

Stock code : 8299

# 2024 Annual Report

## Phison Electronics Corporation

Annual Report is available in the following websites.

Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>

Corporation Website : <https://www.phison.com>

Printed on May 8, 2025

# ***PHISON***

**1. Name, Position, Contact Number, and Email of the Company's Spokesperson and Deputy**

**Spokesperson:**

Name: Zhi Chyang Yu

Position: Senior Special Asst. & COO

Tel: (037) 586-896 ext.10019

Email: antonioyu@phison.com

Name: Kuo Ting Lu

Position: Senior Project Manager

Tel: (037) 586-896 ext. 26022

Email: kuoting\_lu@phison.com

**2. Addresses and Phone Numbers of Corporate Headquarter, Subsidiaries, and Plants**

Headquarter

Address: 10F-6, No.251, Fuxing 1st St., Zhubei City, Hsinchu County

Zhunan Branch

Zhunan Branch Address: No.1, Qunyi Rd., Jhunan Township, Miaoli County, Taiwan

Zhunan Plant 2 Address: No.1-1, Qunyi Rd., Jhunan Township, Miaoli County, Taiwan

Zhunan Plant 3 Address: No.1-2, Qunyi Rd., Jhunan Township, Miaoli County, Taiwan

Zhunan Plant 5 Address: No.1-5, Qunyi Rd., Jhunan Township, Miaoli County, Taiwan

Tel: (037) 586-896

**3. Name, Address, E-mail Address, and Telephone Number of the Stock Transfer Agency**

Name: Stock Affairs Department, Horizon Securities Corp.

Address: 3F, No. 236, Section 4, Xinyi Road, Da'an District, Taipei City

Website: <https://www.honsec.com.tw>

Tel: (02)2326-8818

**4. Name of the CPA who Audited the Financial Statements for the Most Recent Year, and the Name, Address and Telephone Number of the Accounting Firm**

Name of CPA: Chien Hui Lu, An Chih Cheng

CPA Firm: KPMG

Address: No.11, Prosperity Road I, Hsinchu Science Park, Hsinchu, Taiwan

Website: [www.home.kpmg/tw](http://www.home.kpmg/tw)

Telephone: (03)579-9955

**5. Name of Offshore Stock Exchange and Method for Accessing Information on Offshore Securities:**  
**None.**

**6. Website: <https://www.phison.com>**

# Phison Electronics Corporation

## 2024 Annual Report

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# Chapter 1

## Letter to Shareholders

The background features a collage of business-related images: a laptop, a smartphone, and a document with financial charts and tables. Overlaid on these are various abstract geometric shapes and lines in blue, yellow, and purple, including a large blue shape with a green circle and white zigzag line in the bottom left, and a purple circle with blue diagonal lines in the bottom right.

# Chapter 1. Letter to Shareholders

Dear Shareholders,

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

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

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

Phison's consolidated revenue for 2024 reached NT\$58.936 billion, with a consolidated net profit of NT\$7.954 billion and earnings per share (EPS) of NT\$38.95. These results highlight Phison's strong growth and financial stability, reflecting its continuous efforts in technology development and market expansion, further strengthening its competitive position.

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

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

In 2024, Phison Electronics successfully developed several products, including:

1. World's First PCIe 5.0 DRAM-Less Client SSD Controller – E31T.
2. World's First Single-Chip (SoC) Native USB 4.0 Controller – U21.
3. UFS 3.1 PS8325 – Designed for High-End Smartphones, Featuring TSMC 12nm Process and Dual-Channel Architecture.
4. UFS 3.1 PS8329 – Targeting the High-Value Mid-Range Smartphone Market with 22nm Process Technology.
5. UFS 4.0 PS8361 – Aimed at Flagship Smartphones, Featuring TSMC 12nm Process and Quad-Channel Architecture.
6. PASCARI – Enterprise SSD Brand Designed for Server and Enterprise Applications.
7. First 128TB Ultra-High-Capacity Enterprise SSD – D205V.

In 2025, we plan to increase our R&D workforce to between 3,500 and 3,600 people. The estimated sales volume of major products for 2025 is estimated as follows, based on the following factors: the growth and mix of our product sales 、our business plan 、market demand forecasts 、the competitive landscape of the industry 、the business outlook of our major customers：

| Product          | Expected Sales Volume |
|------------------|-----------------------|
| NAND Controllers | 410 million units     |
| NAND Modules     | 212 million units     |

The product lines currently planned for new development or ongoing upgrades in 2025 are as follows:

1. Continuously develop high-end enterprise SSDs with higher capacity, faster speeds, and enhanced interface fault tolerance, collaborating with strategic partners to meet the demands of the enterprise storage market.
2. Develop more compact, higher-capacity, and power-efficient controller solutions, including eMMC, UFS, and BGA SSDs for automotive storage, addressing the high-speed storage needs of future mobile devices.
3. Advance the development of automotive-grade controller chips and strengthen compliance with various automotive certifications, including AEC-Q100, ISO 26262, IATF 16949, and ASPICE, to meet the growing demand for automotive electronics.
4. Continue introducing Redriver/Retimer ICs for PCs, servers, and in-vehicle systems, providing optimal signal stability solutions for high-speed transmission platforms.
5. Build upon the aiDAPTIV+ platform to develop next-generation edge AI solutions, expanding Edge AI applications and enabling more users to benefit from AI-driven convenience.

Looking ahead, by upholding the cores of the Company culture, Phison Electronics is moving forward to comply with the changing global trends for continuing to expand the territory of the market and to stand the leadership in the market to achieve the goal of operating the Company stably.

**Respectfully yours**

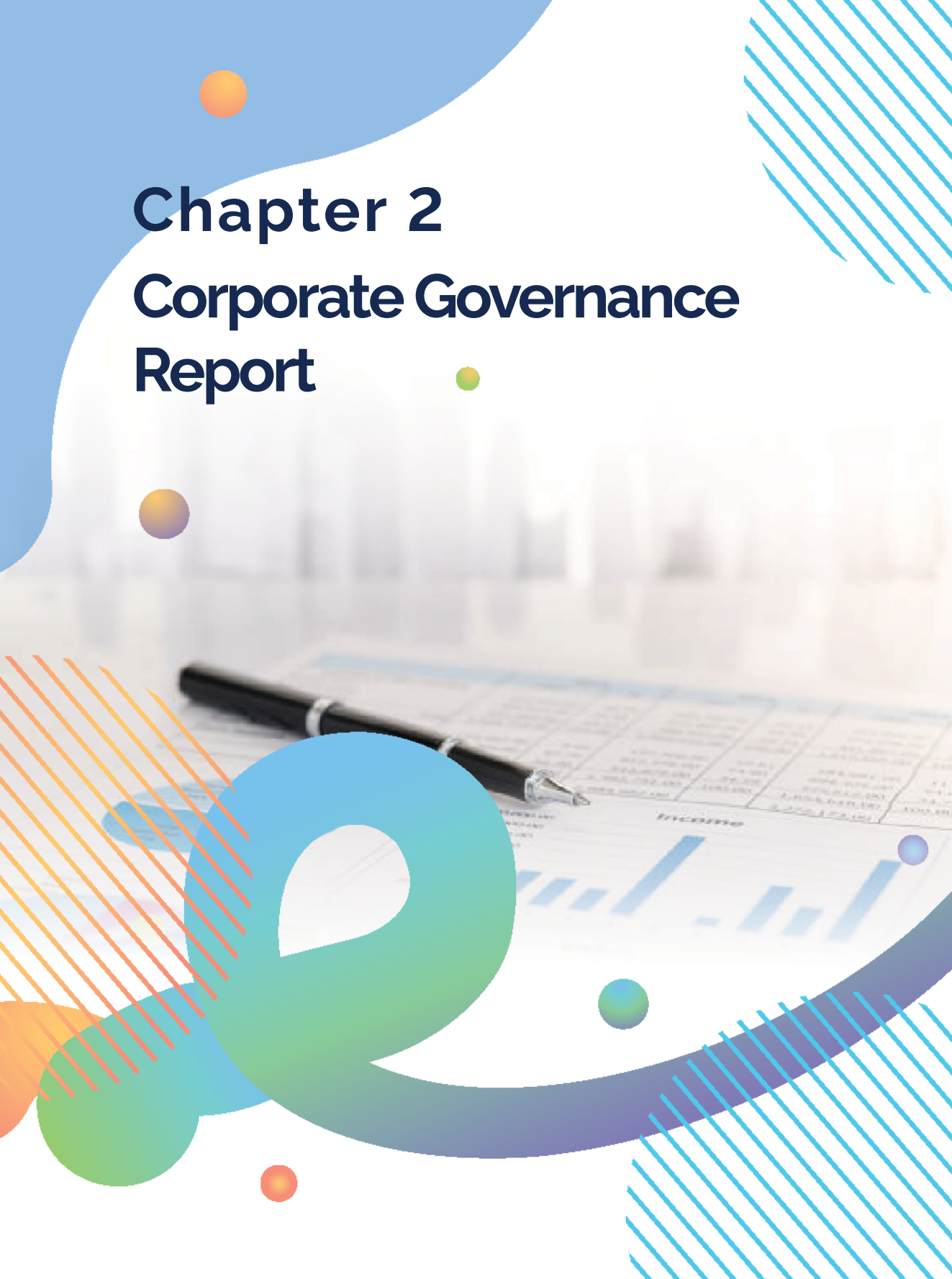
**Wee Kuan Gan, Chairman**

**Chung Hsun Ma, President**



# Chapter 2

## Corporate Governance Report



## Chapter 2. Corporate Governance Report

### 2.1 Profile of Directors, Supervisors, General Managers, Deputy General Manager, Co-managers, Heads of Departments and Branches

#### 2.1.1 Profile of Directors and supervisors

##### 2.1.1.1 Profile of Directors and supervisors

| March 29, 2025; Unit: shares |                                 |                               |            |                               |        |                        |                           |                      |                      |                      |                             |                      |                          |                      |  |   |   |      |              |     |
|------------------------------|---------------------------------|-------------------------------|------------|-------------------------------|--------|------------------------|---------------------------|----------------------|----------------------|----------------------|-----------------------------|----------------------|--------------------------|----------------------|--|---|---|------|--------------|-----|
| Title                        | Nationality or Registered Place | Name                          | Gender Age | Date of election(appointment) | Term   | Date of first election | Shareholding when elected |                      | Current shareholding |                      | Spouse & minor shareholding |                      | Shareholding by nominees |                      | Experience (education)   | Other position concurrently held at the Company and other companies | Executives, Directors or Supervisors who are spouses or within the second degree of kinship (Note1) |      |              |     |
|                              |                                 |                               |            |                               |        |                        | Number of Shares          | Shareholding Rate(%) | Number of Shares     | Shareholding Rate(%) | Number of Shares            | Shareholding Rate(%) | Number of Shares         | Shareholding Rate(%) |  |   | Title   | Name | Relationship |     |
| Chairman                     | Taiwan                          | Cheng He Investment Co., Ltd. | -          | 2023.05.31                    |        | 2020.06.03             | 2,403,000                 | 1.20                 | 2,403,000            | 1.16                 | -                           | -                    | 0                        | 0.00                 | N/A  | N/A   | N/A   | N/A  | NIL          |     |
|                              |                                 |                               |            |                               |        |                        |                           |                      |                      |                      |                             |                      |                          |                      | Vice President of Phison Electronics Corporation; Director of M-Storage Technology Sdn. Bhd., Core Storage Electronic (Samoa) Limited, Global Flash Limited, Legal Representative of Great Storage Investment Corporation, Super Storage Technology Corp.; Representative Supervisor of Phisontech Taiwan Electronics Co.; Representative Director of Lianxudong Investment Co., and Osek Corp.. |   |   |      |              |     |
|                              | Malaysia                        | Representative: Wee Kuan Gan  | Male 41-50 | 2023.05.31                    | 3years | 2021.11.18             | 0                         | 0.00                 | 138,052              | 0.07                 | 3,031                       | 0.00                 | 0                        | 0.00                 | Institute of Electrical and Electronic Engineers (Singapore) National Yang Ming Chiao Tung University  | N/A   | N/A   | N/A  | NIL          |     |
| Director                     | Taiwan                          | Tzang Hong Kuang              | Male 61-70 | 2023.05.31                    | 3years | 2008.06.13             | 1,438,736                 | 0.72                 | 1,449,736            | 0.70                 | 0                           | 0.00                 | 0                        | 0.00                 | Master of Business Administration,   | Senior Special Asst. of Phison Electronics                          | N/A   | N/A  | N/A          | NIL |

