841,136	228,965	-	1,947,966
Depreciation for the period	-	117,755	273,549	78,155	-	469,459
Disposal for the period	-	-	(225,837)	(77,168)	-	(303,005)
Effect of movements in exchange rates	-	54	891	1,293	-	2,238
Balance at September 30, 2024	<u>\$ -</u>	<u>995,674</u>	<u>889,739</u>	<u>231,245</u>	<u>-</u>	<u>2,116,658</u>
Carrying amounts:						
Balance at January 1, 2025	<u>\$ 2,149,256</u>	<u>4,223,229</u>	<u>735,315</u>	<u>232,210</u>	<u>405,000</u>	<u>7,745,010</u>
Balance at September 30, 2025	<u>\$ 3,089,844</u>	<u>4,118,975</u>	<u>679,217</u>	<u>183,485</u>	<u>405,000</u>	<u>8,476,521</u>
Balance at January 1, 2024	<u>\$ 2,149,265</u>	<u>4,341,053</u>	<u>726,850</u>	<u>230,370</u>	<u>191</u>	<u>7,447,729</u>
Balance at September 30, 2024	<u>\$ 2,149,272</u>	<u>4,239,094</u>	<u>750,950</u>	<u>178,500</u>	<u>196</u>	<u>7,318,012</u>

Part of the property, plant and equipment mentioned above was pledged as collateral for bank loans. Please refer to note 8.

(9) Lease arrangements

A. Right-of-use assets

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying amounts:			
Balance January 1, 2025	<u>\$ 156,220</u>	<u>1,491</u>	<u>157,711</u>
Balance at September 30, 2025	<u>\$ 115,133</u>	<u>1,297</u>	<u>116,430</u>
Balance at September 30, 2024	<u>\$ 135,486</u>	<u>1,720</u>	<u>137,206</u>

There was no significant addition, disposal, or recognition and reversal of impairment losses of right-of-use assets of the Group for the nine months ended September 30, 2025 and 2024. Please refer to note 6(9) of the consolidated financial statements for the year ended December 31, 2024, for other related information.

B. Lease liabilities

	<u>September 30, 2025</u>	<u>December 31, 2024</u>	<u>September 30, 2024</u>
Current	<u>\$ 103,659</u>	<u>100,516</u>	<u>82,914</u>
Non-current	<u>\$ 66,890</u>	<u>109,071</u>	<u>111,339</u>

For the maturity analysis, please refer to note 6(24) "Financial instruments".

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The amounts recognized in profit or loss during the lease term were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest expenses relating to lease liabilities	<u>\$ 2,079</u>	<u>2,215</u>	<u>6,428</u>	<u>5,852</u>
Expenses relating to short-term lease	<u>\$ 1,779</u>	<u>2,758</u>	<u>5,413</u>	<u>9,791</u>
Expenses relating to lease of low-value assets, excluding short-term lease of low-value assets	<u>\$ 452</u>	<u>472</u>	<u>1,133</u>	<u>1,111</u>

The amounts relating to lease recognized in the statement of cash flows were as follows:

	<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Total cash outflow for leases	<u>\$ 61,357</u>	<u>54,267</u>

C. Other information about leases

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

(10) Intangible assets

	<b>Computer Software</b>	<b>Technology License Fees</b>	<b>Total</b>
Cost:			
Balance at January 1, 2025	\$ 2,418,213	735,127	3,153,340
Additions for the period	397,195	25,441	422,636
Disposal for the period	(235)	-	(235)
Effect of movements in exchange rates	(386)	-	(386)
Balance at September 30, 2025	<u>\$ 2,814,787</u>	<u>760,568</u>	<u>3,575,355</u>
Balance at January 1, 2024	\$ 1,968,207	483,766	2,451,973
Additions for the period	305,824	104,027	409,851
Disposal for the period	(853)	-	(853)
Effect of movements in exchange rates	211	-	211
Balance at September 30, 2024	<u>\$ 2,273,389</u>	<u>587,793</u>	<u>2,861,182</u>



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	<b>Computer Software</b>	<b>Technology License Fees</b>	<b>Total</b>
Amortization:			
Balance at January 1, 2025	\$ 2,233,883	518,630	2,752,513
Amortization for the period	404,533	68,349	472,882
Disposal for the period	(235)	-	(235)
Effect of movements in exchange rates	(129)	-	(129)
Balance at September 30, 2025	<u>\$ 2,638,052</u>	<u>586,979</u>	<u>3,225,031</u>
Balance at January 1, 2024	\$ 1,749,952	467,718	2,217,670
Amortization for the period	350,058	32,792	382,850
Disposal for the period	(853)	-	(853)
Effect of movements in exchange rates	132	-	132
Balance at September 30, 2024	<u>\$ 2,099,289</u>	<u>500,510</u>	<u>2,599,799</u>
Carrying amounts:			
Balance at January 1, 2025	<u>\$ 184,330</u>	<u>216,497</u>	<u>400,827</u>
Balance at September 30, 2025	<u>\$ 176,735</u>	<u>173,589</u>	<u>350,324</u>
Balance at January 1, 2024	<u>\$ 218,255</u>	<u>16,048</u>	<u>234,303</u>
Balance at September 30, 2024	<u>\$ 174,100</u>	<u>87,283</u>	<u>261,383</u>

None of intangible assets mentioned above were pledged as collateral.

(11) Short-term borrowings

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Unsecured bank loans	<u>\$ 2,080,680</u>	<u>813,068</u>	<u>2,190,180</u>
Range of interest rates at the end of period (%)	<u>1.73~4.72</u>	<u>5.04~5.48</u>	<u>5.29~6.00</u>

None of short-term borrowings mentioned above were pledged as collateral.

(12) Other payables

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Salaries and bonus payable	\$ 5,068,604	6,073,044	4,474,313
Dividend payable (note 6(18))	1,343,283	2,701,265	2,701,282
Others	1,134,930	1,277,249	709,450
	<u>\$ 7,546,817</u>	<u>10,051,558</u>	<u>7,885,045</u>

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(13) Other current liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Refund liabilities	\$ 242,683	429,105	367,453
Guarantee deposits received	-	163,925	791,250
Others	120,298	223,928	204,370
	<u>\$ 362,981</u>	<u>816,958</u>	<u>1,363,073</u>

(14) Long-term borrowings

	<u>December 31, 2024</u>		
	Rate of interest rates at the end of period (%)	Year of maturity	Amount
Secured bank loans	2.28	January, 2028	\$ 88,554
Less: current portion			(28,043)
			<u>\$ 60,511</u>

	<u>September 30, 2024</u>		
	Rate of interest rates at the end of period (%)	Year of maturity	Amount
Secured bank loans	2.28	January, 2028	\$ 95,466
Less: current portion			(27,884)
			<u>\$ 67,582</u>

The long-term loan was originally scheduled for repayment in one lump sum upon maturity from January 2013 to January 2028. However, considering the Company's operational status, the loan was fully repaid early in June 2025.

For the collateral for long-term borrowings, please refer to note 8.

(15) Bonds payable

A. 1st unsecured convertible bonds

On August 6, 2021, the Company's Board of Directors resolved the issuance of domestic 1st unsecured convertible bonds for purchasing properties, plants and equipment, and replenishing working capital. The issuance was approved by FSC on September 8, 2021. The issuance period is 3 years from December 17, 2021 to December 17, 2024. The total face value of the bonds issued is \$3,500,000 thousand. Total amount of the offering is \$3,517,500 thousand, which is at 100.5% of its face value and coupon rate is 0%.

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The details of 1st unsecured convertible bonds were as follows:

	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Total convertible corporate bonds issued	\$ 3,500,000	3,500,000
Unamortized discounted corporate bonds payable	-	(6,350)
Accumulative converted amount	(6,800)	(6,700)
Accumulated redeemed amount	(3,493,200)	-
Less: current portion	-	(3,486,950)
Bonds payable at the end of period	<u>\$ -</u>	<u>-</u>
Embedded derivative instruments—call options, included in financial assets at fair value through profit or loss—current	<u>\$ -</u>	<u>(5)</u>
Embedded derivative instruments—equity component—conversion options, included in capital surplus—stock options	<u>\$ -</u>	<u>102,173</u>
	<b>For the three months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2024</b>
Embedded derivative instruments – net gains and losses of call options remeasured at fair value, included in other gains and losses	<u>\$ (349)</u>	<u>(350)</u>
Interest expense	<u>\$ 7,475</u>	<u>22,208</u>

The conversion price per share at the time of issuance of NTD570 is calculated by multiplying the closing price of the Company's ordinary shares traded on Taipei Exchange at one business day before the reference date for determining the conversion price, which is December 9, 2021, of NTD475 by the conversion premium rate of 120%. The number of convertible shares of the bonds is calculated by dividing the issued face value of the bonds by the conversion price. After the issuance of corporate bonds, the conversion price shall be adjusted in accordance with the article related to anti-dilution in the terms of issuance and conversion. Due to the distribution of cash dividends to shareholders, the conversion price shall be adjusted in accordance with the aforementioned terms. The conversion price adjusted was as follows:

	(Amount in Dollars)	
<b>Ex-dividend date</b>	<b>Conversion price before adjustment</b>	<b>Conversion price after adjustment</b>
December 27, 2021	570.0	556.3
July 4, 2022	556.3	537.3
December 19, 2022	537.3	520.6
July 10, 2023	520.6	515.1
December 29, 2023	515.1	510.4
July 15, 2024	510.4	503.2

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The convertible bonds mentioned above included liability and equity components. The equity component is included in capital surplus—stock options. The original effective interest rate of the liability component was 0.85%.

**B. 2nd unsecured convertible bonds**

On November 7, 2023, the Company's Board of Directors resolved the issuance of domestic 2nd unsecured convertible bonds for the future growth in business scale, and replenishing working capital. The issuance was approved by FSC on December 28, 2023. The issuance period is 5 years from January 23, 2024 to January 23, 2029. The total face value of the bonds issued is \$6,000,000 thousand. Total amount of the offering is \$6,060,000 thousand, which is at 101% of its face value, and coupon rate is 0%.

The details of 2nd unsecured convertible bonds were as follows:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Total convertible corporate bonds issued	\$ 6,000,000	6,000,000	6,000,000
Unamortized discounted corporate bonds payable	(317,977)	(388,930)	(412,384)
Bonds payable at the end of period	<u><u>\$ 5,682,023</u></u>	<u><u>5,611,070</u></u>	<u><u>5,587,616</u></u>
Embedded derivative instruments—call options, included in financial assets at fair value through profit or loss—current	<u><u>\$ 28,800</u></u>	<u><u>9,000</u></u>	<u><u>7,200</u></u>
Embedded derivative instruments—put options, included in financial liability at fair value through profit or loss—non-current	<u><u>\$ 6,000</u></u>	<u><u>40,800</u></u>	<u><u>51,000</u></u>
Embedded derivative instruments—equity component—conversion options, included in capital surplus—stock options	<u><u>\$ 499,996</u></u>	<u><u>499,996</u></u>	<u><u>499,996</u></u>
	<b>For the three months ended September 30, 2025</b>	<b>For the three months ended September 30, 2024</b>	<b>For the nine months ended September 30, 2025</b>
	<b>2025</b>	<b>2024</b>	<b>2024</b>
Embedded derivative instruments-net gains and losses of call and put options remeasured at fair value, included in other gains and losses	<u><u>\$ 42,600</u></u>	<u><u>(19,800)</u></u>	<u><u>54,600</u></u>
Interest expense	<u><u>\$ 23,751</u></u>	<u><u>23,356</u></u>	<u><u>69,774</u></u>

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The conversion price per share at the time of issuance of NTD588 is calculated by multiplying the closing price of the Company's ordinary shares traded on Taipei Exchange at five business days before the reference date for determining the conversion price, which is January 15, 2024, of NTD491 by the conversion premium rate of 119.66%. The number of convertible shares of the bonds is calculated by dividing the issued face value of the bonds by the conversion price. After the issuance of corporate bonds, the conversion price shall be adjusted in accordance with the article related to anti-dilution in the terms of issuance and conversion. Due to the distribution of cash dividends to shareholders, the conversion price shall be adjusted in accordance with the aforementioned terms. The conversion price adjusted was as follows:

(Amount in Dollars)		
<u>Ex-dividend date</u>	<u>Conversion price before adjustment</u>	<u>Conversion price after adjustment</u>
July 15, 2024	588.0	579.7
January 14, 2025	579.7	563.3
July 7, 2025	563.3	550.5

If the closing price of the Company's ordinary shares at the brokerage firm's business premises exceeds the conversion price by 30% (or more) for 30 consecutive business days or when the outstanding balance of the convertible corporate bonds is less than 10% of the total amount of the original issuance, between the day after the expiration of three months from the date of issuance (April 24, 2024) to the maturity date of the issuance period (January 23, 2029). The Company may repurchase the convertible bonds of the bondholders in cash at the face value of the bonds within five business days after the reference date of the bond called.

It should be the reference date that the bondholder exercises put options of the convertible bonds in advance, after the date that convertible bonds had issued for three years (January 23, 2027). The bondholder could request for the Company to buy back the bonds in cash at the face value of the bonds. If accepting the request, the Company should repurchase the bonds in cash in eight business days after the reference date.

The convertible bonds mentioned above included liability and equity components. The equity component is included in capital surplus - stock options. The original effective interest rate of liability component is 1.68%.

(16) Employee benefits

A. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2024 and 2023.

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The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Pension	\$ <u>1,473</u>	<u>1,268</u>	<u>4,420</u>	<u>3,804</u>

B. Defined contribution plans

- (a) The pension costs of the Group's domestic subsidiaries under the defined contribution method were as follows and payment was made to the Bureau of Labor Insurance.

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Pension	\$ <u>83,186</u>	<u>75,643</u>	<u>244,655</u>	<u>218,818</u>

- (b) The pension costs of the Group's overseas subsidiaries under the defined contribution method were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Pension	\$ <u>2,374</u>	<u>1,850</u>	<u>7,567</u>	<u>6,309</u>

(17) Income tax

- A. The income tax expense of the Group is calculated by the profit before tax of interim reporting period multiply by the best estimated measurement of the expected effective tax rate by the management in all the year.

- B. The amounts of income tax expense were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current tax expense				
Current period	\$ 428,761	100,637	898,003	948,077
Prior-year adjustments	<u>-</u>	<u>(47,095)</u>	<u>(2,993)</u>	<u>(41,198)</u>
	<u>\$ 428,761</u>	<u>53,542</u>	<u>895,010</u>	<u>906,879</u>

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- C. The amounts of income tax expense (benefit) recognized in other comprehensive income were as follows:

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Exchange differences on translation of foreign financial statements	\$ <u>36,652</u>	<u>27,278</u>	<u>(57,918)</u>	<u>50,255</u>

- D. Examination and approval

The income tax returns of the Company had been examined and assessed by the tax authority through 2021. The income tax returns of other domestic subsidiaries had been examined and assessed by the tax authority through 2023.

(18) Equity

- A. Common shares

As of September 30, 2025, December 31, 2024 and September 30, 2024, the Company' s authorized common shares amounted to \$3,000,000 thousand, of which \$290,000 thousand was reserved for employee share options. The registered issued common shares amounted to \$2,066,278 thousand, \$2,053,341 thousand and \$2,047,811 thousand, respectively, with par value of NTD10 per share.

As of September 30, 2025, December 31, 2024 and September 30, 2024, due to exercise of conversion rights on convertible corporate bonds and employee stock options to issue new shares, the registration procedure for the amounts of \$14,780 thousand, \$4,837 thousand and \$6,550 thousand, respectively, recognized as advance receipts for share capital, has yet to be completed.

The reconciliations of the numbers of outstanding shares of the Company were as follows:

(Unit: Shares in Thousands)

	<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance, beginning of the period	205,817	200,585
Bonds converted	-	13
Employee share options exercised	2,288	654
Transfer of treasury shares	-	4,184
Balance, end of the period	<u>208,105</u>	<u>205,436</u>

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**B. Capital surplus**

	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Additional paid-in capital	\$ 9,448,218	8,763,177	8,616,802
Changes in equities of associates accounted for using the equity method	1,752,478	1,418,642	2,122,790
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	148,673	148,673	148,488
Changes in ownships interest in subsidiaries	1,944	1,944	1,944
Employee share options	531,241	602,005	639,719
Due to recognition of equity component of convertible bonds	499,996	499,996	602,169
Transaction of treasury stock	1,516,724	1,516,724	1,516,724
Expired employee stock options	102,449	102,449	279
	<u><b>\$ 14,001,723</b></u>	<u><b>13,053,610</b></u>	<u><b>13,648,915</b></u>

In accordance with the R.O.C. Company Act, realized capital surplus can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned realized capital surplus included share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to be reclassified under share capital shall not exceed 10 % of the actual share capital amount.