| Title    | Nationality or Registered Place | Name                           | Gender     | Date of election (appointment) | Term   | Date of first election | Shareholding when elected |                       | Current shareholding |                       | Spouse & minor shareholding |                       | Shareholding by nominees |   | Experience (education)  | Other position concurrently held at the Company and other companies  | Executives, Directors or Supervisors who are spouses or within the second degree of kinship |              | Remarks Note 1 |     |
|----------|---------------------------------|--------------------------------|------------|--------------------------------|--------|------------------------|---------------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|--------------------------|---|---|--|---|--------------|----------------|-----|
|          |                                 |                                |            |                                |        |                        | Number of Shures          | Shareholding Ratio(%) | Number of Shares     | Shareholding Ratio(%) | Number of Shares            | Shareholding Ratio(%) | Number of Shares         | Shareholding Ratio(%)   |   |  | Title   | Relationship |                |     |
|          |                                 |                                |            |                                |        |                        |                           |                       |                      |                       |                             |                       |                          | Greenwich University Kogen Singapore Pte Ltd Vice President of Phison Electronics Corporation | Corporation; Director of Power Flash (Samoa) Limited, Nextorage Corp., United Power Research Technology Corp.; Legal Representative Director and Chairman of Emlops Electronics Corp.; Legal Representative Director of Microtops Design Corp.; Osaka Corp.; Chairman of Phison Electronics Japan Corp.; ONE UPON CO. LTD., Hongfancheng Co., Ltd; SRW Corporation; Supervisor of GREEN JACKET SPORTS CO., LTD. |  |   |              |                |     |
|          | Taiwan                          | Cheng Shuo Investment Limited  | -          | 2023.05.31                     | 3year  | 2022.05.24             | 1,158,000                 | 0.58                  | 1,223,000            | 0.59                  | -                           | -                     | 0                        | 0.00  | N/A   | N/A  | N/A   | N/A          | NIL            |     |
| Director | Taiwan                          | Representative: Chiu An Chuang | Male 71-80 | 2023.05.31                     | 3year  | 2023.05.31             | 0                         | 0.00                  | 0                    | 0.00                  | 0                           | 0.00                  | 0                        | 0.00  | Honorary Doctorate of National Chi Nan University President of Thailand Shin Management Co., Ltd. Chairman of the 28th Mediation Committee of Jhushan Town, Nantou County   | Government Affairs Advisor, Executive Yuan, Chairman of the Management Committee of Jhushan Zi Nan Temple, Director of SUNMOON DEVELOPMENT CO., LTD. |   |              |                | NIL |
|          | Taiwan                          | Jium Ycong Yang                | Male 51-60 | 2023.05.31                     | 3years | 2020.06.03             | 4,549,114                 | 2.28                  | 4,549,114            | 2.20                  | 0                           | 0.00                  | 0                        | 0.00  | Ph.D of Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University   | N/A  | N/A   | N/A          | NIL            |     |

| Title    | Nationality or Registered Place | Name                            | Gender Age | Date of election (appointment) | Term   | Date of first election | Shareholding when elected |                       | Current shareholding |                       | Spouse & minor shareholding |                       | Shareholding by nominees |                       | Experience (education)  | Other position concurrently held at the Company and other companies   | Executives, Director or Supervisors who are spouses or within the second degree of kinship |      |              | Remarks Note 1 |
|----------|---------------------------------|---------------------------------|------------|--------------------------------|--------|------------------------|---------------------------|-----------------------|----------------------|-----------------------|-----------------------------|-----------------------|--------------------------|-----------------------|---|---|--|------|--------------|----------------|
|          |                                 |                                 |            |                                |        |                        | Number of Shares          | Shareholding Ratio(%) | Number of Shares     | Shareholding Ratio(%) | Number of Shares            | Shareholding Ratio(%) | Number of Shares         | Shareholding Ratio(%) |   |   | Title  | Name | Relationship |                |
|          |                                 |                                 |            |                                |        |                        |                           |                       |                      |                       |                             |                       |                          |                       | Founder of Phison Electronics Corporation   |   |  |      |              |                |
| Director | Japan                           | KIOXIA Corporation              | -          | 2023.05.31                     | 3years | 2017.09.27             | 19,821,112                | 9.93                  | 19,821,112           | 9.60                  | -                           | -                     | 1,000                    | 0.00                  | N/A   | Director of KIOXIA Semiconductor Corporation, KIOXIA Taiwan Corporation, KIOXIA Design Microtops Design Corp, Solid State System Co., Ltd | N/A  | N/A  | N/A          | NIL            |
|          | Japan                           | Representative: Hiroshi Miyachi | Male 61-70 | 2023.05.31                     | 3years | 2020.11.13             | 0                         | 0.00                  | 0                    | 0.00                  | 0                           | 0.00                  | 0                        | 0.00                  | The University of Electro-Communications, Bachelor Toshiba Corporation, Director & General Manager of Intellectual Property Division Toshiba Corporation, R&D Technology Division, Chief Fellow | Kioxia Corporation, Part-time employee Toshiba Materials Corporation, Part-time employee  | N/A  | N/A  | N/A          | NIL            |
| Director | Taiwan                          | Chih Jen Hsu                    | Male 51-60 | 2024.05.27                     | 3years | 2011.06.15 (Note 2)    | 1,040,301                 | 0.51                  | 1,040,301            | 0.50                  | 0                           | 0.00                  | 0                        | 0.00                  | University of Wundong Electronics Corporation Assistant Manager Founder of Phison Electronics Corporation   | Vice Technology Phison Electronics Corporation  | N/A  | N/A  | N/A          | NIL            |
|          | Taiwan                          | Huei Ming Wang                  | Male 61-70 | 2023.05.31                     | 3years | 2023.05.31             | 0                         | 0.00                  | 0                    | 0.00                  | 0                           | 0.00                  | 0                        | 0.00                  | Master of Industrial Management from Chung Hua University Director of Moore's Rowland Ltd. ; Certified  | Independent director of GIGA-BYTE TECHNOLOGY CO., LTD., Taisol Electronics Co., Ltd. ; Certified  | N/A  | N/A  | N/A          | NIL            |

| Title                | Nationality or Registered Place | Name          | Gender          | Date of election/appointment | Term   | Date of first election | Shareholding when elected |                      | Current shareholding |                      | Spouse & minor shareholding |                      | Shareholding by nominees |                       | Experience (education)  | Other position concurrently held at the Company and other companies   | Executives, Directors or Supervisors who are spouses or within the second degree of kinship |      |              | Remarks Note 1 |
|----------------------|---------------------------------|---------------|-----------------|------------------------------|--------|------------------------|---------------------------|----------------------|----------------------|----------------------|-----------------------------|----------------------|--------------------------|-----------------------|---|---|---|------|--------------|----------------|
|                      |                                 |               |                 |                              |        |                        | Number of Shares          | Shareholding Rate(%) | Number of Shares     | Shareholding Rate(%) | Number of Shares            | Shareholding Rate(%) | Number of Shares         | Shareholding Ratio(%) |   |   | Title   | Name | Relationship |                |
|                      |                                 |               |                 |                              |        |                        |                           |                      |                      |                      |                             |                      |                          |                       | CPAs  | Public Accountant; Chairman of Apollo digital power CO., LTD., Apollo power co., Ltd.   |   |      |              |                |
| Independent Director | Taiwan                          | Chen Wei Wang | Male<br>71-80   | 2023.05.31                   | 3years | 2014.06.17             | 0                         | 0.00                 | 0                    | 0.00                 | 0                           | 0.00                 | 0                        | 0.00                  | Department of Electronics Engineering, National Yang Ming Chiao Tung University | Independent director of Simplo Technology Co. Ltd., Pegatron Corporation  | N/A   | N/A  | N/A          | NIL            |
| Independent Director | Taiwan                          | Yu Lun Huang  | Female<br>51-60 | 2023.05.31                   | 3years | 2020.06.03             | 0                         | 0.00                 | 0                    | 0.00                 | 0                           | 0.00                 | 0                        | 0.00                  | Ph.D., Department of Computer Science, National Yang Ming Chiao Tung University | Dean of school<br>Vice Academic Affairs, National Yang Ming Chiao Tung University<br>Associate Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University<br>Consultant of Taiwan Open Course and Education Consortium | N/A   | N/A  | N/A          | NIL            |

Note 1: The chairman of the board of directors and the general manager or equivalent (top manager) who are the same person, spouse or within the first degree of kinship should state the reason, reasonableness, necessity and response measures.

Note 2: Director Chih Jen Hsu was first elected on 2011.06.15 and served as a director of the Company from June 15, 2011 to June 17, 2014 and June 13, 2017 to June 3, 2020.

### 2.1.1.2 Major shareholders of the institutional shareholders

March 29, 2025

| Name of institutional shareholders | Major shareholders of the institutional shareholders |
|------------------------------------|--|
| Kioxia Corporation                 | Kioxia Holdings Corporation : 100%                   |
| Chenghe Investment Co., Ltd.       | Khein Seng Pua: 99.38%; Chiang Han Hsu: 0.62%        |
| Cheng Shuo Investment Limited      | Khein Seng Pua: 100.00%                              |

### 2.1.1.3 Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

March 29, 2025

| Name of institutional shareholder | Major shareholders                  |
|-----------------------------------|-------------------------------------|
| Kioxia Holdings Corporation       | Toshiba Corporation : 30.51%        |
|                                   | BCPE Pangea Cayman, L.P. : 22.03%   |
|                                   | BCPE Pangea Cayman2, Ltd. : 14.36%  |
|                                   | BCPE Pangea Cayman 1A, L.P. : 9.00% |
|                                   | BCPE Pangea Cayman 1B, L.P. : 5.75% |
|                                   | HOYA Corporation : 3.01%            |

## 2.1.1.4 Disclosure of Directors' Professional Qualifications and Independent Directors'

### Independence Information:

| Criteria<br>Name  | Professional Qualification and Work Experience  | Independence Situation  | Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director |
|---|---|---|---|
| Representative of Cheng He Investment Co., Ltd.<br>Wee Kuan Gan   | Mr. Wee Kuan Gan, now Vice President of Phison Electronics Corp., has relevant work experience in industry research and development, process, production management, etc., and declares that he does not have any of the provisions of Article 30 of the Company Law.     | Not an independent director.  | N/A   |
| Tzung Horng Kuang   | Mr. Tzung Horng Kuang, with relevant work experience required for the Company's business, and declares that he does not have any of the provisions of Article 30 of the Company Law.  | Not an independent director.  | N/A   |
| Representative of Cheng Shuo Investment Limited<br>Chiu An Chuang | Mr. Chiu An Chuang, with relevant work experience required for the Company's management and international trade, and declares that he does not have any of the provisions of Article 30 of the Company Law.   | Not an independent director.  | N/A   |
| Jiunn Yeong Yang  | Mr. Jiunn Yeong Yang, as one of the founders of Phison Electronics Corp., has relevant work experience such as research, development, and innovation required by the industry, and declares that he does not have any of the provisions of Article 30 of the Company Law. | Not an independent director.  | N/A   |
| Chih Jen Hsu  | Mr. Chih Jen Hsu, as one of the founders of Phison Electronics Corp., has relevant work experience such as research, development, and innovation required by the industry, and declares that he does not have any of the provisions of Article 30 of the Company Law.     | Not an independent director.  | N/A   |
| Representative of KIOXIA Corporation<br>Hiroshi Miyauchi          | Mr. Hiroshi Miyauchi, with relevant work experience required for the Company's business, and declares that he does not have any of the provisions of Article 30 of the Company Law.   | Not an independent director.  | N/A   |
| Huei Ming Wang  | Mr. Huei Ming Wang, who is a graduate of the Master of Industrial Management from Chung Hua University, has practiced in an accounting firm and has extensive knowledge of finance, accounting and taxation. He is now the convener of the                                | 1. Whether independent directors themselves, their spouses, their relatives within the second degree of kinship act as directors, | 2   |

| Criteria<br>Name | Professional Qualification and Work Experience   | Independence Situation  | Number of Other Public Companies in Which the Individual Is Concurrently Serving as An Independent Director |
|------------------|--|---|---|
|                  | Company's Audit Committee and the Remuneration Committee. He is a member of the Risk Management Committee and the Corporate Sustainability Management Committee, and is now an independent director of GIGA-BYTE TECHNOLOGY CO., LTD. and Taisol Electronics Co., Ltd. and declares that she does not have any provisions of Article 30 of the Company Law.  | supervisors or employees of the Company or its affiliated enterprises: None.<br>2. Number and proportion of shares of the Company held by the independent directors themselves, their spouses, their relatives within the second degree of kinship within the company (or in the name of others): None.           |   |
| Chen Wei Wang    | Mr. Chen Wei Wang, graduated from the Department of Electronic Engineering of Yang Ming Chiao Tung University, served as the CEO and General Manager of Taiwan Quanta Computer inc., is a pioneer in the electronic technology industry, and is now an independent director of Simplo Technology Co., Ltd. and Pegatron Corporation. He has a unique view of the overall economic and industrial direction of the trend, and is currently a member of the Audit Committee and Remuneration Committee of the Company, declares that he does not have any of the provisions of Article 30 of the Company Law.  | 3. Whether the Independent Director is a director, supervisor or employee of a company with a specific relationship to the Company (see Article 3, paragraphs 1 to 8 of the Instructions for the Establishment of Independent Directors of Public Offering Companies and the Requirements to be Followed) : None. | 2   |
| Yu Lun Huang     | Ms. Yu Lun Huang holds a Ph.D. in the Department of Computer Science of National Yang Ming Chiao Tung University and serve as Vice Chancellor of the University and Taiwan Open Curriculum League Consultant. She currently holds the position of Associate Professor in the Electrical Engineering Department of Jiaotong University and has rich industrial knowledge and experience. She is currently a member of the Audit Committee, the Remuneration Committee, the Risk Management Committee, and the Corporate Sustainable Development Committee of the Company, and declares that she does not have any of the provisions of Article 30 of the Company Law. | 4. The amount of remuneration obtained in the last 2 years by providing business, legal, financial, accounting and other services of the Company or its affiliates: None.   | N/A   |



#### 2.1.1.5 Board Diversity and Independence:

The Company clearly stipulates in the "Corporate Governance Best Practice Principles" that the composition of the board of directors should take into account diversity and not restrict gender, race and nationality. The composition of the board of directors shall be determined by taking diversity into consideration. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the capabilities that the entire board of directors should possess include: 1. Ability to make operational judgments. 2. Ability to perform accounting and financial analysis. 3. Ability to conduct management administration. 4. Ability to conduct crisis management. 5. Knowledge of the industry. 6. An international market perspective. 7. Ability to lead. 8. Ability to make policy decisions. As of the publication date of the annual report, there are a total of 9 directors, including 3 independent directors (accounting for 33.33% of all directors); among the 9 directors, one is a female director (accounting for 11.11% of all directors) and 3 employee directors (accounting for 33.33% of all directors). The Company will plan to nominate more female directors and gradually move towards the goal of having female directors account for 1/3 of the board of directors in the future.

As of the publication date of the annual report, there is 1 director aged between 41 and 50 years, 3 directors aged between 51 and 60 years, and the remaining directors are all aged over 61 years. 3 of the independent directors meet the qualifications required by the relevant laws and Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies to be complied with. For information on the educational background, gender, professional qualifications, work experience, and diversity of each director, please refer to 2.1.1 Profile of Directors and supervisors of 2.1 of Chapter 2 Corporate Governance Report, and the table below.

| Diversified Core Competences |   | Basic Composition |        |                      |                       | Industrial Experience/Expertise |                   |                                 |  |                                |                              |                      |                         |                   |                            |   |
|------------------------------|---|-------------------|--------|----------------------|-----------------------|---------------------------------|-------------------|---------------------------------|--|--------------------------------|------------------------------|----------------------|-------------------------|-------------------|----------------------------|---|
|                              |   | Nationality       | Gender | Director as Employee | Independent Directors |                                 |                   | Operational judgment capability | Accounting and financial analysis capabilities | Operations management capacity | Crisis management capability | Industrial knowledge | Global market viewpoint | Leadership skills | Decision-making capability |   |
|                              |   |                   |        |                      | Less than 3 years     | 3 to 9 years                    | More than 9 years |                                 |  |                                |                              |                      |                         |                   |                            |   |
| Name of Directors            |   |                   |        |                      |                       |                                 |                   |                                 |  |                                |                              |                      |                         |                   |                            |   |
| Chairman                     | Wee Kuan Gan<br>(Representative of Cheng He Investment Co., Ltd.)   | Malaysia          | Male   | ✓                    |                       |                                 |                   | ✓                               |  | ✓                              |                              | ✓                    |                         | ✓                 |                            | ✓ |
| Director                     | Tzung Horng Kuang   | Taiwan            | Male   | ✓                    |                       |                                 |                   | ✓                               |  | ✓                              |                              | ✓                    |                         | ✓                 |                            | ✓ |
| Director                     | Chiu An Chuang<br>(Representative of Cheng Shuo Investment Limited) | Taiwan            | Male   |                      |                       |                                 |                   | ✓                               | ✓  |                                | ✓                            |                      |                         | ✓                 |                            | ✓ |
| Director                     | JiunnYeong Yang   | Taiwan            | Male   |                      |                       |                                 |                   | ✓                               |  |                                |                              | ✓                    |                         |                   |                            | ✓ |
| Director                     | Chih Jen Hsu  | Taiwan            | Male   | ✓                    |                       |                                 |                   | ✓                               |  | ✓                              |                              | ✓                    |                         | ✓                 |                            | ✓ |
| Director                     | Hiroshi Miyauchi<br>(Representative of KIOXIA Corporation)          | Japan             | Male   |                      |                       |                                 |                   | ✓                               |  | ✓                              |                              |                      | ✓                       |                   |                            | ✓ |
| Independent Director         | Huei Ming Wang  | Taiwan            | Male   |                      | ✓                     |                                 |                   | ✓                               |  | ✓                              |                              | ✓                    |                         | ✓                 |                            | ✓ |
| Independent Director         | Chen Wei Wang   | Taiwan            | Male   |                      |                       |                                 |                   | ✓                               |  | ✓                              |                              | ✓                    |                         | ✓                 |                            | ✓ |
| Independent Director         | Yu Lun Huang  | Taiwan            | Female |                      |                       |                                 | ✓                 |                                 |  |                                |                              | ✓                    |                         | ✓                 |                            | ✓ |

2.1.2 Information of the general manager, deputy general manager, associate, and directors of various departments and branches

March 29, 2025; Unit: shares

| Title                           | Nationality | Name              | Gender | Election<br>(appointment)<br>Date: | Shareholding        |                          | Spouse, minor children<br>Shareholding |                           | Held under the names of<br>other parties<br>Shareholding |                         | Primary<br>Experience (Education)   | Other Position<br>Concurrently<br>Held at the<br>Company and<br>Other<br>Companies | Managers who are Spouses or<br>Within Two Degrees of<br>Kinship |      |              | Remarks<br>Note1     |
|---------------------------------|-------------|-------------------|--------|------------------------------------|---------------------|--------------------------|--|---------------------------|--|-------------------------|---|--|---|------|--------------|----------------------|
|                                 |             |                   |        |                                    | Number of<br>Shares | Shareholding<br>ratio(%) | Number of<br>Shares                    | Shareholdin<br>g ratio(%) | Number of<br>Shares                                      | Shareholding<br>rate(%) |   |  | Title   | Name | Relationship |                      |
| CEO                             | Malaysia    | Khein Seng<br>Pua | Male   | 2008.10.01                         | 5,862,972           | 2.84                     | 923,262                                | 0.45                      | 4,854,144  | 2.35                    | Master's Degree in Motor<br>and Control Engineering,<br>National Yang Ming Chiao<br>Tung University<br>Founder of Phison<br>Electronics Corporation   | Note 2   | N/A   | N/A  | N/A          | NIL<br>Circumstances |
| President                       | Taiwan      | Chung<br>Hsum Ma  | Male   | 2023.08.04                         | 100,000             | 0.05                     | 0                                      | 0.00                      | 0  | 0.00                    | Master's Degree,<br>Department of Physics,<br>National Central University<br>Deputy General Manager<br>of Ji Yuan Technology<br>Corp.   | Note 3   | N/A   | N/A  | N/A          | NIL<br>Circumstances |
| Vice<br>Technology<br>President | Taiwan      | Chih Jen<br>Hsu   | Male   | 2012.08.01                         | 1,040,301           | 0.50                     | 0                                      | 0.00                      | 0  | 0.00                    | Department of Information<br>and Computer Engineering,<br>Chung Yuan Christian<br>University<br>Winbond Electronics<br>Corporation Assistant<br>Manager<br>Founder of Phison<br>Electronics Corporation | N/A  | N/A   | N/A  | N/A          | NIL<br>Circumstances |
| Vice<br>President               | Malaysia    | Wee Kuan<br>Gan   | Male   | 2012.02.24                         | 138,052             | 0.07                     | 3,031                                  | 0.00                      | 0  | 0.00                    | Department of Electronics<br>and Electrical Engineering,<br>National Yang Ming Chiao<br>Tung University   | Note 4   | N/A   | N/A  | N/A          | NIL<br>Circumstances |

| Title  | Nationality | Name              | Gender | Election<br>(appointment)<br>Date: | Shareholding        |                          | Spouse, minor children<br>Shareholding |                           | Held under the names of<br>other parties<br>Shareholding |                          | Primary<br>Experience (Education)  | Other Position<br>Held at the<br>Company and<br>Other<br>Companies | Managers who are Spouses or<br>Within Two Degrees of<br>Kinship |      |              | Remarks<br>Note1     |
|--|-------------|-------------------|--------|------------------------------------|---------------------|--------------------------|--|---------------------------|--|--------------------------|--|--|---|------|--------------|----------------------|
|  |             |                   |        |                                    | Number of<br>Shares | Shareholding<br>ratio(%) | Number of<br>Shares                    | Shareholdin<br>g ratio(%) | Number of<br>Shares                                      | Shareholding<br>ratio(%) |  |  | Title   | Name | Relationship |                      |
| Vice<br>President  | Taiwan      | Kuo Yi<br>Cheng   | Male   | 2022.03.01                         | 106,134             | 0.05                     | 1,558                                  | 0.00                      | 0  | 0.00                     | Master's Degree,<br>Department of Electrical<br>Engineering, Taiwan<br>University of Science and<br>Technology<br>ALI Corporation Engineer<br>Faraday Technology<br>Corporation Engineer | Note 5   | N/A   | N/A  | N/A          | NIL<br>Circumstances |
| Vice<br>President  | Taiwan      | Chiang Han<br>Hsu | Male   | 2024.11.08                         | 12,600              | 0.01                     | 0                                      | 0.00                      | 0  | 0.00                     | University of Southern<br>California Master's Degree<br>in Electronic Engineering<br>ASUSTEK COMPUTER<br>INC. Engineer   | Note 6   | N/A   | N/A  | N/A          | NIL<br>Circumstances |
| Head of<br>Finance and<br>Accounting<br>Department<br>(Director) | Taiwan      | Pao Feng<br>Chen  | Female | 2020.03.27                         | 20,000              | 0.01                     | 0                                      | 0.00                      | 0  | 0.00                     | University of Wales<br>Master's Degree in E-<br>commerce Management  | N/A  | N/A   | N/A  | N/A          | NIL<br>Circumstances |
| Senior<br>Special<br>Asst. &<br>COO                              | Taiwan      | Zhi Chyang<br>Yu  | Male   | 2021.02.06                         | 105,000             | 0.05                     | 0                                      | 0.00                      | 0  | 0.00                     | MBA of Risk Management<br>and Insurance, National<br>Chengchi University<br>National Union Electronics<br>Legal Director   | Note 7   | N/A   | N/A  | N/A          | NIL<br>Circumstances |

Note 1: The chairman of the board of directors and the general manager or equivalent (top manager) who are the same person, spouse or within the second degree of kinship should state the reason, reasonableness, necessity and response measures.  
Note 2: Legal Representative Director and Chairman of Lianxudong Investment Co., Osteck Corp., Phisontech Electronics Taiwan Corp.; Chairman of Cheng He Investment Co., Ltd., Qun Ju Investment Co., Ltd. Legal Representative Director of Great Storage Investment Corporation, Entrops Electronics Corp.; Director of Global Flash Limited, Core Storage Electronic (Samoa) Limited, Cheng Shuo Investment Limited, Masco Investment Management Limited, Fleche Technology Limited.

Note 3: Supervisor of Microtops Design Corp.; Director of the Legal Representative of Great Storage Investment Corporation, Entrops Electronics Corp.

Note 4: Director of MaiStorage Technology Sdn. Bhd., Core Storage Electronic (Samoa) Limited, Global Flash Limited; Legal Representative Director and Chairman of Great Storage Investment Corporation, Super Storage Technology Corp.; Representative Supervisor of Phisontech Taiwan Electronics Co.; Representative Director of Lianxudong Investment Co. and Osteck Corp..

Note 5: Legal Representative of Hefei Ruhua Electronic Technology Co.; Director of EpoStar Electronics (BVI) Corporation.

Note 6: Mr. Chiang Han Hsu assumed Vice President on November 8, 2024 and concurrently the Director of Phison Technology India Private Limited; Legal Representative Director of Great Storage Investment Corporation; Representative Supervisor of Qun Ju Investment Co., Ltd. Hui Ju Investment Co., Ltd; Supervisor of Cheng He Investment Co., Ltd

Note 7: Legal Representative Supervisor of Entrops Electronics Corp..

## 2.2 Remuneration paid to directors, supervisors, general manager and deputy general manager in the most recent year

### 2.2.1 Remuneration of Directors and Independent Directors

| Title    | Name                         | Remuneration Paid to Directors |             |                                  |             |                           |             |                       |             |   |             | Total amount of A, B, C and D and percentage of net income after tax (Note 2) |             |   |             | Relevant Remuneration Received by Directors as Employees |             |  |             |   |             | Total amount of seven items A, B, C, D, E and F and percentage of net income after tax (Note 2) |             |  |  | Remuneration from Investment in the Company or Other than Subsidiaries or Company |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|          |                              | Basic Compensation (A)         |             | Semi-annual Bonus or Pension (B) |             | Director Compensation (C) |             | Business Expenses (D) |             | Total amount of A, B, C and D and percentage of net income after tax (Note 2) |             | Salaries, Bonuses and Special Expenses, etc. (E)                              |             | Semi-annual Bonus or Pension (F) (Note 3) |             | Companies in the consolidated financial statements       |             | Companies in the consolidated financial statements |             | Total amount of seven items A, B, C, D, E and F and percentage of net income after tax (Note 2) |             | Companies in the consolidated financial statements  |             |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|          |                              | The Company                    | The Company | The Company                      | The Company | The Company               | The Company | The Company           | The Company | The Company   | The Company | The Company   | The Company | The Company                               | The Company | The Company  | The Company | The Company  | The Company | The Company   | The Company |   | The Company |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|          |                              |                                |             |                                  |             |                           |             |                       |             |   |             |   |             |   |             |  |             |  |             |   |             |   |             |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Director | Chenghe Investment Co., Ltd. |                                |             |                                  |             |                           |             |                       |             |   |             |   |             |   |             |  |             |  |             |   |             |   |             |  |  |   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

| Title | Name | Remuneration Paid to Directors |  |                                      |  |                            |  | Total amount of A, B, C and D and percentage of net income after tax (Note 2) | Relevant Remuneration Received by Directors as Employees |  |  |  |  |  | Total amount of seven items (A, B, C, D, E, F and G) as a proportion to net income after tax (Note 2) | Remuneration from invested companies, subsidiaries or other than the Parent Company |                           |  |
|-------|------|--------------------------------|--|--------------------------------------|--|----------------------------|--|---|--|--|--|--|--|--|---|---|---------------------------|--|
|       |      | Base Compensation (A)          |  | Severance and Retirement Pension (B) |  | Directors Compensation (C) |  |   | Business Execution Expenses (D)                          |  | Salaries, Bonuses and Special Expenses, etc. (E) |  | Severance and Retirement Pension (F) (Note3) |  |   |   | Employee Compensation (G) |  |
|       |      | The Company                    | Companies in the consolidated financial statements | The Company                          | Companies in the consolidated financial statements | The Company                | Companies in the consolidated financial statements |   | The Company  | Companies in the consolidated financial statements | The Company                                      | Companies in the consolidated financial statements | The Company                                  | Companies in the consolidated financial statements |   |   | The Company               | Companies in the consolidated financial statements |

1. Please clarify the remuneration payment policy, system, standards and structure of independent directors, and state the correlation with the amount of compensation paid based on the responsibilities, risks and time commitment. The remuneration of the Company's Director shall be set forth in accordance with the provisions of Article 19 of the Articles of Incorporation, with reference to the regular rate of pay in the same industry, taking into account the time invested and responsibilities undertaken by individuals, and shall be paid after the resolution of the Remuneration Committee and the Board of Directors.