**C. Retained earnings and dividend policy**

In accordance with the Company's Articles of Incorporation (the "Articles"), earnings distribution or offsetting of losses may be proposed at each half fiscal year.

Under the dividend policy as set forth in the Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, estimating and retaining the employees' and directors' remuneration, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals to the paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with the beginning balance of undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan. Where the aforementioned earnings, legal reserves, and capital reserves are distributed in cash, the Company's Board of Directors is authorized to approve the distribution by a resolution approved by a majority vote of the directors at a meeting attended by over two-thirds of the Company's Board of Directors and report to the shareholders' meeting. Where they are distributed by issuing new shares, it shall be resolved at the shareholders' meeting.



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

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 issued by the Financial Supervisory Commission. Distributions can be made out of any subsequent reversal of the debit to other equity items.

If the Company generates profit for the year, the distribution of the legal reserve, either by new shares or by cash, shall be resolved in the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

The appropriation of earnings and cash dividends per share for the first half of 2025 were as follows:

	<b>First half of 2025</b>
Resolution date of the Company's Board of Directors	August 14, 2025
Legal reserve	\$ 183,731
Special reserve	412,929
Cash dividends to shareholders	\$ 1,343,081
Cash dividends per share (NTD)	6.5

The amount of legal reserve and special reserve for the first half of 2025 will be submitted to the shareholders' meeting for approval in the following year.

The appropriation of 2024 earnings was as follows:

	<b>Second half of 2024</b>	<b>First half of 2024</b>
Resolution date of the Company's Board of Directors	March 7, 2025	August 14, 2024
Cash dividends to shareholders	\$ 2,471,062	2,701,063
Cash dividends per share (NTD) (Note)	11.95899874	13.12356282
Approval date of the Company's shareholders' meeting	May 27, 2025	May 27, 2025
Legal reserve	\$ 307,872	487,059
Special reserve appropriated (reversed)	49,824	(74,355)

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The appropriation of 2023 earnings was as follows:

	<b>Second half of 2023</b>	<b>First half of 2023</b>
Resolution date of the Company's Board of Directors	March 8, 2024	August 14, 2023
Cash dividends to shareholders	\$ 1,773,262	887,555
Cash dividends per share (NTD) (Note)	8.65930424	4.42484464
Approval date of the Company's shareholders' meeting	May 27, 2024	May 27, 2024
Legal reserve	\$ 294,309	66,593
Special reserve	140,046	5,918

Note: Due to the treasury shares and the exercise of employee stock options, the actual distribution of cash dividends per share was adjusted.

Information on the appropriations of earnings mentioned above is available at the Market Observation Post System website of the Taiwan Stock Exchange.

**D. Treasury shares**

On July 15, 2022, the Company's Board of Directors resolved to plan to repurchase 10,000 thousand shares of its issued shares of common shares to its employees at a price not to exceed \$325 per share for the period from July 18 to September 16, 2022, in accordance with the Securities and Exchange Act. Based on the resolution mentioned above, after fully executing, the Company bought back 6,860 thousand treasury shares amounting to \$2,061,216 thousand in total. As to March 31, 2024, the treasury shares above had been transferred.

The Company transferred 4,184 thousand treasury shares to its employees and subsidiary employees in the first quarter of 2024 and received the amount of \$1,254,088 thousand, resulting in the cost of the share-based compensation of \$1,245,014 thousand to be recognized.

**E. Other equity (net of tax)**

**(a) Exchange differences on translation of foreign financial statements**

	<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 32,547	(71,980)
Foreign exchange differences (net of tax)	(231,672)	201,019
Balance at September 30	<u><u>\$ (199,125)</u></u>	<u><u>129,039</u></u>

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- (b) Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income

	<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ (370,790)	(290,794)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	(23,372)	(121,846)
Disposal for the period	47,836	-
Balance at September 30	<u><u>\$ (346,326)</u></u>	<u><u>(412,640)</u></u>

F. Non-controlling interests (net of tax)

	<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>
Balance at January 1	\$ 9,366	-
Net income	1,315	254
Exchange differences on translation of foreign financial statements (net of tax)	(214)	160
Changes in equity of subsidiaries for using the equity method	-	270
Changes in equity of non-controlling interest	-	2,769
Balance at September 30	<u><u>\$ 10,467</u></u>	<u><u>3,453</u></u>

(19) Share-based payment

The Company issued employee share options which each unit can be exercised to purchase one share of the Company. The duration of the plan is 4 to 5 years, and the plan was approved by the FSC. As of September 30, 2025, the information related to the employee share options was as follows:

<b>Type</b>	<b>Authorization date</b>	<b>Issue date</b>	<b>Issued units (in thousands)</b>	<b>Grant Period</b>	<b>Exercise price per share (TWD)</b>	<b>Adjusted exercise price per share (TWD)</b>
2025 First employee share options	April 11, 2025	August 27, 2025	2,000	service period between 2~3 years	484.50	484.50
2023 First employee share options	December 12, 2023	August 27, 2025	6,000	service period between 2~4 years	484.50	484.50
2022 First employee share options	July 27, 2022	September 7, 2022	6,000	service period between 2~3 years	293.50	260.90

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The estimated fair values of the options granted were calculated at the date of grant using the Black-Scholes option pricing model. The Group recognized compensation cost amounting to \$35,277 thousand and \$79,540 thousand for the nine months ended September 30, 2025 and 2024, respectively.

Weighted-average assumptions were as follows:

	<u>2025 1st</u>	<u>2023 1st</u>	<u>2022 1st</u>
Grant-date share price (NTD)	\$ 484.50	484.50	293.50
Exercise price (NTD)	484.50	484.50	293.50
Expected volatility (%)	39.58~39.74	39.03~40.18	38.77~39.50
Expected dividend yield (%)	-	-	-
Expected life (year)	4	5	4
Risk free interest rate (%)	1.22~1.25	1.25~1.31	1.05~1.11
Fair value per option (NTD)	\$ 142.28	155.13	84.61

Information related to employee share options was as follows:

A. 2025 First employee share options

	<u>For the nine months ended September 30, 2025</u>	
<u>Employee share options</u>	<u>Number of Options (In Thousands of Units)</u>	<u>Weighted- average exercise price (NTD)</u>
Outstanding at January 1	-	\$ -
Granted during the period	2,000	484.50
Exercised during the period	-	-
Forfeited during the period	(10)	-
Outstanding at September 30	<u>1,990</u>	484.50
Exercisable at September 30	<u>-</u>	

As of September 30, 2025, the weighted-average remaining contractual life for outstanding option was 3.92 years.

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B. 2023 First employee share options

	For the nine months ended September 30,	
	2025	
<b>Employee share options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average exercise price (NTD)</b>
Outstanding at January 1	-	\$ -
Granted during the period	6,000	484.50
Exercised during the period	-	-
Forfeited during the period	(121)	-
Outstanding at September 30	<u>5,879</u>	484.50
Exercisable at September 30	<u>-</u>	

As of September 30, 2025, the weighted-average remaining contractual life for outstanding option was 4.92.

C. 2022 First employee share options

	For the nine months ended September 30,			
	2025		2024	
<b>Employee share options</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average exercise price (NTD)</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted- average exercise price (NTD)</b>
Outstanding at January 1	4,735	\$ 274.80	5,829	\$ 278.80
Granted during the period	-	-	-	-
Exercised during the period	(2,156)	263.19	(552)	274.80
Forfeited during the period	(36)	-	(43)	-
Outstanding at September 30	<u>2,543</u>	260.90	<u>5,234</u>	274.80
Exercisable at September 30	<u>2,543</u>		<u>2,341</u>	

As of September 30, 2025 and 2024, the weighted-average remaining contractual life for outstanding option were 0.94 and 1.94 years, respectively.