2. In addition to the disclosures in the table above, the remuneration received for services rendered by directors of the Company in the most recent year (e.g. acting as consultants to non-employees of the parent company/all companies in the financial statements/reinvestment business, etc.): None.

Note 1: On March 7, 2025, the Board of Directors resolved to allocate a total of NT \$1,000,000 thousand in employee remuneration and NT \$35,000 thousand in directors' remuneration.

Note 2: Net income after tax refers to the net income after tax in individual financial statements of NT \$7,953,206 thousand in the 2024 annual financial report.

Note 3: This is a retirement pension paid in accordance with the law.

Note 4: Refers to the actual provision of salaries, job premiums, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, vehicles and other in-kind received by directors as employees, plus the certified remuneration for employee stock options recognized under IFRS 2 share-based payments.

Note 5: Director Chih Jen Hsu assumed on May 27, 2024.

Table of Remuneration Range

| Remuneration Range of Board of directors                  | Total Remuneration (A+B+C+D)                       |  | Name of Directors   |  | Total Remuneration (A+B+C+D+E+F+G)                 |  |
|---|--|--|---|--|--|--|
|   | Companies in the consolidated financial statements |  | The Company   |  | Companies in the consolidated financial statements |  |
|   | The Company  | Companies in the consolidated financial statements | The Company   | Companies in the consolidated financial statements | The Company  | Companies in the consolidated financial statements |
| Less than NTS 1,000,000                                   | 0  | 0  | 0   | 0  | 0  | 0  |
| NT\$1,000,000 (inclusive) to 2,000,000 (not inclusive)    | 0  | 0  | 0   | 0  | 0  | 0  |
| NT\$2,000,000 (inclusive) to 3,500,000 (not inclusive)    | 0  | 0  | 0   | 0  | 0  | 0  |
| NT\$3,500,000 (inclusive) to 5,000,000 (not inclusive)    | 0  | 0  | Chih Jen Hsu  | 0  | 0  | 0  |
| NT\$500,000,000 (inclusive) to 10,000,000 (not inclusive) | 0  | 0  | Cheng Investment Co., Ltd. Representative: Wee Kuan Gan, Cheng Shiao Investment Limited. Representative: Chiu An Chuang, Tsung Hong Kuang, Jiumn Yeong Yang, KIOXIA Corporation, Hsue Ming Wang Chen Wei Wang, Yu Lun Huang | 0  | 0  | 0  |
| NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)  | 0  | 0  | Cheng Investment Co., Ltd. Representative: Wee Kuan Gan, Cheng Shiao Investment Limited. Representative: Chiu An Chuang, Tsung Hong Kuang, Jiumn Yeong Yang, KIOXIA Corporation, Hsue Ming Wang Chen Wei Wang, Yu Lun Huang | 0  | 0  | 0  |
| NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)  | 0  | 0  | Cheng Investment Co., Ltd. Representative: Wee Kuan Gan, Cheng Shiao Investment Limited. Representative: Chiu An Chuang, Tsung Hong Kuang, Jiumn Yeong Yang, KIOXIA Corporation, Hsue Ming Wang Chen Wei Wang, Yu Lun Huang | 0  | 0  | 0  |
| NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)  | 0  | 0  | Cheng Investment Co., Ltd. Representative: Wee Kuan Gan, Cheng Shiao Investment Limited. Representative: Chiu An Chuang, Tsung Hong Kuang, Jiumn Yeong Yang, KIOXIA Corporation, Hsue Ming Wang Chen Wei Wang, Yu Lun Huang | 0  | 0  | 0  |
| NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive) | 0  | 0  | Cheng Investment Co., Ltd. Representative: Wee Kuan Gan, Cheng Shiao Investment Limited. Representative: Chiu An Chuang, Tsung Hong Kuang, Jiumn Yeong Yang, KIOXIA Corporation, Hsue Ming Wang Chen Wei Wang, Yu Lun Huang | 0  | 0  | 0  |
| More than NTS 100,000,000                                 | 0  | 0  | Cheng Investment Co., Ltd. Representative: Wee Kuan Gan, Cheng Shiao Investment Limited. Representative: Chiu An Chuang, Tsung Hong Kuang, Jiumn Yeong Yang, KIOXIA Corporation, Hsue Ming Wang Chen Wei Wang, Yu Lun Huang | 0  | 0  | 0  |
| Total   | 9  | 9  | Chih Jen Hsu  | 9  | 9  | 9  |

## 2.2.2 Remuneration of the President and Vice Presidents

Unit: Thousands NTD

| Title                    | Name           | Salary (A)  |  | Severance and Retirement Pension (B)<br>(Note 3) |  | Bonus and Extraordinary expenses, etc. (C) (Note 4) |  | Employee Compensation (D)<br>(Note 1) |  |             |              | Total amount of A, B, C and D and percentage of net income after tax<br>(Note 2) |  | Remuneration from Invested Companies Other than Subsidiaries or the Parent Company |
|--------------------------|----------------|-------------|--|--|--|---|--|---------------------------------------|--|-------------|--------------|--|--|--|
|                          |                | The Company | Companies in the consolidated financial statements | The Company                                      | Companies in the consolidated financial statements | The Company   | Companies in the consolidated financial statements | The Company                           | Companies in the consolidated financial statements | Cash Amount | Stock Amount | The Company  | Companies in the consolidated financial statements |  |
| CEO                      | Klein Seng Pua |             |  |  |  |   |  |                                       |  |             |              |  |  |  |
| President                | Chung Hsun Ma  |             |  |  |  |   |  |                                       |  |             |              |  |  |  |
| Vice Technical President | Chih Jen Hsu   |             |  |  |  |   |  |                                       |  |             |              |  |  |  |
| Vice President           | Wee Kuan Gan   | 20,092      | 20,092   | 773  | 773  | 239,829   | 239,829  | 38,852                                | 0  | 38,852      | 0            | 299,546<br>3.77%   | 299,546<br>3.77%                                   | N/A  |
| Vice President           | Kuo Yi Cheng   |             |  |  |  |   |  |                                       |  |             |              |  |  |  |
| Vice President           | Chiang Han Hsu |             |  |  |  |   |  |                                       |  |             |              |  |  |  |

Note 1: On March 7, 2025, the Board of Directors resolved to allocate a total of NT \$1,000,000 thousand in employee remuneration.

Note 2: Net income after tax refers to the net income after tax in individual financial statements of NT \$7,953,206 thousand in the 2024 annual financial report.

Note 3: This is a retirement pension paid in accordance with the law.

Note 4: Refer to the salary, salary increment, severance pay, bonuses, incentive payments, travel disbursement, special disbursement, allowances, dormitory, car and other compensation expenses received by the President and Vice President, plus the employee stock option premiums recognized in accordance with the IFRS2 share base.

Note 5: Mr. Chiang Han Hsu assumed Vice President on November 8, 2024.

Table of Remuneration Range

| Remuneration Range of President and Vice Presidents       | Name of President and Vice President |  |
|---|--------------------------------------|--|
|   | The Company                          | Companies in the consolidated financial statements |
| Less than NT\$1,000,000                                   | 0                                    | 0  |
| NT\$1,000,000 (inclusive) to 2,000,000 (not inclusive)    |                                      | Chiang Han Hsu                                     |
| NT\$2,000,000 (inclusive) to 3,500,000 (not inclusive)    | 0                                    | 0  |
| NT\$3,500,000 (inclusive) to 5,000,000 (not inclusive)    | 0                                    | 0  |
| NT\$500,000,000 (inclusive) to 10,000,000 (not inclusive) | 0                                    | 0  |
| NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)  |                                      | Chih Jen Hsu                                       |
| NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)  |                                      | Kuo Yi Cheng                                       |
| NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)  |                                      | Chung Hsun Ma, Wee Kuan Gan,                       |
| NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive) | 0                                    | 0  |
| More than NT\$100,000,000                                 |                                      | Khein Seng Pua                                     |
| Total   | 6                                    | 6  |



### 2.2.3 Remuneration of Management Team

Unit: Thousands NTD

| Title   |  | Name                    | Stock | Cash   | Total  | Percentage of total compensations to NIAT (%) |
|---------|--|-------------------------|-------|--------|--------|---|
| Manager | CEO  | Khein Seng Pua          | 0     | 42,902 | 42,902 | 0.54  |
|         | President  | Chung Hsun Ma           |       |        |        |   |
|         | Vice Technical President                             | Chih Jen Hsu            |       |        |        |   |
|         | Vice President                                       | Wee Kuan Gan            |       |        |        |   |
|         | Vice President                                       | Kuo Yi Cheng            |       |        |        |   |
|         | Vice President                                       | Chiang Han Hsu (Note 1) |       |        |        |   |
|         | Senior Special Asst. & COO                           | Zhi Chyang Yu           |       |        |        |   |
|         | Head of Finance and Accounting Department (Director) | Pao Feng Chen           |       |        |        |   |

Note 1: Mr. Chiang Han Hsu assumed Vice President on November 8, 2024.

**2.2.4 Comparison of the analysis of the ratio of total remuneration paid to directors, supervisors, general manager and deputy general manager of the Company in the last two years to the net income after tax of individual or individual financial statements, and the relationship between the policies, standards and combinations for the payment of remuneration, the procedures for determining remuneration, and the operational performance and future risks of the Company and all consolidated reports, respectively**

2.2.4.1 The analysis and comparison of the percentage of total remuneration for Directors, Supervisors, Presidents and Vice Presidents to the net profits after tax of individual or individual financial statements in the most recent two fiscal years is listed in this section.

Unit: %

| Title \ Items                |  | Ratio of Total Remuneration to Net Income After Tax of Individual Financial Statement (%) |  |             |  | Increasing (Decreasing) Percentage% The Company ( % ) | Increasing (Decreasing) Percentage% Companies in the consolidated financial statements ( % ) |
|------------------------------|--|---|--|-------------|--|---|--|
|                              |  | 2023  |  | 2024        |  |   |  |
|                              |  | The Company   | Companies in the consolidated financial statements | The Company | Companies in the consolidated financial statements |   |  |
| Director                     |  | 1.89  | 1.89   | 1.08        | 1.08   | (0.81)  | (0.81)   |
| President and Vice President |  | 3.83  | 3.83   | 3.77        | 3.77   | (0.06)  | (0.06)   |

(1) The Company's Articles of Incorporation regulate the following matters:

- A. According to Article 19 of the Articles of Incorporation of the Company, "If the Company makes profits in the year, it shall appropriate 8% to 19% for employees' compensation and no more than 1.5% for directors and compensations." However, the Company shall reserve a portion of profit to make up for accumulated losses, if any.
- Employee's remuneration may be distributed in shares or cash, and compensation of directors shall be paid in cash.
- The term "profit" as "pre-tax profits before deducting the distributed employees and directors' remuneration."
- Employee and director remuneration allocation must be approved by the board of directors in a meeting attended by more than two-thirds of all board members, where half of the attending directors approve. The remuneration resolution shall be reported in the shareholders' meeting.
- B. The Company earned a profit of NT \$10,372,832 thousand in 2024 years (profit refers to profit before profit before tax deducting employee remuneration and directors' remuneration). On March 7, 2025, the Board of Directors resolved that the remuneration of employees who had been profitably distributed since 2024 years was NT \$1,000,000 thousand (accounting for about 9.64% of the

profit earned in 2024 years) and the remuneration of directors amounted to NT \$35,000 thousand (accounting for about 0.34% of the profit earned in 2024 years), all in cash.

- (2) Analysis of the ratio of the total remuneration paid to directors of the Company in the last two years to the net income after tax of individual or individual financial statements of the Company and all companies in the consolidated report

- A. The analysis and comparison of the percentage of total remuneration for Directors to the net profits after tax in the individual financial reports in the most recent two fiscal years is listed in this section.

In accordance with Article 19 of the Company's Articles of Incorporation, the remuneration paid to directors by the Company in 2024 years shall be 8% to 19% of the annual profit of the Company shall be allocated to the remuneration of employees and not more than 1.5% to the remuneration of directors. However, when the Company has accumulated losses, the amount of compensation should be retained in advance.” Regulation handling.

- B. Analysis of the ratio of the total remuneration paid to the President and Vice President of the Company in the last two years to the net income after tax of individual or individual financial statements of the Company and all companies in the consolidated report

The Company refers to the usual pay level of the position in the industry and the scope of authority and responsibility of the position within the Company, and the remuneration for the contribution to the overall operating objectives and industry's future operating risks and development trends of the Company, including the fluctuating bonus adjusted according to the operating result.