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(20) Earnings per share

A. Basic earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Net profit attributable to ordinary shareholders of the Company	\$ <u>2,225,486</u>	<u>691,424</u>	<u>4,110,630</u>	<u>5,562,011</u>
Weighted-average number of shares outstanding during the period (in thousands of shares)	<u>206,952</u>	<u>204,900</u>	<u>206,551</u>	<u>203,671</u>
Basic earnings per share (NTD)	\$ <u>10.75</u>	<u>3.37</u>	<u>19.90</u>	<u>27.31</u>

B. Diluted earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Net profit attributable to ordinary shareholders of the Company	\$ 2,225,486	691,424	4,110,630	5,562,011
Effect of dilutive potential ordinary shares				
Convertible bonds	<u>(18,849)</u>	<u>19,664</u>	<u>16,353</u>	<u>65,947</u>
Net profit attributable to ordinary shareholders of the Company	\$ <u>2,206,637</u>	<u>711,088</u>	<u>4,126,983</u>	<u>5,627,958</u>
Weighted average number of shares outstanding during the period (in thousands of shares)	206,952	204,900	206,551	203,671
Effect of dilutive potential ordinary shares (in thousands of shares)				
Employee share options	1,936	2,995	2,084	3,004
Employees' compensation	590	169	1,456	1,829
Effect of conversion of convertible bonds	<u>10,899</u>	<u>17,255</u>	<u>10,735</u>	<u>16,300</u>
	<u>220,377</u>	<u>225,319</u>	<u>220,826</u>	<u>224,804</u>
Diluted earnings per share (NTD)	\$ <u>10.01</u>	<u>3.16</u>	<u>18.69</u>	<u>25.03</u>

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(21) Operating revenue

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Primary geographical markets:				
Asia	\$ 14,147,501	11,041,254	38,737,411	36,390,920
America	3,620,356	2,669,196	10,067,453	8,916,081
Europe	361,940	226,844	1,045,461	956,650
Australia	6,984	5,265	15,071	32,180
Others	16	-	37	67,373
	<u>\$ 18,136,797</u>	<u>13,942,559</u>	<u>49,865,433</u>	<u>46,363,204</u>
Major product categories:				
Flash memory module products	\$ 12,718,016	10,487,872	34,901,977	33,214,939
Controllers	4,085,117	2,266,219	9,862,621	7,754,540
Integrated Circuit	785,871	686,351	2,953,468	3,896,211
Others	547,793	502,117	2,147,367	1,497,514
	<u>\$ 18,136,797</u>	<u>13,942,559</u>	<u>49,865,433</u>	<u>46,363,204</u>

The Group categorized the operating revenue mainly based on the countries where the customers are located.

(22) Employees' compensation and remuneration of directors

On May 27, 2025, the Company resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles of Incorporation, the Company shall appropriate a percentage of the current year's net profit before income tax of 8% to 19% for employees' remuneration (of which, no less than 1% shall be for entry-level employees) and no more than 1.5% for directors' remuneration, respectively. The previous Articles of Incorporation stipulated that, the Company accrued its remunerations to employees and directors, at the rates of 8% to 19% and a maximum rate of 1.5%, of the net profit before income tax which excluded the remunerations to employees and directors, respectively.

The employees' compensation and remuneration of directors were as follows (The employee remuneration amounts for the three months ended September 30, 2025, and the nine months ended September 30, 2025, including a minimum of 1% to those entry-level employees.):

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Employees' compensation	<u>\$ 416,600</u>	<u>83,610</u>	<u>710,865</u>	<u>717,085</u>
Remuneration of directors	<u>\$ 11,312</u>	<u>3,326</u>	<u>20,000</u>	<u>35,000</u>

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The employees' compensation and remuneration of directors for the year ended December 31, 2024, which have been approved by the Company's Board of Directors on March 7, 2025, was as follows:

	<b>2024</b>	
	<b>Cash</b>	<b>Share</b>
Employees' compensation	\$ 1,000,000	-
Remuneration of directors	35,000	-

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2024.

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

(23) Non-operating income and expenses

A. Interest income

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Interest income from bank deposits	\$ 50,130	44,564	207,261	156,000
Others	456	1,127	1,059	17,937
	<b>\$ 50,586</b>	<b>45,691</b>	<b>208,320</b>	<b>173,937</b>

B. Other income

	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Dividend income	\$ 30,777	41,107	38,725	44,843
Rent income	6,457	7,450	22,143	22,662
Others	16,086	14,590	49,728	88,663
	<b>\$ 53,320</b>	<b>63,147</b>	<b>110,596</b>	<b>156,168</b>



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C. Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Net foreign exchange gains (losses)	\$ 538,707	(224,651)	(642,583)	291,833
Gains (losses) on financial assets and liability at fair value through profit or loss	297,745	(260,125)	398,090	(182,797)
Others	(16)	2,127	(17)	2,127
	<u>\$ 836,436</u>	<u>(482,649)</u>	<u>(244,510)</u>	<u>111,163</u>

D. Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
Interest on convertible bonds	\$ 23,751	30,831	70,953	91,982
Interest on bank loans	24,055	32,167	40,617	122,423
Interest on lease liabilities	2,079	2,215	6,428	5,852
Others	13	(28)	28	24
	<u>\$ 49,898</u>	<u>65,185</u>	<u>118,026</u>	<u>220,281</u>

(24) Financial instruments

A. Categories of financial instruments

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets			
Financial assets at FVTPL (current and non-current)	\$ 1,307,430	963,056	1,056,280
Financial assets at amortized cost (Note 1)	26,689,279	30,049,824	26,179,891
Financial assets at FVTOCI	364,142	431,750	411,621
	<u>\$ 28,360,851</u>	<u>31,444,630</u>	<u>27,647,792</u>
Financial liabilities			
Financial liabilities at FVTPL (non-current)	\$ 6,000	40,800	51,000
Financial liabilities at amortized cost (Note 2)	21,926,792	18,043,739	23,135,953
Total	<u>\$ 21,932,792</u>	<u>18,084,539</u>	<u>23,186,953</u>

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, accounts receivable (including related parties), other receivables and refundable deposits.

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Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payable (including related parties), other payables, bonds payable (including current portion), long-term borrowings (including current portion), and guarantee deposits received.

**B. Financial risk management objectives and policies**

The Group primarily manages its exposure to foreign currency risk, interest rate risk, equity price risk, credit risk and liquidity risk with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The Group's plans for material treasury activities must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties and reviewed in accordance with procedures required by relevant regulations or internal controls.

**C. Market risk**

The Group's activities were exposed primarily to the financial risks of changes in foreign currency rates and interest rates.

**(a) Foreign currency risk**

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. To avoid the decrease in foreign currency assets and adverse fluctuations of future cash flows resulting from changes in foreign currency exchange rates, the Group used foreign currency borrowings to hedge risks of foreign currency exchange rates. The gain or loss caused by changes in foreign currency exchange rates will be offset by profit or loss from the hedge. The Group continues to evaluate future exchange rate movements, and the exposure to foreign currency risk of foreign currency net assets is still within the controllable range.

**(i) Exposure to foreign currency risk**

The Group's financial assets and liabilities exposed to significant foreign currency risk were as follows:

	September 30, 2025			December 31, 2024			September 30, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	584,497	30.445	17,795,012	489,579	32.785	16,050,842	445,939	31.650	14,113,971
<u>Non-Monetary items</u>									
CNY	785,705	4.271	3,355,748	710,888	4.478	3,183,356	1,219,712	4.523	5,516,759
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	214,129	30.445	6,519,165	77,466	32.785	2,539,730	170,906	31.650	5,409,165

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(ii) Sensitivity analysis

The Group's exposure to foreign currency risk primarily arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties), short-term borrowings, and accounts payable (including related parties), that are denominated in USD. A weakening (strengthening) of 5% of the NTD against the USD as of September 30, 2025 and 2024, would have increased or decreased the net profit before income tax for the nine months ended September 30, 2025 and 2024 by \$563,792 thousand and \$435,240 thousand, respectively. The analysis was performed on the same basis for comparative years.

(iii) Foreign exchange gains and losses on monetary items

It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group entities. The details of the net foreign currency exchange gains (losses) (including realized and unrealized) were as follows:

For the three months ended September 30,		For the nine months ended September 30,	
2025	2024	2025	2024
\$ 538,707	(224,651)	(642,583)	291,833

(b) Interest rate risk

For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If interest rates had been 0.25% basis point higher and all other variables were held constant, the Group's net profit before income tax for the nine months ended September 30, 2025 and 2024 would have increased by \$17,181 thousand and \$17,865 thousand, respectively. Due to the impact of variable interest rate cash and cash equivalents, and long-term borrowings.

(c) Other price risk

The Group was exposed to equity price risks through its investments in foreign and domestic listed and unlisted stock and beneficiary certificates.

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to equity price risks at the end of the reporting date.

If equity prices had been 10% higher or lower, net profit before income tax for the nine months ended September 30, 2025 and 2024 would have increased or decreased by \$127,680 thousand and \$104,468 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. If equity prices had been 10% higher or lower, the other comprehensive income before income tax for the nine months ended September 30, 2025 and 2024 would have increased or decreased by \$36,414 thousand and \$41,162 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

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**D. Concentration of credit risk**

**(a) Accounts receivable**

The major customers of the Group are in the electronics industry and the Group usually grants credit limits to customers in accordance with credit policy, therefore, the credit risk of the Group is mainly affected by the electronics industry. However, the Group mostly sells products to customers with good reputation and continuously monitors the financial situation of customers to monitor the significant loss from credit risk. As of September 30, 2025, December 31, 2024, and September 30, 2024, 40%, 35% and 31%, respectively, of accounts receivable (including related parties) were from top five customers, so there was no significant concentration of credit risk. In addition, the Group periodically reviews the recoverable amounts of accounts receivable to ensure that an adequate allowance is recognized for possible irrecoverable amounts. In this regard, the management believes there is no expected material credit risk.

**(b) Cash and cash equivalents**

The Group's cash and cash equivalents are deposited with different financial institutions. The Group controls the credit risk exposure to each financial institution and believes that the Group's cash and cash equivalents do not pose a risk of a significant concentration of credit risk.

**(c) Receivables and debt securities**

Please refer to note 6(4) for details on the credit risk exposure of accounts receivable. Financial assets at amortized cost including pledged time deposits. Please refer to notes 6(2) and (3) for details on financial assets at fair value through profit and loss and other comprehensive income including listed stocks, unlisted stocks, open-end funds, and private equity funds.

The financial assets mentioned above were with lower credit risk, so a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events of the financial instruments within 12 months after the reporting date.

**E. Liquidity risk**

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Cash flow of contract</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>September 30, 2025</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 14,164,089	(14,164,089)	(14,159,340)	(2,753)	(1,996)
Lease liabilities (current and non-current)	170,549	(178,200)	(105,702)	(71,277)	(1,221)
Fixed interest rate liabilities	<u>7,762,703</u>	<u>(8,573,989)</u>	<u>(2,573,989)</u>	<u>(6,000,000)</u>	<u>-</u>
	<u><u>\$ 22,097,341</u></u>	<u><u>(22,916,278)</u></u>	<u><u>(16,839,031)</u></u>	<u><u>(6,074,030)</u></u>	<u><u>(3,217)</u></u>

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	<u>Carrying amount</u>	<u>Cash flow of contract</u>	<u>Within 1 year</u>	<u>1-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 11,531,047	(11,531,047)	(11,524,688)	(4,363)	(1,996)
Lease liabilities (current and non-current)	209,587	(224,550)	(107,503)	(115,313)	(1,734)
Floating interest rate liabilities	88,554	(91,781)	(29,767)	(62,014)	-
Fixed interest rate liabilities	<u>6,424,138</u>	<u>(6,825,728)</u>	<u>(825,728)</u>	<u>(6,000,000)</u>	<u>-</u>
	<u><b>\$ 18,253,326</b></u>	<u><b>(18,673,106)</b></u>	<u><b>(12,487,686)</b></u>	<u><b>(6,181,690)</b></u>	<u><b>(3,730)</b></u>
<b>September 30, 2024</b>					
Non-derivative financial liabilities					
Non-interest bearing liabilities	\$ 11,775,741	(11,775,741)	(11,769,382)	(4,363)	(1,996)
Lease liabilities (current and non-current)	194,253	(200,292)	(85,154)	(115,138)	-
Floating interest rate liabilities	317,016	(323,952)	(254,496)	(69,456)	-
Fixed interest rate liabilities	<u>11,043,196</u>	<u>(11,501,755)</u>	<u>(5,501,755)</u>	<u>(6,000,000)</u>	<u>-</u>
	<u><b>\$ 23,330,206</b></u>	<u><b>(23,801,740)</b></u>	<u><b>(17,610,787)</b></u>	<u><b>(6,188,957)</b></u>	<u><b>(1,996)</b></u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

**F. Fair value of financial instruments**

**(a) Fair value measurements recognized in the consolidated balance sheets**

Fair value measurements are grouped into Level 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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(b) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

The following table presents the Group's financial assets and liabilities measured at fair value on a recurring basis:

	<b>September 30, 2025</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Domestic listed stocks	\$ 971,465	-	-	971,465
Domestic unlisted stocks	-	-	127,547	127,547
Foreign unlisted stocks	-	-	62,813	62,813
Domestic private equity funds	-	-	1,831	1,831
Beneficiary certificates—open-end funds	114,974	-	-	114,974
Derivative instruments—convertible bonds	-	28,800	-	28,800
	<u><u>\$ 1,086,439</u></u>	<u><u>28,800</u></u>	<u><u>192,191</u></u>	<u><u>1,307,430</u></u>
Financial liabilities at fair value through profit or loss				
Derivative instruments—convertible bonds	\$ -	6,000	-	6,000
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	\$ -	-	297,712	297,712
Foreign unlisted stocks	-	-	66,430	66,430
	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>364,142</u></u>	<u><u>364,142</u></u>
	<b>December 31, 2024</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Domestic listed stocks	\$ 620,824	-	-	620,824
Domestic unlisted stocks	-	-	144,882	144,882
Foreign unlisted stocks	-	-	70,366	70,366
Domestic private equity funds	-	-	4,296	4,296
Beneficiary certificates—open-end funds	113,688	-	-	113,688
Derivative instruments—convertible bonds	-	9,000	-	9,000
	<u><u>\$ 734,512</u></u>	<u><u>9,000</u></u>	<u><u>219,544</u></u>	<u><u>963,056</u></u>

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<b>December 31, 2024</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial liabilities at fair value through profit or loss				
Derivative instruments—convertible bonds	\$ -	40,800	-	40,800
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	\$ -	-	329,678	329,678
Foreign unlisted stocks	-	-	102,072	102,072
	<u>\$ -</u>	<u>-</u>	<u>431,750</u>	<u>431,750</u>
<b>September 30, 2024</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at fair value through profit or loss				
Domestic listed stocks	\$ 723,195	-	-	723,195
Domestic unlisted stocks	-	-	139,477	139,477
Foreign unlisted stocks	-	-	68,747	68,747
Domestic private equity funds	-	-	4,404	4,404
Beneficiary certificates—open-end funds	113,262	-	-	113,262
Derivative instruments—convertible bonds	-	7,195	-	7,195
	<u>\$ 836,457</u>	<u>7,195</u>	<u>212,628</u>	<u>1,056,280</u>
Financial liabilities at fair value through profit or loss				
Derivative instruments—convertible bonds	\$ -	51,000	-	51,000
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	\$ -	-	307,123	307,123
Foreign unlisted stocks	-	-	104,498	104,498
	<u>\$ -</u>	<u>-</u>	<u>411,621</u>	<u>411,621</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2025 and 2024.

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The reconciliations of Level 3 fair value measurements of financial instruments were as follows:

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	
	Private equity funds	Equity instruments	Equity instruments	Total
January 1, 2025	\$ 4,296	215,248	431,750	651,294
Recognized in profit or loss	(2,465)	(22,084)	-	(24,549)
Recognized in other comprehensive income	-	-	(46,315)	(46,315)
Additions for the period	-	-	33,706	33,706
Disposal and proceeds from capital reduction	-	(2,804)	(54,999)	(57,803)
September 30, 2025	<u>\$ 1,831</u>	<u>190,360</u>	<u>364,142</u>	<u>556,333</u>
January 1, 2024	\$ 27,201	215,056	457,457	699,714
Recognized in profit or loss	(22,797)	(8,127)	-	(30,924)
Recognized in other comprehensive income	-	-	(78,651)	(78,651)
Additions for the period	-	1,295	32,815	34,110
September 30, 2024	<u>\$ 4,404</u>	<u>208,224</u>	<u>411,621</u>	<u>624,249</u>

(c) Quantified information on Level 3 used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value mainly include financial assets at fair value through profit or loss—equity investments, derivative financial instruments, private equity funds, and financial assets at fair value through other comprehensive income—equity investments. If the measurement of the fair value requires the use of observable inputs which cannot be objectively observed, the Group will evaluate the most relevant market data carefully for the evaluation item.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income—equity investments without an active market	Market approach	Discount for lack of marketability (September 30, 2025: 17.98%~30.00%, December 31, 2024: 12.10%~30.00% and September 30, 2024: 21.74%~30.00%)	The higher the discount for lack of marketability, the lower the fair value