#### 2.2.4.2 Remuneration payment policy, standard and combination, establishment procedure of remuneration, relevance between performance and the future risk

- (1) The policy of remuneration payment to Directors standard and combination, establishment procedure of remuneration, relevance between performance and the future risk

The director remuneration policy of the Company is based on Article 16 of the Company's Articles of Incorporation, which states that the remuneration of the Chairman and directors of the Company shall be authorized by the Board of Directors based on the degree of their involvement in the Company's operations and their contribution value, as well as the usual industry standards. It is also based on Article 19, which stipulates that if the Company makes a profit in a fiscal year, it shall allocate up to 1.5% for director remuneration. Apart from receiving director remuneration as stipulated in the company's Articles of

Incorporation, our directors do not receive any other forms of compensation. The establishment procedure of remuneration involves referencing the Methods to Evaluate the Performance of the Board of Directors as the evaluation indicator. Along with the results of the directors' performance evaluations, data such as attendance at board meetings and directors' continuing education are considered to assess director performance. After reviewing by the Remuneration Committee individually, the proposal will be submitted to the Board of Directors and the remuneration system shall be inspected according to operation status and relevant laws at any time to achieve the balance of sustainable operation and risk control.

- (2) Policy of remuneration payment to president and vice presidents, standard and combination, establishment procedure of remuneration, relevance between performance and the future risk

In order to regularly evaluate the remuneration of managers, managers and employees are evaluated based on the results of the "Performance Management Method". In addition, the remuneration of the CEO and general manager is linked to the Company's operating performance indicators and submitted to the board of directors for review. In order to fully demonstrate the achievement of operating performance indicators, the performance measurement standards for the CEO and the general manager are based on the Company's annual operating indicator results related to operations, corporate governance and financial results. The evaluation scope includes: earnings per share (EPS), return on equity (ROE), operating income, implementation of quality assurance and management, and ESG performance goals; ESG performance indicators include renewable energy procurement and employee retention rate, of which ESG performance indicators total 10%. The performance measurement and evaluation scope of other senior managers includes: operational safety management, supervision of the implementation of financial plans, revenue management, strengthening of internal controls, implementation of quality assurance and management, ESG performance indicators (employee retention rate of responsible departments), etc., of which ESG performance indicators account for a total of 5%.

For the establishment procedure, apart from referring to the entire operation performance of the Company, the individual input time, assumed responsibility, personal goal achievement, performance for assuming other posts, salary paid to equivalent positions in recent years by the Company, In recent years, the Company has provided reasonable remuneration to employees in similar positions, and the related performance evaluation (achievement of goals and contribution) and the reasonableness of the remuneration have been discussed

and approved by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed from time to time in light of the actual operating conditions and the relevant laws and regulations. Therefore, the Company's policy on the payment of remuneration to the CEO, General Manager and Deputy General Manager and the procedures for setting remuneration have taken into consideration the operational risks faced by the Company in the future and the positive correlation with the operational performance in order to strike a balance between sustainable operation and risk control.

## 2.3 Implementation of Corporate Governance

### 2.3.1 Board of Directors

The Board of Directors held a total of 8 meetings in 2024, and the attendance of directors was as follows:

| Title                | Name   | Actual Attendance | Attendance by proxy | Percentage of Actual Attendance (%) (Note) | Remarks                         |
|----------------------|--|-------------------|---------------------|--|---------------------------------|
| Chairman             | Cheng He Investment Co., Ltd.<br>Representative:<br>Wee Kuan Gan   | 8                 | 0                   | 100  |                                 |
| Director             | Tzung Horng Kuang  | 8                 | 0                   | 100  |                                 |
| Director             | Cheng Shuo Investment Limited<br>Represented by:<br>Chiu An Chuang | 8                 | 0                   | 100  |                                 |
| Director             | Jiunn Yeong Yang   | 8                 | 0                   | 100  |                                 |
| Director             | Chih Jen Hsu   | 8                 | 0                   | 100  | Newly appointed on May 27, 2024 |
| Director             | KIOXIA Corporation<br>Representative:<br>Hiroshi Miyauchi          | 6                 | 2                   | 75   |                                 |
| Independent Director | Huei Ming Wang   | 8                 | 0                   | 100  |                                 |
| Independent Director | Chen Wei Wang  | 7                 | 1                   | 88   |                                 |
| Independent Director | Yu Lun Huang   | 8                 | 0                   | 100  |                                 |

Note : The percentage of actual attendance is calculated based on the number of board of directors meetings and the number of actual attendances during the director's tenure.

Status of attendance by independent directors of various boards of directors in 2024 years

⊙: Attendance in person ☆: Entrusted attendance \*: Not attended

| 2024           | 2024.01.18<br>Tenth Session<br>Sixth Time | 2024.03.08<br>Tenth Session<br>Seventh Time | 2024.04.10<br>Tenth Session<br>Eighth Time | 2024.05.10<br>Tenth Session<br>Ninth Time | 2024.07.30<br>Tenth Session<br>Tenth Time |
|----------------|---|---|--|---|---|
| Huei Ming Wang | ⊙   | ⊙   | ⊙  | ⊙   | ⊙   |
| Chen Wei Wang  | ⊙   | ⊙   | ⊙  | ☆   | ⊙   |
| Yu Lun Huang   | ⊙   | ⊙   | ⊙  | ⊙   | ⊙   |

| 2024           | 2024.08.14<br>Tenth<br>Session<br>Eleventh<br>Time | 2024.11.08<br>Tenth<br>Session<br>Twelfth<br>Time | 2024.12.02<br>Tenth<br>Session<br>Thirteen<br>Time |
|----------------|--|---|--|
| Huei Ming Wang | ◎  | ◎   | ◎  |
| Chen Wei Wang  | ◎  | ◎   | ◎  |
| Yu Lun Huang   | ◎  | ◎   | ◎  |

Other items to be recorded:

- If the board of directors operates under any of the following circumstances, it shall specify the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors, and the handling of the company's opinions on independent directors:
  - Matters referred to in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, which is not subject to Article 14.3 of the Securities and Exchange Act.
  - Other matters involving objections or expressed reservations by Independent Directors that were recorded or stated in writing that require a resolution by the Board of Directors : None.
- If there are Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motion, causes for avoidance and voting should be specified:

| Date of the Meeting | Content of motion   | Name of Directors                  | Recusal Causes for Avoidance  | Participation in voting   |
|---------------------|---|------------------------------------|---|---|
| 2024.01.18          | The performance evaluation for managerial officers as well as the proposal for the Year-End and Performance Incentive Bonus for managerial officers | Wee Kuan Gan,<br>Tzung Horng Kuang | According to Article 206 of the Company Act, directors with recusal of interest regarding a proposal shall abstain from exercising their voting rights. | Proposals involving conflicts of interest with directors have been discussed and voted on separately with the abstention of directors who have conflicts of interest. |
| 2024.03.08          | The Company plans to donate and construct a new building on the designated site of the Tainan Branch of National Yang Ming Chiao Tung University    | Yu Lun Huang                       |   |   |
|                     | The Company proposes the third round of buyback its shares for second time transferring to its managers   | Wee Kuan Gan,<br>Tzung Horng Kuang |   |   |
| 2024.04.10          | Early termination of lease for building on 4th floor of Sub-subsidiary Super Storage Technology Corporation   | Wee Kuan Gan                       |   |   |
|                     | Donation and construction of new buildings on the campus site of the six Zhupei branches of National Yang Ming Chiao Tung University                | Yu Lun Huang                       |   |   |

|            |  |   |  |  |
|------------|--|---|--|--|
| 2024.05.10 | Review of the annual fixed salary adjustment and payment plan for managers of the Company  | Wee Kuan Gan, Tzung Horng Kuang   |  |  |
| 2024.07.30 | Reviewed the periodic performance evaluation and performance incentive bonus for directors and managers of the Company and the payment of remuneration for directors' remuneration as well as employees' remuneration for 2023 | Wee Kuan Gan, Tzung Horng Kuang, Jiunn Yeong Yang, Hiroshi Miyauchi, Chiu An Chuang, Chih Jen Hsu, Hwei Ming Wang, ChenWei Wang, Yu Lun Huang |  |  |
| 2024.08.14 | The List of first issuing Employee Stock Option under the “FY2023 Employee Stock Option Plan” for managerial officers  | Wee Kuan Gan, Tzung Horng Kuang, Chih Jen Hsu   |  |  |

3. TWSE/TPEx Listed Companies shall disclose information including the evaluation period and duration, evaluation scope, method and evaluation content of self (or peer) evaluation of the Board of Directors:

|           |  |   |
|-----------|--|---|
| Method    | Appointing external professional organizations and experts to conduct performance evaluations  | Board of Directors Internal Evaluation, Directors' Self-Evaluation  |
| Frequency | Every three years, an external professional independent organization or a team of external expert scholars is commissioned to conduct an evaluation once   | Once a year   |
| Period    | From October 1, 2022 to September 30, 2023   | From January 1, 2024 to December 31, 2024   |
| Scope     | Evaluate the performance of the overall Board of Directors, individual board members, and functional committees (Audit Committee and Remuneration Committee)   | Overall Board of Directors, individual board member, and functional committees (Audit Committee and Remuneration Committee).  |
| Content   | Appoint the Taiwan Investor Relations Institute (TIRI), an external professional and independent organization, to conduct a performance evaluation of the operations of the Company's Board of Directors, individual members of the Board of Directors, and functional committees (Audit Committee and Remuneration Committee). TIRI's evaluation process was based on a combination of documents provided by the Company, self- | 1. The performance evaluation of the Board of Directors includes the following five aspects: (1) the level of participation in company operations, (2) the enhancement of the quality of board decision-making, (3) the composition and structure of the board, (4) the selection and continuous education of directors, and (5) internal control |



|        |  |   |
|--------|--|---|
|        | <p>assessment questionnaires, and on-site visits, and a report was issued based on the results. A performance evaluation report was issued based on the results of the evaluation</p>  | <p>2. The performance evaluation of the individual board members includes the following six aspects: (1) mastery of the company's objectives and tasks (2) awareness of directors' responsibilities (3) degree of participation in the company's operations (4) internal relationship management and communication (5) professionalism and continuing education of directors (6) internal control</p> <p>3. The performance evaluation of the Audit Committee includes the following five aspects: (1) the degree of participation in the Company's operations (2) awareness of the Audit Committee's responsibilities (3) enhancement of the quality of the Audit Committee's decision-making (4) composition of the Audit Committee and selection of its members (5) internal control</p> <p>4. The performance evaluation of the Remuneration Committee includes the following five aspects: (1) the degree of participation in the Company's operations (2) awareness of the Remuneration Committee's responsibilities (3) enhancement of the quality of the Remuneration Committee's decision-making (4) composition of the Remuneration Committee and selection of its members (5) internal control</p> |
| Rating | <p>TIRI issued a board performance evaluation report on October 30, 2023, and the Company presented the board performance evaluation results to the Board of Directors for reporting on November 7, 2023. TIRI issued the board performance evaluation report based on the minutes of the Board of</p> | <p>The performance evaluation of the Board of Directors (including functional committees) for 2024 was conducted via questionnaires. The results were submitted to the board for review and improvement on March 7, 2025.</p> <p>1. The results of the Board of Directors' performance evaluation show that the</p>   |

|  |  |  |
|--|--|--|
|  | <p>Directors' meetings provided by the Company, the existing internal policies, other supporting documents and public information, combined with the results of the self-assessment questionnaire and the on-site interviews, and summarized the evaluation conclusions and recommendations.</p> <p>Conclusion and suggestions</p> <p>1. Consider adopting the Taiwan Intellectual Property Management System (TIPS), ISO 56005, or similar standards for intellectual property management systems, and verify them through third-party verification</p> <p><u>Company future improvement plan</u></p> <p>The Company is committed to the protection of intellectual property rights and has established a comprehensive intellectual property management system, which is overseen by dedicated personnel. In terms of both planning and execution of the system, we have strived for perfection and have achieved commendable results. In terms of the number of patent acquisitions, as of the third quarter of 2023, the Company has more than 1,988 patents worldwide, 718 in Taiwan, 617 in the United States, 623 in China, and 30 in other countries. The Company has a patent approval rate of over 90% regarding the patent quality. The Company has recognized the benefits of the TIPS or ISO 56005. However, implementing this new system will require significant additional investment of manpower, time, and resources from various departments within the company. Considering the comprehensive benefits that system implementation brings to investors and the Company, we are currently evaluating the</p> | <p>efficiency and effectiveness of the Board's operation in various indicators have been positively evaluated.</p> <p>2. The results of the Board member's performance evaluation show that the efficiency and effectiveness of the director's operation in various indicators have been positively evaluated.</p> <p>3. The results of the Audit Committee's performance evaluation show that the efficiency and effectiveness of the Audit Committee's operation in various indicators have been positively evaluated.</p> <p>4. The results of the Remuneration Committee's performance evaluation show that the efficiency and effectiveness of the Remuneration Committee's operation in various indicators have been positively evaluated.</p> |
|--|--|--|

|   |  |  |
|---|--|--|
|   | <p>system and have decided not to implement it at this time. However, we will continue to monitor the system's subsequent development.</p> <p>2. Appointing a dedicated corporate governance officer</p> <p><u>Company future improvement plan</u></p> <p>We will continuously assess the necessity of sustainable business practices and the establishment of a dedicated corporate governance officer based on regulatory requirements and domestic and international sustainability trends. This approach will facilitate the fulfillment of directors' duties of care, loyalty, and good faith, ultimately achieving positive outcomes.</p> <p>3. The annual financial report, verified by an auditor's certification, will be disclosed within two months after the end of the accounting year.</p> <p><u>Company future improvement plan</u></p> <p>We will continue to communicate with the equity investment company and optimize the workforce arrangement to shorten the closing schedule, with the aim of publishing the annual financial report verified by the accountant within the recommended timeframe.</p> |  |
| <p>4. Goals of the current and the recent years to improve the functions of Board of Directors (such as establishing audit committee, improving the information disclosure) and evaluation of the implementation:</p> <p>(1) Improve the functions of Board of Directors:</p> <p>A. The Board of Directors was operated based on the "Rules of Procedure for Board of Directors Meetings" of the Company.</p> <p>B. On November 12, 2020, the Company established the "Board of Directors' Performance Evaluation Method" to conduct annual performance evaluation of the Board of Directors. The evaluation of the Board of Directors' performance for the year 2024 was completed and the results were reported to the Board of Directors on March 7, 2025.</p> |  |  |

- C. Directors' ongoing pursuit of corporate governance-related courses: The Company arranges annual directors' corporate governance or current affairs-related refresher courses to facilitate directors' access to relevant information in order to maintain their core values and professional strengths and abilities.
  - D. The Company encourages each director to actively participate in any relevant events to the operation of the Board, and the annual attendance rate of each director at the Board of Directors' meetings (excluding proxy attendance) should not be less than 80% and included in the director's performance appraisal project.
- (2) Evaluation of the implementation:
- A. The Company reveals its finance and business information on the Market Observation Post System and the Company's website to ensure the information disclosure; the attendance of Directors to Board of Directors and the advanced training of directors were also disclosed on the Market Observation Post System or the Company's website, as well as the communication summary of Independent Director and accountant, and meetings between the Independent Director and audit officer to disclose the information and improve the governance of the Company.
  - B. The Company is composed of all independent directors including the Audit Committee, the Remuneration Committee, and has established the Risk Management Committee, the Corporate Sustainable Development Committee to assist the Board of Directors in the performance of its supervisory duties, improve the Company's corporate governance and strengthen management functions.

### 2.3.2 Audit Committee Operations

The most recent year of the Audit Committee was held 8 times.

The attendance of the Independent Director is as follows:

| Title                           | Name           | Actual Attendance | Attendance by proxy | Percentage of Actual Attendance (%) | Remarks |
|---------------------------------|----------------|-------------------|---------------------|-------------------------------------|---------|
| Independent Director (Convener) | Huei Ming Wang | 8                 | 0                   | 100                                 |         |
| Independent Director            | Chen Wei Wang  | 8                 | 0                   | 100                                 |         |
| Independent Director            | Yu Lun Huang   | 8                 | 0                   | 100                                 |         |

Other items to be recorded:

1. Annual Work Focus and Functional Authorities of the Audit Committee:

(1) The primary function of the Audit Committee is the supervision of the items listed below

- A. Fair presentation of the financial reports of the Company.
- B. The hiring (and dismissal), independence, and performance of certificated public accountants of the Company.
- C. The effective implementation of the internal control system of the Company.
- D. Compliance with relevant laws and regulations by the Company.
- E. Management of the existing or potential risks of the Company.

(2) The duties of the Audit Committee are as follows:

- A. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- B. Assessment of the effectiveness of the internal control system.
- C. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as Procedures for Acquisition or Disposal of Assets, Procedures for Engaging in Derivatives Trading, Procedures for Lending Funds to Other Parties, Procedures for Endorsement and Guarantee.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. Loans of funds, endorsements, or provision of guarantees of a material nature.
- G. The offering, issuance, or private placement of any equity-type securities.
- H. The hiring or dismissal of a certified public accountant, or their compensation.
- I. The appointment or discharge of a financial, accounting, or internal audit officer.

J. Annual financial reports signed by Chairman, Managerial Officer and Accounting Officer.

K. Other significant matters as stipulated by the Company or the competent authority.

2. If the Audit Committee operates under any of the following circumstances, it shall specify the date of convening of the Audit Committee, the period, the content of the proposal, the content of the objections, reservations or major recommendations of the independent directors, the results of the resolutions of the Audit Committee and the handling of the opinions of the Company on the Audit Committee.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

| Convening Date<br>(by period)         | Content of motion   | Contents of objections, reservations or major recommendations by independent directors, results of the resolution of the Audit Committee and the Company's response |
|---------------------------------------|---|---|
| 2024.01.18<br>(2nd Session, 4th time) | Review of the amendment of certain articles in the “Regulation of the 2023 Employee Stock Option Plan”  | The Audit Committee unanimously passed all resolutions, and the Board of Directors approved all resolutions based on the recommendations of the Audit Committee.    |
|                                       | Change of the Internal Audit Supervisor   |   |
|                                       | Amendment to part of the “Authorizing Table”  |   |
|                                       | Application for the conversion of employee stock options into common shares for the fiscal years 2019 and 2020  |   |
|                                       | The Company proposes to increase the investment in the subsidiary of the Company, Power Flash (Samoa) Limited ( “Power Flash (Samoa)” ), and through the subsidiary Power Flash (Samoa) to set up a new subsidiary PowerStorage Electronic (Xiamen) Limited ( “PowerStorage (Xiamen)” ) in Xiamen, Fujian Province, China |   |
|                                       | The Company proposed to evaluate the CPA independence and suitability   |   |
|                                       | The Company changes the CPA in accordance with the internal business adjustment of KPMG Taiwan  |   |
| 2024.03.08<br>(2nd Session, 5th time) | 2023 remuneration distribution for employees and directors  |   |
|                                       | 2023 financial statements and business report   |   |
|                                       | 2023 profit distribution statement  |   |
|                                       | 2023 cash dividend for profit distribution for the second half  |   |

|  |  |  |  |
|--|--|--|--|
|  |  | 2024 operation plan of the Company   |  |
|  |  | Amendment to part of the Accounting System of the Company  |  |
|  |  | The credit line of banks for the Company   |  |
|  |  | The credit line of foreign exchange and derivatives for the Company  |  |
|  |  | Amendment to part of the “Rules of Procedure for Meetings of Board of Directors” of the Company  |  |
|  |  | Amendment to part of the “Procedures for Applications for Halt and Resumption of Trading” of the Company   |  |
|  |  | Amendment to part of the “Standard Operating Procedures for handling requests made by Directors” of the Company  |  |
|  |  | The Company decides the private placement of common shares in the 2023 regular meeting of shareholders and plans not to handle offering and issuance   |  |
|  |  | The Company handling the private common shares   |  |
|  |  | The Company plans to donate and construct a new building on the designated site of the Tainan Branch of National Yang Ming Chiao Tung University   |  |
|  |  | 2023 Internal Control System Statement   |  |
|  |  | The Company proposes the third round of buyback its shares for second time transferring to its employees   |  |
|  | 2024.04.10<br>(2nd Session,<br>6th time) | The Company's application for the registration of the conversion of unsecured convertible corporate bonds into common stock domestically   |  |
|  |  | Amendment to part of the “Seal Usage Management Operation” of the Company  |  |
|  |  | Early termination of lease for building on 4th floor of Sub-subsidiary Super Storage Technology Corporation  |  |
|  |  | Construction of new buildings on the campus site of the Tainan Branch of National Yang Ming Chiao Tung University  |  |
|  |  | Donation and construction of new buildings on the campus site of the six Zhupei branches of National Yang Ming Chiao Tung University   |  |
|  | 2024.05.10<br>(2nd Session,<br>7th time) | Financial statements for the first quarter of 2024   |  |
|  |  | The credit line of banks for the Company   |  |
|  |  | The Company plans to invest in the establishment of a Taiwanese subsidiary Great Storage Investment Corporation (tentative name)   |  |
|  |  | The Company plans to establish a new Taiwanese subsidiary, Great Storage Investment Corporation (tentative name), through which it will indirectly invest in the establishment of a Malaysian subsidiary, MaiStorage Technology Sdn. Bhd. (tentative name) |  |

|   |   |  |
|---|---|--|
| 2024.07.30<br>(2nd Session,<br>8th time)  | The Company's application for the registration of the conversion of unsecured convertible corporate bonds into common stock domestically  |  |
|   | The Company plans to terminate the project involving the donation and construction of a new building at the designated site of the National Yang Ming Chiao Tung University Zhubei Liujia Campus  |  |
|   | Amendment to part of the “Property, Plant and Equipment Management Regulations” of the Company  |  |
|   | Amendment to part of the “Property, Plant and Equipment Cycling” of the Company   |  |
| 2024.08.14<br>(2nd Session,<br>9th time)  | 2024 financial statements and business report for the second quarter  |  |
|   | 2024 profit distribution statement for the first half   |  |
|   | 2024 cash dividend for profit distribution for the first half   |  |
|   | The credit line of banks for the Company  |  |
|   | The credit line of foreign exchange and derivatives for the Company   |  |
|   | The Company’s first issuance of employee stock warrants in accordance with the "Regulation of the 2023 Employee Stock Option Plan" -list of employees and subscription price  |  |
| 2024.11.08<br>(2nd Session,<br>10th time) | Financial statements for the third quarter of 2024  |  |
|   | The credit line of banks for the Company  |  |
|   | The credit line of foreign exchange and derivatives for the Company   |  |
|   | Amendment to part of the “Audit Committee Charter” of the Company   |  |
|   | The Company's application for the registration of the conversion of unsecured convertible corporate bonds into common stock domestically  |  |
|   | Application for the conversion of employee stock options into common shares for the fiscal year 2022  |  |
|   | Amendment to part of the “Authorizing Table”  |  |
|   | The proposal of the “2025 Annual Audit Plan”  |  |
|   | Establishment of the “Procedures for sustainable information internal control management operations”, “Procedures for sustainable information management operations”, and “Procedures for the preparation and verification of ESG report” |  |
|   |   |  |
| 2024.12.02<br>(2nd Session,<br>11th time) | The subsidiary, Core Storage Electronic (Samoa) Limited, plans to dispose of a portion of its shares in HOSIN Global Electronics Co., Ltd.  |  |

(2) Except as otherwise disclosed above, any other proposals which failed to obtain the approval of the Audit Committee, but were approved by two-thirds of the directors: there is no such case.



3. If there were independent directors who abstained from voting due to conflict of interest, the independent directors' names, contents of the proposal, and causes of abstention should be specified:

| Date of the Meeting | Content of motion  | Name of Directors | Recusal Causes for Avoidance  | Participation in voting   |
|---------------------|--|-------------------|---|---|
| 2024.03.08          | The Company plans to donate and construct a new building on the designated site of the Tainan Branch of National Yang Ming Chiao Tung University | Yu Lun Huang      | According to Article 206 of the Company Act, independent directors with recusal of interest regarding a proposal shall abstain from exercising their voting rights. | Proposals involving conflicts of interest with independent directors have been discussed and voted on separately with the abstention of directors who have conflicts of interest. |
| 2024.04.10          | Donation and construction of new buildings on the campus site of the six Zhupei branches of National Yang Ming Chiao Tung University             | Yu Lun Huang      |   |   |

4. Communication between independent directors and internal audit and certified accountants:

(1) Communication between independent directors and internal audit

The nature of the meetings between independent directors and internal audit: separate meetings

Frequency of communication between independent directors and internal audit

(without the presence of general directors and management): in principle, once a year

The Audit Office has conducted the "Communication Meeting between Independent Directors and internal Audit" on July 30, 2024, and tracked and improved upon the recommendations of the Independent Directors.

(2) Communication between independent directors and certified accountants (at least 4 separate meetings per year without management participation)

| Date       | Communication Points   | Communication Results   |
|------------|--|---|
| 2024.03.08 | 1. The CPA state they and the firm have follow the rule of CPA independences.<br>2. The CPA explains the responsibilities of the CPA firm 、 the BODs and the Audit Committee to governance the Company.<br>3. The CPA explains their audited results of the Company's financial statements of 2023 ; including the scope and method of | The CPA issued "unqualified audited reports" to the company's 2023 financial reports. The Independent Directors have understood the |

|  |            |  |  |
|--|------------|--|--|
|  |            | <p>the review, key audit matters and the company's governing situation, of related parties.</p> <p>4. The CPA explains the recently rules or Interpretations issued by competent authorities.</p> <p>5. The CPA responds and discusses the questions Independent Directors raised.</p>   | <p>accountant's explanations and has no opinion on the audit matter and the audit conclusion.</p>  |
|  | 2024.05.10 | <p>1. The CPA state they and the firm have follow the rule of CPA independences.</p> <p>2. The CPA explains the responsibilities of the CPA firm 、the BODs and the Audit Committee to governance the Company.</p> <p>3. The CPA explains their reviewed results of the Company's financial statements of 1Q/2024 ; including the scope and method of the review, key review matters and the company's governing situation, of related parties.</p> <p>4. The CPA explains the recently rules or Interpretations issued by competent authorities.</p> | <p>The CPA issued "qualified audited reports" to the company's 1Q/2024 financial reports. The Independent Directors have understood the accountant's explanations and has no opinion on the audit matter and the audit conclusion.</p> |
|  | 2024.08.14 | <p>1. The CPA state they and the firm have follow the rule of CPA independences.</p> <p>2. The CPA explains the responsibilities of the CPA firm 、the BODs and the Audit Committee to governance the Company.</p> <p>3. The CPA explains their reviewed results of the Company's financial statements of 2Q/2024 ; including the scope and method of the review, key review matters and the company's governing situation, of related parties.</p> <p>4. The CPA explains the recently rules or Interpretations issued by competent authorities.</p> | <p>The CPA issued "qualified audited reports" to the company's 2Q/2024 financial reports. The Independent Directors have understood the accountant's explanations and has no opinion on the audit matter and the audit conclusion.</p> |
|  | 2024.11.08 | <p>1. The CPA state they and the firm have follow the rule of CPA independences.</p>   | <p>The CPA issued "qualified audited reports" to the</p>   |

|  |  |  |  |  |
|--|--|--|--|--|
|  |  | <p>2. The CPA explains the responsibilities of the CPA firm 、 the BODs and the Audit Committee to governance the Company.</p> <p>3. The CPA explains their reviewed results of the Company's financial statements of 3Q/2024 ; including the scope and method of the review, key review matters and the company's governing situation, of related parties.</p> <p>4. The CPA explains their audit plan of the Company's financial statement of 2024.</p> <p>5. The CPA explains the recently rules or Interpretations issued by competent authorities.</p> | <p>company's 3Q/2024 financial reports. The Independent Directors have understood the accountant's explanations and has no opinion on the audit matter and the audit conclusion.</p> |  |
|--|--|--|--|--|