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<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets at fair value through other comprehensive income—equity investments without an active market	Income approach	<ul style="list-style-type: none"> <li>· Sustainable revenue growth rate (September 30, 2025: 2.10%, December 31, 2024: 2.10% and September 30, 2024: 1.92%)</li> <li>· Weighted-average cost of capital (September 30, 2025: 5.83%~11.59%, December 31, 2024: 5.83%~11.59% and September 30, 2024: 5.80%~12.25%)</li> <li>· Discount for lack of marketability (September 30, 2025, December 31, 2024 and September 30, 2024: 15%)</li> <li>· Discount for non-controlling interest (September 30, 2025, December 31, 2024 and September 30, 2024: 15%)</li> </ul>	<ul style="list-style-type: none"> <li>· The higher the sustainable revenue growth rate, the higher the fair value</li> <li>· The higher the weighted-average cost of capital, the lower the fair value</li> <li>· The higher the discount for lack of marketability, the lower the fair value</li> <li>· The higher the discount for non-controlling interest, the lower the fair value</li> </ul>
Financial assets at fair value through profit or loss—equity investments without an active market and private equity funds	Asset-based approach	<ul style="list-style-type: none"> <li>· Net Asset Value</li> <li>· Discount for lack of marketability (September 30, 2025, December 31, 2024 and September 30, 2024: 10%)</li> <li>· Discount for non-controlling interest (September 30, 2025, December 31, 2024 and September 30, 2024: 10%)</li> </ul>	No applicable

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(25) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2024. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2024. Please refer to Note 6(25) of the consolidated financial statements for the year ended December 31, 2024 for related information.

(26) Investing and financing activities not affecting current cash flow

A. For leased right-of-use assets, please refer to note 6(9).

B. Reconciliations of liabilities arising from financing activities were as follows:

	<b>January 1, 2025</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>September 30, 2025</b>
Short-term borrowings	\$ 813,068	1,278,480	(10,868)	2,080,680
Bonds payable (including current portion)	5,611,070	-	70,953	5,682,023
Long-term borrowings (including current portion)	88,554	(88,554)	-	-
Lease liabilities (current and non-current)	209,587	(48,383)	9,345	170,549
Guarantee deposits received (current and non-current)	170,284	(165,535)	-	4,749
Total liabilities from financing activities	<u>\$ 6,892,563</u>	<u>976,008</u>	<u>69,430</u>	<u>7,938,001</u>

	<b>January 1, 2024</b>	<b>Cash flows</b>	<b>Foreign exchange movement and others</b>	<b>September 30, 2024</b>
Short-term borrowings	\$ 2,106,363	60,542	23,275	2,190,180
Bonds payable (including current portion)	3,471,393	6,054,064	(450,891)	9,074,566
Long-term borrowings (including current portion)	115,983	(20,517)	-	95,466
Lease liabilities (current and non-current)	148,131	(37,513)	83,635	194,253
Guarantee deposits received (current and non-current)	773,371	(75,932)	100,170	797,609
Total liabilities from financing activities	<u>\$ 6,615,241</u>	<u>5,980,644</u>	<u>(243,811)</u>	<u>12,352,074</u>

**Phison Electronics Corp. and subsidiaries**  
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**7. Related-party transactions**

(1) Names and relationship with related parties

The followings are subsidiaries and related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

<b>Name of related party</b>	<b>Relationship with the Group</b>
Microtops Design Corporation	Associate
Hosin Global Electronics Co., Ltd. (SZ)	Associate
Hosin Global Electronics Co., Ltd. (HK)	Hosin Global Electronics Co., Ltd. (SZ)'s subsidiary
Hefei Core Storage Electronic Limited	Hosin Global Electronics Co., Ltd. (SZ)'s subsidiary
Hefei Kaimeng Technology Co., Ltd.	Hosin Global Electronics Co., Ltd. (SZ)'s second-tier subsidiary
Xiamen Hongxinchuang Electronics Co., Ltd.	Hosin Global Electronics Co., Ltd. (SZ)'s subsidiary
Shanghai Hongxinyu Microelectronics Technology Co., Ltd.	Hosin Global Electronics Co., Ltd. (SZ)'s subsidiary
Hefei Xinpeng Technology Co., Ltd.	Associate
Hefei Datang Storage Technology Co., Ltd.	Hefei Xinpeng's subsidiary
ProGrade Digital, Inc.	Associate
Kioxia Corporation (KIC)	The Company's director
Kioxia Taiwan Corporation	KIC's subsidiary
Kioxia Asia, Limited	KIC's subsidiary
Solid State Storage Technology Corporation (including Hsinchu Science Park Branch)	KIC's subsidiary
Apacer Technology Inc.	The Company resigned the director of the Company on May 31, 2024, hence, it was no longer a related party of the Group since then.
UD INFO Corp.	Apacer Technology Inc's subsidiary
Miphi Semiconductors Private Limited	Associate
United Power Research Technology Corp.	Other related parties
Apollo power CO., LTD.	Other related parties

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- (2) Excluding that has been reported on other disclosures of the consolidated financial statements, the summary of significant related-party transactions as follows:

A. Operating revenues

<b>Related Party Category</b>	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Associates	\$ 1,489,146	888,945	4,344,423	4,167,670
Other related parties	402,378	383,890	867,126	1,602,680
	<u>\$ 1,891,524</u>	<u>1,272,835</u>	<u>5,211,549</u>	<u>5,770,350</u>

The credit terms to related parties were ranged from T/T in advance to EOM 90 days and that to non-related parties were ranged from T/T in advance to EOM 90 days. There was no significant difference between the sales price and credit terms of the Group for related parties and that for the third parties.

As of September 30, 2025 and 2024, the unrealized profits arising from sales to related parties amounted to \$93,865 thousand and \$71,074 thousand, respectively, and were recorded as deductions from investments accounted for using the equity method.

B. Purchase of goods

<b>Related Party Category / Name</b>	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Other related parties – Kioxia Taiwan Corporation	\$ 2,979,188	2,791,366	9,768,374	12,504,055
Other related parties	-	-	-	8,256
	<u>\$ 2,979,188</u>	<u>2,791,366</u>	<u>9,768,374</u>	<u>12,512,311</u>

The payment terms to related parties were ranged from T/T in advance to EOM 45 days and that to non-related parties were ranged from T/T in advance to EOM 90 days. There was no significant difference between the purchase price and payment terms of the Group from related parties and that from the third parties.

C. Receivable from related parties

<b>Related Party Category / Name</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Associates – Hosin Global Electronics Co., Ltd. (HK)	\$ 1,216,686	461,877	635,540
Associates	84,048	59,840	70,673
Other related parties	296,399	82,768	278,068
	1,597,133	604,485	984,281
Less: Loss allowance	(1,437)	(390)	(550)
	<u>\$ 1,595,696</u>	<u>604,095</u>	<u>983,731</u>

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The outstanding accounts receivable from related parties are unsecured.

D. Payables to related parties

<b>Related Party Category / Name</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Other related parties – Kioxia Taiwan Corporation	<u>\$ 732,985</u>	<u>-</u>	<u>1,083,753</u>

E. Prepayments

<b>Related Party Category / Name</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>	<b>September 30, 2024</b>
Other related parties – Kioxia Taiwan Corporation	<u>\$ -</u>	<u>402,880</u>	<u>1,488,478</u>

F. Other transactions

<b>Account Name</b>	<b>Related Party Category</b>	<b>For the three months ended September 30,</b>		<b>For the nine months ended September 30,</b>	
		<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Operating costs	Other related parties	\$ 409	12	1,257	405
	Associates	-	-	-	3,239
		<u>\$ 409</u>	<u>12</u>	<u>1,257</u>	<u>3,644</u>
Operating and non- operating expenses	Associates	\$ 1,134	28,903	4,653	59,394
	Other related parties	493	-	923	2,043
		<u>\$ 1,627</u>	<u>28,903</u>	<u>5,576</u>	<u>61,437</u>
Non-operating incomes	Other related parties (Note)	\$ 1,518	-	4,424	52
	Associates	231	231	694	694
		<u>\$ 1,749</u>	<u>231</u>	<u>5,118</u>	<u>746</u>

Note: The related parties distributed of NT149,319 thousand (recognized as other receivables) cash dividend to the Group for the nine months ended September 30, 2024.