**2.3.3. Corporate Governance Operations and Circumstances and Reasons for Differences  
from the Code of Practice for Corporate Governance of Listed Companies**

| Evaluation Items  | Operating conditions |    |   | Circumstances and<br>Reasons for the<br>differences from the<br>Code of Corporate<br>Governance for<br>Listed Companies |
|---|----------------------|----|---|---|
|   | Yes                  | No | Summary Description   |   |
| 1. Is the company established and disclosed in accordance with the Code of Practice on Corporate Governance of Listed Companies?  | V                    |    | The Company has established the Corporate Governance Best-Practice Principles in accordance with the Corporate Governance Best-Practice Principles for Listed Companies, which has been disclosed on the Company's website at <a href="http://www.phison.com/Investors/Corporate%20Governance/">www.phison.com/Investors/Corporate Governance/</a> Major Internal Rules/ Corporate Governance Best-Practice Principles. | No significant differences  |
| 2. Company's shareholding structure and shareholders' equity  |                      |    |   |   |
| (1) Has the company established internal operating procedures for handling shareholder advice, doubts, disputes and litigation matters, and implemented them in accordance with the procedures? | V                    |    | (1) The Company has not established internal operating procedures, but in order to ensure the rights and interests of shareholders, it is required to have a spokesperson, an acting spokesperson, and a specialist of shareholders' affairs and legal units to deal with shareholder advice or disputes.   | (1) No significant differences  |
| (2) Does the company have a list of the ultimate controllers of the major shareholders and major shareholders who actually control the company?   | V                    |    | (2) The Company periodically grasped the shares held by the directors, managers and major shareholders holding more than 10% of the shares according to the register of shareholders provided by the Equity Agency Department on the date of the company's suspension of the transaction, and maintained  | (2) No significant differences  |

| Evaluation Items  | Operating conditions |    |  | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|---|----------------------|----|--|--|
|   | Yes                  | No | Summary Description  |  |
|   |                      |    | good communication channels at any time.   |  |
| (3) Has the company established, implemented and related enterprise risk control and firewall mechanism?  | V                    |    | (3) The Company has formulated specific operational measures such as the "Operational Guidelines for Financial Business between Related Enterprises" and the internal control system, established appropriate risk control mechanisms and fire walls, audited personnel and regularly supervised the implementation. | (3) No significant differences   |
| (4) Does the company have internal regulations that prohibit insiders from buying and selling marketable securities with undisclosed information? | V                    |    | (4) The Company has established the "Measures for the Administration of Preventing Insider Trading" and the "Code of Integrity" to regulate and prohibit any conduct that may involve insider trading, and to conduct occasional advocacy with insiders and employees to prevent insider trading from occurring.     | (4) No significant differences   |
| 3. Composition and duties of the Board of Directors   |                      |    |  |  |
| (1) Has the board of directors formulated diversification policies, specific management objectives and implement them?                            | V                    |    | (1) The Company's " Corporate Governance Best-Practice Principles " defines the policy of diversification of board members. For the specific management objectives and implementation of the diversification policy, please refer to pages 11-12 of this annual report.  | (1) No significant differences   |

| Evaluation Items  | Operating conditions |    |   | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|---|----------------------|----|---|--|
|   | Yes                  | No | Summary Description   |  |
| (2) In addition to the Salaries and Remuneration Committee and the Audit Committee, does the company voluntarily set up other functional committees?  | V                    |    | (2) In addition to the Remuneration Committee and the Audit Committee established by law, the Company currently has a Corporate Sustainable Development committee and a risk management committee, as well as various other functional committees, which will be assessed and set up in a timely manner according to the operating situation and actual needs of the Company in the future. | (2) No significant differences   |
| (3) Does the company determine the method of performance evaluation of the board of directors and its evaluation method, conduct performance evaluation annually and periodically, and submit the results of performance evaluation to the board of directors, and use them as a reference for the remuneration of individual directors and the nomination for renewal? | V                    |    | (3) Please refer to pages 26-29 of this annual report.  | (3) No significant differences   |
| (4) Does the company regularly assess the independence of the certified public accountants?   | V                    |    | (4) The Company assesses the independence and competence of certified public accountants at least once a year, and it was approved by the members of the Audit Committee and the Board of Directors. The assessment items are as follows:   | (4) No significant differences   |

| Evaluation Items  | Operating conditions |    |  | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|---|----------------------|----|--|--|
|   | Yes                  | No | Summary Description  |  |
|   |                      |    | <p>1. Accountant's declaration of independence.</p> <p>2. Audit and non-audit services provided by accountants must be approved by the audit committee to ensure that non-audit services comply with independence standards.</p> <p>3. The same accountant has not performed visa services for more than five consecutive years.</p> <p>4. Each year, with reference to the Audit Quality Indicators (AQIs), we compile and evaluate the independence and competency of accountants based on five major aspects and thirteen indicators including accountants' professionalism, quality control, independence, supervision, and innovation capabilities.</p> |  |
| 4. Does the listed company has a qualified and appropriate number of corporate governance personnel and designate a director of corporate governance who is responsible for matters related to corporate governance (including but not limited to providing information necessary for directors and supervisors to execute their business, assisting directors and supervisors to | V                    |    | By the resolution of the Board of Directors adopted on August 6, 2021, the Company appointed Zhi Chyang Yu Senior Special Assistant and Chief Operating Officer as the first Corporate Governance Officer, at the same time, the Shareholders Service department, Legal Affairs Division, IR department and other units will assist to safeguard the rights and interests of shareholders and strengthen the functions of the Board of Directors.  | No significant differences   |

| Evaluation Items   | Operating conditions |    |  | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|--|----------------------|----|--|--|
|  | Yes                  | No | Summary Description  |  |
| comply with laws and regulations, handling matters related to meetings of the board of directors and shareholders' meetings in accordance with law, making minutes of meetings of the board of directors and shareholders' meetings, etc.)?  |                      |    |  |  |
| 5. Has the company established the communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder sections on the company's website, and respond appropriately to important corporate social responsibility issues of concern to stakeholders? | V                    |    | <p>The Company has clear communication channels with employees, clients and suppliers, shareholders, government agencies and local communities, and respects their legitimate rights and interests. The Company has a spokesperson and relevant business departments contact information on its website. In addition, a stakeholder area is set up to provide contact information and questionnaires to respond appropriately to important corporate social responsibility issues of stakeholders.</p> <p>In addition, the Company has established a grievance tracking platform to ensure all grievances are properly addressed and relevant records are preserved.</p> | No significant differences   |
| 6. Has the company appointed a professional shareholding agency to handle the shareholders' affairs?   | V                    |    | The Company appointed a professional shareholding agency, the "Horizon Securities Corp. Sharing Agency Department" to plan and handle the matters related to the shareholders'   | No significant differences   |



| Evaluation Items  | Operating conditions |    |  | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|---|----------------------|----|--|--|
|   | Yes                  | No | Summary Description  |  |
|   |                      |    | meeting with the Company's Shareholders Service Dept.  |  |
| 7. Information Disclosure   |                      |    |  |  |
| (1) Has the company set up a website to disclose financial business and corporate governance information?   | V                    |    | (1) The Company shall regularly and irregularly declare financial and business information at the Public Information Observatory in accordance with the regulations, and set up the website www.phison.com to disclose relevant information at any time.   | (1) No significant differences   |
| (2) Has the company adopted other methods of information disclosure (such as setting up an website in English language, designating a person responsible for the collection and disclosure of company information, spokesperson system execution, and placing the process of corporate information session, etc. on the company's website)? | V                    |    | (2) A. The Company has set up Chinese, English, Japanese and Simplified Chinese web pages.<br>B. Designate specialists to collect and update the website contents periodically.<br>C. Contact information for spokesperson system, etc.:<br>antonioyu@phison.com<br>kuoting_lu@phison.com<br>D. Information inquiries such as corporate information session, etc. Inquiry about the Public Information Observatory/ Summaries/Investor Conference Information. | (2) No significant differences   |
| (3) Has the company announced and submitted the annual financial report within two months duration after the end of the fiscal year, and announced and reported the financial report for  | V                    |    | (3) On March 7, 2025, the Company announced the annual financial report for the year 2024, which is more than 15 days ahead of the time stipulated in the Decree, and completed the financial report for   | (3) No significant differences   |

| Evaluation Items  | Operating conditions |    |   | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|---|----------------------|----|---|--|
|   | Yes                  | No | Summary Description   |  |
| the first, second as well as third quarters and the operations status of each month before the regulatory period?   |                      |    | the first, second and third quarters and the operating status for each month before the regulatory period.  |  |
| 8. Has the company got any other important information (including but not limited to employee rights, employee care, investor relations, supplier relationships, stakeholder rights, directors and supervisors' on the job training, implementation of risk management policies and risk measurement standards, implementation of customer policies, purchase of liability insurance for directors and supervisors, etc.) that will be helpful to understand the operation of corporate governance? | V                    |    | According to Article 16 (2) of the Articles of Incorporation of the Company, "The Company may, during the term of office of the Directors, purchase liability insurance for the liability of the Directors in respect of the liability to be borne in accordance with the law in the scope of their business." The Company annually purchases liability insurance for directors, supervisors and important staff. After the insurance is completed, the Company reports on the actual performance in the Board of Directors and announces it in the Public Information Observatory in accordance with the law. For other important information on corporate governance operations, please refer to the Corporate Governance section of the company's official website. ( <a href="https://www.phison.com/zh-tw/investor-relations/corporate-governance">https://www.phison.com/zh-tw/investor-relations/corporate-governance</a> ) and ESG Zone ( <a href="https://www.phison.com/zh-tw/csr">https://www.phison.com/zh-tw/csr</a> ) ° | No significant differences   |

| Evaluation Items   | Operating conditions   |    |   | Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies |
|--|--|----|---|--|
|  | Yes  | No | Summary Description   |  |
| 9. Please explain the improved situation regarding the results of the corporate governance appraisal issued by the Taiwan Stock Exchange Co., Ltd. Corporate Governance Center in the most recent year, and propose priorities and measures for those who have not improved. |  |    |   |  |
| (1) The Company has established the expected improvement indicators based on the final evaluation results of the 10th Corporate Governance Appraisal. The improvement status are as follows:   |  |    |   |  |
| Question No.   | Subject  |    | Status Improved   | Suggesting priorities and measures of enhancement for those who have not improved                        |
| 1.18   | Does the company include important content from shareholder inquiries and company responses in the minutes of the annual shareholders' meeting?  |    | The Company has documented important content from shareholder inquiries and Company responses in the minutes of the 2024 annual shareholders' meeting.              | None   |
| 2.17   | Does the company's board of directors regularly (at least once a year) refer to Audit Quality Indicators (AQIs) to evaluate the independence and competence of the CPA, and disclose the evaluation procedures in detail in the annual report? |    | The Company regularly refers to Audit Quality Indicators (AQIs) to evaluate the independence and competence of the CPA and has disclosed this in the annual report. | None   |

## 2.3.4 Composition and operation of the Remuneration Committee

### 2.3.4.1 Remuneration Committee Membership Profile

Date: March 29, 2025

| Identity                        | Criteria       | Professional qualifications and experience                     | Independence Situation | Number of Members of Salaries Compensation Committee of Other Publicly Listed Companies |
|---------------------------------|----------------|--|------------------------|---|
|                                 | Name           |  |                        |   |
| Independent Director (Convener) | Huei Ming Wang | Please refer to pages 4-7 and page 9-10 of this annual report. |                        | 2   |
| Independent Director            | Chen Wei Wang  |  |                        | 2   |
| Independent Director            | Yu Lun Huang   |  |                        | N/A   |

### 2.3.4.2 Remuneration Committee Operation Information

- (1) The Remuneration Committee of the Company consists of three members.
- (2) The term of office of the members: July 5, 2023 to May 30, 2026, the latest annual Remuneration Committee meeting was held in 5 times, the qualifications and attendance of the members are as follows:

| Title  | Name           | Actual Attendance | Attendance by proxy | Percentage of Actual attendance (%) (Note) | Remarks |
|--|----------------|-------------------|---------------------|--|---------|
| Convener   | Huei Ming Wang | 5                 | 0                   | 100  |         |
| Committee Member   | Chen Wei Wang  | 5                 | 0                   | 100  |         |
| Committee Member   | Yu Lun Huang   | 5                 | 0                   | 100  |         |
| <p>Note: The percentage of actual attendance is calculated based on the number of Remuneration Committee meetings and the number of actual attendances during the number of Remuneration Committee 's tenure.</p> <p>Other items to be recorded:</p> <p>1.The Remuneration Committee of the Company has the following powers:</p> <p>(1) Regularly evaluate the organizational rules of the Remuneration Committee and propose amendments.</p> <p>(2) Define and periodically evaluate the policies, systems, standards and structure of the annual and long-term performance objectives and remuneration of the directors and managers of the Company.</p> <p>(3) Periodically evaluate the achievement of the performance objectives of the directors and managers of the Company and determine the content and amount of their individual remuneration.</p> <p>In the performance of its duties, the Remuneration Committee shall apply the following criteria:</p> |                |                   |                     |  |         |

- (1) Salary management shall be in line with the Company's remuneration philosophy.
  - (2) The performance appraisal and remuneration of directors and managers should take into account the usual level of payment in the same industry and consider the reasonableness of the relationship between individual performance and the company's operating performance and future risks.
  - (3) The members of the Committee shall not participate in the discussion and vote on the decision on their remuneration.
2. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion: there is no such case.
  3. The date, period, contents of the proposal, opinions of all members and treatment of opinions of the members of the Remuneration Committee, if any, shall be specified in the resolution of the Remuneration Committee, if there is any objection or reservation on the part of the members and if there is a record or written statement: there is no such case.