As of September 30, 2025, December 31, 2024, and September 30, 2024, the receivables arising from abovementioned transactions were \$96 thousand, \$81 thousand and \$81 thousand (recognized as other receivables) and the payables arising from abovementioned transactions were \$1,260 thousand, \$23,452 thousand and \$22,640 thousand, respectively (recognized as other current liabilities).

The Group leased the office to related parties with lease terms and prices determined based on mutual agreements. The payment term for rental is 30 days after the end of the month, with the related income being classified under non-operating income.

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(3) Key management personnel compensation

	For the three months ended September 30		For the nine months ended September 30,	
	2025	2024	2025	2024
Short-term employee benefits	\$ 121,608	34,357	210,259	228,062
Post-employment benefits	376	348	1,182	1,080
Share-based payments	2,826	1,183	2,826	142,739
	<u>\$ 124,810</u>	<u>35,888</u>	<u>214,267</u>	<u>371,881</u>

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

Please refer to note 6(19) for further explanations related to share-based payment.

**8. Pledged assets**

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2025	December 31, 2024	September 30, 2024
Property, plant and equipment	As collateral for loans and finance facilities	\$ 482,739	492,330	495,527
Pledged time deposits (recognized as financial assets at amortized cost — current)	As collateral for the tariff of imported raw materials	41,094	40,807	40,807
		<u>\$ 523,833</u>	<u>533,137</u>	<u>536,334</u>

**9. Commitments and contingencies**

(1) Significant commitments

A. The Group's unused letters of credit as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
	<u>\$ 320,000</u>	<u>320,000</u>	<u>320,000</u>

B. In order to receive the research project grant, the Group obtain a performance guarantee letter from the bank as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
	<u>\$ 152,225</u>	<u>180,000</u>	<u>22,310</u>

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C. In order to apply post release duty payment for imported goods, the Group obtain a customs duties guarantee from the bank as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
\$	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

(2) Purchase commitment

The Group entered into a long-term purchase agreement of materials with a supplier. The relative purchase quantity and price of wafers are specified in the agreement. According to the agreement, the Group has to pay partial guarantee deposit before the agreed date. As of September 30, 2025, the Group has paid US\$56,000 thousand of guarantee deposit (recognized as other non-current assets).

**10. Losses due to major disasters: None.**

**11. Subsequent events: None.**

**12. Other**

(1) A summary of current-period employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function	For the three months ended September 30,				
		2025			2024	
		Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses Total
Employee benefits						
Salary		201,297	2,890,324	3,091,621	184,884	1,793,796
Labor and health insurance		19,814	132,064	151,878	18,367	123,502
Pension		8,163	78,870	87,033	8,046	70,715
Others		10,993	61,575	72,568	9,928	52,462
Depreciation		36,521	152,744	189,265	47,940	125,830
Amortization		465	157,548	158,013	547	132,455

**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

By item	By function	For the nine months ended September 30,				
		2025			2024	
		Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses Total
Employee benefits						
Salary		595,712	6,778,791	7,374,503	648,195	7,784,529
Labor and health insurance		59,574	410,244	469,818	58,701	383,112
Pension		24,055	232,587	256,642	24,161	204,770
Others		30,884	172,853	203,737	30,444	157,551
Depreciation		122,582	440,885	563,467	144,697	367,365
Amortization		1,363	471,519	472,882	1,582	381,268

- (2) On November 8 and December 13, 2019, the Securities and Futures Investors Protection Center (“SFIPC”) filed two lawsuits against the Company to the Taiwan Hsinchu District Court, with the following demands:

- A. Mr. K.S. Pua should be removed from his position as the Company’s chairman of the board (“Removal Action”);
- B. The Company, its board of directors, and other co-defendants, must compensate for the damage amounting to NT\$685,570 thousand on behalf of certain investors (“Class Action”).

Both civil lawsuits above derived from the criminal litigation associated with the Company’s financial case dated August 05, 2016, where the Company has engaged attorneys to defend its case and request the court to dismiss SFIPC’s allegations.

Of which, the termination lawsuit was declared on January 15, 2025, and the Taiwan High Court ruled that Mr. K.S. Pua’s position as a director of the Company should be terminated. Phison Electronics and Mr. K.S. Pua have filed an appeal to the Supreme Court. The dismissal litigation is currently under review by the Supreme Court. Nevertheless, since Mr. K.S. Pua had resigned from his position on November 18, 2021, the Removal Action’s future development has no impact to the Company.

With regard to the Class Action, the Taiwan Hsinchu District Court dismissed the plaintiff’s claims and provisional execution on May 3, 2024, with the plaintiff bearing all the litigation expenses. However, the plaintiff disagreed with the court’s decision and filed an appeal to the Taiwan High Court.

### 13. Addition disclosures

- (1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Loans to other parties: None.
- B. Guarantees and endorsements for other parties: None.



**Phison Electronics Corp. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

- C. Securities held as of September 30, 2025 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 1.
- D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 2.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to Table 3.
- F. Business relationships and significant intercompany transactions: Please refer to Table 4.
- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 5.
- (3) Information on investment in Mainland China:
  - A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 6.
  - B. Limitation on investment in Mainland China: Please refer to Table 6.
  - C. Significant transactions:

For the nine months ended September 30, 2025, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

**14. Segment information**

Information is reported to the chief operating decision maker for the purpose of resource allocation, and the assessment of segment performance is focused on operating income generated from flash memory controllers design and the flash peripheral application integration design, manufacturing and sales business. As a result, the Group has only one operating segment. The segment engages mainly in the design and sale of flash memory controllers and the flash peripheral application integration, such as the application design, manufacturing and sale of SSDs (included SATA, PCIe), Embedded Memory (included eMMC, UFS), USB and memory cards, etc.

The basis for the measurement of income from operations is the same as that for the preparation of the financial statements. Refer to the consolidated statements of comprehensive income for the related segment revenue and operating results.

**Phison Electronics Corp. and Subsidiaries**  
**Significant securities held as of September 30, 2025 (excluding investment in subsidiaries, associates and joint ventures)**  
**September 30, 2025**

Table 1

(Shares/Units in Thousands / Amounts in Thousands)

Name of Holder	Type and Name of Marketable Securities	Relationship with Company	Account Title	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	<u>Common shares</u> Apacer Technology Inc.	-	Financial assets at fair value through profit or loss — current	12,405	899,332	9.68	899,332	

Note: The individual amount of significant transaction should exceed \$100,000 thousand or above.

**Phison Electronics Corp. and Subsidiaries**

**Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock**

**For the nine months ended September 30, 2025**

Table 2

(Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sales	Amount	Percentage of Total Purchases/Sales (%)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable) (%)	
The Company	Kioxia Taiwan Corporation	The subsidiary of KIC	Purchase	9,768,374	29	Net 30 days after monthly closing	None	None	(732,985)	(11)	Note 2
	Super Storage Technology Corporation	Sub-subsidiary	Processing cost	422,287	1	Net 30 days after monthly closing	None	None	(60,228)	(1)	
	Kioxia Corporation	The Company's director	Sales	(801,171)	(2)	Net 60 days after monthly closing	None	None	286,998	2	
	Hosin Global Electronics Co., Ltd. (HK)	The subsidiary of Hosin Global Electronics Co., Ltd. (SZ)	Sales	(3,847,295)	(8)	Net 45 to 75 days after monthly closing	None	None	1,215,591	10	
	Hosin Global Electronics Co., Ltd. (SZ)	Associate	Sales	(111,642)	-	Net 45 days after monthly closing	None	None	13,688	-	
	Miphi Semiconductors Private Limited	Associate	Sales	(106,031)	-	Net 30 to 45 days after receiptdate	None	None	30,371	-	

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sales	Amount	Percentage of Total Purchases/Sales (%)	Payment Terms	Unit Price	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable) (%)	
	ProGrade Digital Incorporated	Associate	Sales	(231,918)	-	Net 30 days after receiptdate	None	None	34,141	-	
	Nextorage Corporation	Subsidiary	Sales	(362,769)	(1)	Net 60 days after monthly closing	None	None	165,162	1	Note 2
	Phison Technology Inc.	Sub-subsidiary	Sales	(683,919)	(1)	Net 45 days after monthly closing	None	None	222,653	2	Note 2

Note 1: The sales and purchase price to related parties were similar to those offered to non-related parties.

Note 2: The inter-company transactions and balance had been eliminated in the consolidated financial statements.

**Phison Electronics Corp. and Subsidiaries**  
**Receivables from Related Parties Amounting to at least NT\$100 Million or 20% of the Paid-in Capital**  
**September 30, 2025**

Table 3

(Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts	Note
					Amount	Action Taken			
The Company	Hosin Global Electronics Co.,Ltd. (HK)	The subsidiary of Hosin Global Electronics Co.,Ltd. (SZ)	1,215,591	6.12	-	-	405,872	1,095	
	Kioxia Corporation	The Company's director	286,998	5.94	-	-	147,077	259	
	Nextorage Corporation	Subsidiary	165,162	4.50	-	-	92,855	-	Note 2
	Phison Technology Inc.	Sub-subsidiary	222,653	5.16	-	-	83,342	-	Note 2

Note 1: Information as of October 30, 2025.

Note 2: The aforementioned inter-company transactions and balance have been eliminated in the consolidated financial statements.

**Phison Electronics Corp. and Subsidiaries**  
**Business relationships and significant intercompany transactions**  
**For the nine months ended September 30, 2025**

Table 4

(Amounts in Thousands)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (%)
0	The Company	Super Storage Technology Corporation	1	Processing cost	422,287	General trading terms	0.85
		Phison Technology Inc.	1	Sales	683,919	General trading terms	1.37
			1	Accounts receivable	222,653	General trading terms	0.30
			1	Marketing expenses	420,301	General trading terms	0.84
		Nextorage Corporation	1	Sales	362,769	General trading terms	0.73
			1	Accounts receivable	165,162	General trading terms	0.22

Note 1: 1.Parent Company to its subsidiaries

Note 2: The amount of significant transaction should exceed \$100,000 thousand or above.

**Phison Electronics Corp. and Subsidiaries**  
**Information on Investees (Excluding Information on Investees in Mainland China)**  
**For the nine months ended September 30, 2025**

Table 5

(Amounts in Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2025			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of Ownership (%)	Carrying Value			
The Company	Global Flash Limited	Samoa	Investment and trade	726,307	726,307	22,100,000	100.00	3,777,359	5,768	5,768	Subsidiary and note 2
	Regis Investment (Samoa) Limited	Samoa	Investment	655,995	655,995	21,900,000	100.00	1,679,997	56,655	56,655	Subsidiary and note 2
	Phisontech Electronics Taiwan Corp.	Taiwan	Investment and trade	581,363	581,363	55,000,000	100.00	837,636	36,047	36,047	Subsidiary and note 2
	Lian Xu Dong Investment Corporation	Taiwan	Investment	650,000	650,000	65,000,000	100.00	445,432	2,941	2,941	Subsidiary and note 2
	EpoStar Electronics (BVI) Corporation	British Virgin Islands	Investment	79,531	79,531	6,288,523	30.51	220,824	(3,927)	(1,198)	Investee accounted for using the equity method
	Emtops Electronics Corporation	Taiwan	Investment	380,000	380,000	38,000,000	100.00	483,156	(4,840)	(4,840)	Subsidiary and note 2
	Nextorage Corporation	Japan	R&D, design, manufacture and sale of flash memory application products	211,170	211,170	11,797	98.31	608,274	77,739	76,424	Subsidiary and note 2
	Power Flash (Samoa) Limited	Samoa	Investment and trade	433,960	433,960	13,800,000	100.00	389,780	(10,094)	(10,094)	Subsidiary and note 2
	ProGrade Digital Inc.	USA	Flash memory related products and market development	83,439	83,439	2,785,000	28.62	165,278	34,885	10,004	Investee accounted for using the equity method

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2025			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of Ownership (%)	Carrying Value			
The Company	Phison Electronics Japan Corp.	Japan	Sales and service office	59,508	59,508	2,000	100.00	28,476	1,031	1,031	Subsidiary and note 2
	Phison Technology India Private Limited	India	Design, R&D, import and export of storage devices and electronic components	8,768	8,768	2,299,990	100.00	10,966	856	856	Subsidiary and note 2
	Microtops Design Corporation	Taiwan	Development and design of flash memory controllers and related products	22,638	22,638	2,263,800	49.00	28,328	(1,972)	(966)	Investee accounted for using the equity method
	Great Storage Investment Corporation	Taiwan	Investment	750,000	750,000	75,000,000	100.00	744,405	21,709	21,709	Subsidiary and note 2
	Gorich Investment Corporation	Taiwan	Investment	280,000	-	28,000,000	100.00	282,015	2,015	2,015	Subsidiary and note 2
	EverBot Technology Co., Ltd.	Taiwan	Production and sales of collaborative robots for healthcare applications	80,000	-	8,000,000	40.00	79,083	(2,293)	(917)	Investee accounted for using the equity method
								<u>9,781,009</u>		<u>195,435</u>	
Lian Xu Dong Investment Corporation	Ostek Corporation	Taiwan	Manufacture and trade of electronic components	9,000	9,000	900,000	100.00	28,411	4,886	Note 1	Sub-sub-subsidiary and note 2
Emtops Electronics Corporation	Phison Technology Inc.	USA	Sale of electronic products and business service office	90,419	90,419	3,000,000	100.00	247,410	7,173	Note 1	Sub-sub-subsidiary and note 2
	Phison Technology India Private Limited	India	Design, R&D, import and export of storage devices and electronic components	-	-	10	-	-	856	Note 1	Sub-sub-subsidiary and note 2
	Miphi Semiconductors Private Limited	India	Development, design, sales and technical service of flash memory related application products and software.	143,721	143,721	37,350,000	45.00	106,478	(26,358)	Note 1	Investee accounted for using the equity method



Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2025			Net Income (Losses) of Investee	Share of Profits/Losses of Investee	Note
				September 30, 2025	December 31, 2024	Shares	Percentage of Ownership (%)	Carrying Value			
Phisontech Electronics Taiwan Corp.	Super Storage Technology Corporation	Taiwan	Manufacture and trade of electronic components	452,954	452,954	34,842,595	100.00	837,636	34,972	Note 1	Sub-subsidiary and note 2
Global Flash Limited	Core Storage Electronic (Samoa) Limited	Samoa	Investment and trade	636,593	636,593	19,150,000	100.00	3,822,217	7,704	Note 1	Sub-subsidiary and note 2
Power Flash (Samoa) Limited	Power Flash (HK) Limited	Hong Kong	Sales and trade of electronic products	98,754	98,754	3,000,000	100.00	108,088	3,087	Note 1	Sub-subsidiary and note 2
Regis Investment (Samoa) Limited	RealYou Investment Limited	Hong Kong	Investment	654,726	654,726	21,850,000	100.00	1,765,217	56,750	Note 1	Sub-subsidiary and note 2
Great Storage Investment Corporation	Maistorage Technology Sdn. Bhd.	Malaysia	R&D, design, manufacture, and sale of flash memory controller chips and storage solutions, along with trade, import and export, software development, and technical support services	709,459	709,459	100,000,000	100.00	702,942	21,510	Note 1	Sub-subsidiary and note 2

Note 1: The share of profits/losses of the investee company is not disclosed herein as such amount is already included in the share of profits/losses of the investor company.

Note 2: The aforementioned inter-company transactions and balance have been eliminated in the consolidated financial statements.

**Phison Electronics Corp. and Subsidiaries**  
**Information on Investment in Mainland China**  
**For the nine months ended September 30, 2025**

Table 6

(Amounts in Thousands)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2025	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2025	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Investment Income (Losses)	Book Value	Accumulated Remittance of Earnings in as of September 30, 2025	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	(3,927)	100.00	(3,927)	92,080	-	Note 3
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)	-	-	-	-	(16,217)	24.23	(3,930)	86,555	-	
Hosin Global Electronics Co., Ltd. (SZ)	R&D and sale of electronic product and technical service and rendering of related services	2,072,062	2(1) and 2(2)	442,780	-	-	442,780	2,089,363	22.50	127,440	3,269,193	2,068,111	
Power Storage Technology (Shenzhen) Limited	Design, R&D, import and export of storage devices and electronic components	43,520	2(3)	43,520	-	-	43,520	1,437	100.00	1,437	49,125	-	Note 3
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	(13,156)	100.00	(13,156)	200,843	-	Note 3

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of September 30, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 2)
936,845	1,324,209	30,047,760

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.

Note 3: The aforementioned inter-company transactions and balance have been eliminated in the consolidated financial statements.