2.3.4.3 Discussion and resolution results of the Remuneration Committee, and the Company's treatment of members' opinions

| Time                                | Subject of discussion  | Results of the resolution   | Treatment of members' opinions by the Company |
|-------------------------------------|--|---|---|
| 2024.01.18<br>5th Session, 2nd time | The performance evaluation for managerial officers as well as the proposal for the Year-End and Performance Incentive Bonus for managerial officers.   | After being confirmed by the chairman, all attending members passed without objection and submitted to the board of directors for discussion. | No comments from members                      |
| 2024.03.08<br>5th Session, 3rd time | Review of the compensation amount from profit payment to directors, and the amount and method rewarding employees who assume as director or manager concurrently from employee remuneration of 2023. |   |   |
|                                     | The Company proposes the third round of buyback its shares for second time transferring to its managers.   |   |   |

| Time                                | Subject of discussion  | Results of the resolution | Treatment of members' opinions by the Company |
|-------------------------------------|--|---------------------------|---|
| 2024.05.10<br>5th Session, 4th time | Review of the annual fixed salary adjustment and payment plan for managers of the Company.   |                           |   |
|                                     | Reviewing the 2024 Target-setting Proposal of the CEO and President of the Company.  |                           |   |
|                                     | Amendment to part of the “Employee Stock Ownership Trust Regulation” of the Company  |                           |   |
| 2024.07.30<br>5th Session, 5th time | Reviewed the 2025 work plan of the Company's Remuneration Committee.   |                           |   |
|                                     | Review the Performance Evaluation for directors and managerial officers as well as the proposal for the Compensation of directors during 2023 and the Performance Incentive Bonus and the Employee Compensation during 2023 for managerial officers. |                           |   |
| 2024.08.14<br>5th Session, 6th time | The Company’s first issuance of employee stock warrants in accordance with the “Regulation of the 2023 Employee Stock Option Plan” - list of managers and subscription price.  |                           |   |

**2.3.5 Implementation of the Code of Practice for the Promotion of Sustainable Development and the Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies**

| Promoted Items   | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|---|---|
|  | Yes                 | No | Summary Description   |   |
| 1. Has the company established a governance structure that promotes sustainable development, and set up a dedicated (part-time) dedicated unit to promote the sustainable development, and the board of directors authorized the senior management to handle the situation, and the board of directors supervised the promotion status ? | V                   |    | <p>The Company has set up a dedicated unit, "Corporate Sustainable Development Committee", to promote sustainable development affairs. Please refer to the Company's website at <a href="http://www.phison.com/">www.phison.com/</a> Investors /Corporate Governance Sustainable Development Committee.</p> <p>1. The Company elevated the Corporate Sustainable Development Committee to the Functional Committee under the Board of Directors in November 2021. It is the highest decision-making unit responsible for ESG affairs within the Company and reports on its operations affairs to the Board of Directors once a year.</p> <p>2. The execution status is as follows:</p> <p>(1) The Corporate Sustainable Development Committee is composed of three members, including Mr. Huei Ming Wang, independent director,</p> | No significant differences  |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>Ms. Yu Lun Huang, independent director, Mr. Zhi Chyang Yu, senior special assistant and chairman of operations (the Convener), and an Executive Secretariat has been established. Its duties are as follows:</p> <p>A.Promote and strengthen the corporate governance and integrity management system.</p> <p>B.Promote and develop the matters related to sustainable development.</p> <p>C.Supervise the other work related to sustainable development that have been resolved by the Board of Directors.</p> <p>(2) The key focus areas of the Corporate Sustainable Development Committee for this year include the implementation of the ISO 50001 Energy Management System at Plant V, development of response plans for climate-related risks</p> |   |



| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>and opportunities, and enhancement of performance in various sustainability assessments. Moving forward, the Company will continue to launch new sustainability projects and optimize existing initiatives.</p> <p>(3) Corporate Sustainable Development Committee shall report the operation to the board of directors once a year. This year, we have reported to the Board of Directors on January 20, 2025 on the implementation results of the sustainable projects in 2024 and the work plan for 2025.</p> <p>(4) The Board of Directors receives an annual report from the Corporate Sustainable Development Committee. The 2024 report covers implementation of internal human rights and diversity practices, progress in ethical business conduct, and the integration of the ISO 50001 Energy Management System</p> |   |

| Promoted Items  | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|--|---|
|   | Yes                 | No | Summary Description  |   |
|   |                     |    | at Plant V. The Board provides recommendations based on its authority and expertise, oversees project direction, and works to improve the success rate of these initiatives.   |   |
| 2. Has the company conducted risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and determine relevant risk management policies or strategies? | V                   |    | The scope of our risk assessment is all our operating locations in Taiwan and the disclosed information from January 1 to December 31, 2023, as well as the management policies and response measures for major topics. The Company's Corporate Sustainable Development Committee, in accordance with the principle of materiality and the results of communication with internal and external stakeholders, and in light of the domestic and foreign trends of sustainable development and the requirements of the competent authorities, differentiated the major themes of sustainability, defined the supervision and risk management mechanisms, and reduced the impact of relevant risks. Please | No significant differences  |

| Promoted Items   | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|--|---|
|  | Yes                 | No | Summary Description  |   |
|  |                     |    | refer to the Company's website at <a href="http://www.phison.com/">www.phison.com/</a> ESG/Resource Center/2023 ESG Report/2.1 Material Topics Identification Procedures (P18-P19) & 3.3 Ethical Corporate Management (P30) & 3.5 Risk Management (P33) & 3.6 Economic Performance (P36) & 4 Innovation & Service (P42) & 4 Green Products (P42) & 5 Responsible Supply Chain (P50) & 7.2 Talent Attraction and Retention (P72) & 7.3 Talent Development and Training (P82). |   |
| 3. The environmental agenda  |                     |    |  |   |
| (1) Has the company established an appropriate environmental management system according to the characteristics of its industry? | V                   |    | (1) The Company comply with environmental laws issued by the government (such as waste disposal laws, etc.) and internal environmental protection policies and continues to obtain ISO 14001 environmental management system certification, which covers the design and assembly of flash memory storage devices, the design of flash memory controller chips, and focuses on recycling resources and  | (1) No significant differences  |

| Promoted Items   | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|---|---|
|  | Yes                 | No | Summary Description   |   |
|  |                     |    | <p>improving energy efficiency to minimize the impact on the environment.</p> <p>The Company has obtained ISO 14001 certificate, valid from 2024.02.09 to 2027.02.08.</p> <p>Detailed results, please refer to the Company's website at <a href="http://www.phison.com/">www.phison.com/</a> ESG/Resource Center/ 2023 ESG Report /6. Environmental Protection (P56-P67).</p>   |   |
| (2) Has the company committed to improve the energy efficiency and use the renewable materials with low impact on the environment? | V                   |    | <p>(2) The Company has formulated environmental protection policies, green procurement policies and sustainable management performance indicators, implemented energy resource management and reduction targets, and passed ISO14001 environmental management system verification and ISO14064-1 greenhouse gas verification. The Company will collect all of the reusable items and send them to recycling firms for reuse to protect our environment.</p> | (2) No significant differences  |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>In 2023, the Company launched six energy-saving projects, which are estimated to have saved 650,854 kWh of electricity—equivalent to a reduction of approximately 322 metric tons of carbon dioxide emissions.</p> <p>As 98.5% of the Company's carbon emissions result from electricity consumption, the Company uses carbon intensity (greenhouse gas emissions per million in revenue) as a key performance indicator to set and evaluate emission reduction targets.</p> <p>For 2023, the target for greenhouse gas emission intensity was <math>\leq 0.190</math> metric tons per million in revenue (with 2023 as the base year). However, the target was not met due to lower-than-expected revenue resulting from market adjustments. The Company will continue to promote energy-saving initiatives and improve</p> |   |

| Promoted Items  | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|--|---|
|   | Yes                 | No | Summary Description  |   |
|   |                     |    | <p>energy efficiency moving forward.</p> <p>Please refer to our website <a href="http://www.phison.com/ESG/ResourceCenter/2023%20ESGReport/SustainabilityManagementIndicators%20(P10-11)&amp;6.Environmentalprotection(P59-62).">www.phison.com/ESG/Resource Center/2023 ESG Report/Sustainability Management Indicators (P10-11) &amp; 6. Environmental protection (P59-62).</a></p>  |   |
| (3) Has the company assessed the potential risks and opportunities of climate change for the enterprise now and in the future, and take relevant response measures? | V                   |    | <p>(3) The Company's functional committee under the Board of Directors - the Risk Management Committee is the supreme organization for climate change management. The committee is composed of three members, at least half of whom are independent directors, and reports on its operation status to the Board of Directors once a year.</p> <p>The Company discloses climate-related risks and opportunities based on the nature of its business. By identifying the physical risks, transition risks, and product/service opportunities arising from extreme weather events, we</p> | (3) No significant differences  |

| Promoted Items | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|--|---|
|                | Yes                 | No | Summary Description  |   |
|                |                     |    | <p>have developed appropriate response strategies.</p> <p>The transition risks identified this year include total greenhouse gas emissions caps, carbon fees, and increased operating costs associated with achieving carbon reduction targets. In response, the Company has implemented various energy-saving and carbon-reduction measures within its facilities, validated its energy and environmental management systems, and procured renewable energy to mitigate the future impact of carbon fees. Physical risks include water shortages/outages, power shortages/outages, and heavy rainfall/flooding. To address water-related risks, the Company has established an internal water status monitoring and shortage alert system and utilizes a dual water source backup system to ensure supply continuity. For electricity-related risks, the Company uses</p> |   |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>uninterruptible power supplies (UPS) to maintain the stability of critical equipment and data centers, conducts monthly generator testing, and will continue evaluating whether additional UPS units are needed in other key laboratories to minimize the impact of power disruptions. Regarding flooding risks, the Company has elevated building foundations and purchased flood protection equipment to reduce the likelihood of water damage. Since 2021, the Company has been purchasing renewable energy (wind power), with renewable energy accounting for 3.11% of total electricity consumption as of 2023. The Company aims to increase this share to 10% by 2025 and to 20% by 2030, steadily progressing toward an energy transition and reducing greenhouse gas emissions during operations, please refer to the Company's website at</p> |   |



| Promoted Items  | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|--|---|
|   | Yes                 | No | Summary Description  |   |
|   |                     |    | www.phison.com/<br>ESG/Resource Center/2023<br>ESG Report/6.1 Climate<br>Strategy (P56-P59) and 6.2<br>Energy Resources Management<br>(P60-P62)  |   |
| (4) Has the company counted the total weight of greenhouse gas emissions, water consumption and waste in the past two years, and formulated policies to reduce greenhouse gas emissions, water consumption or other waste management? | V                   |    | <p>(4) The Company has been conducting greenhouse gas inventories every year at the same time, it has been counting the use of water resources and waste generation, understanding the energy resources consumed and the greenhouse gases generated by the Company in all operating phases.</p> <p>(1) Statistical data for the past two years Water Usage: In 2023, the Company's total water withdrawal amounted to 108,935 metric tons, with a water intensity (water withdrawal per million in revenue) of 2.259 metric tons per million in revenue. In 2022, total water withdrawal was 127,010 metric tons, with a water intensity of 2.108 metric</p> | (4) No significant differences  |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>tons per million in revenue.</p> <p>Greenhouse Gas: In 2023, the Company's Scope 1 greenhouse gas emissions totaled 228.3663 metric tons of CO<sub>2</sub>e, Scope 2 emissions were 15,447.9343 metric tons of CO<sub>2</sub>e, and Scope 3 emissions were 4,905.0443 metric tons of CO<sub>2</sub>e. The greenhouse gas emissions intensity for 2023 (total greenhouse gas emissions per million in revenue) was 0.325 metric tons CO<sub>2</sub>e per million in revenue. In 2022, Scope 1 emissions were 340.8842 metric tons of CO<sub>2</sub>e, Scope 2 emissions were 15,001.1131 metric tons of CO<sub>2</sub>e, and Scope 3 emissions were 4,396.9639 metric tons of CO<sub>2</sub>e. The greenhouse gas emissions intensity for 2022 was 0.255 metric tons CO<sub>2</sub>e per million in revenue.</p> <p>Waste: In 2023, the Company generated a total</p> |   |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>of 338.27 metric tons of waste, which included general industrial and domestic waste (excluding Category E hazardous industrial waste). Of this, 156.64 metric tons were recyclable, accounting for 46.31% of the total. Additionally, all operating sites in Taiwan generated a total of 57.10 metric tons of hazardous industrial waste. In 2022, the Company generated a total of 248.32 metric tons of waste, including general industrial and domestic waste (excluding Category E hazardous industrial waste), of which 62.60 metric tons were recyclable, representing 25.21% of the total. Hazardous industrial waste from all operations in Taiwan totaled 6.17 metric tons.</p> <p>(2) Policies on greenhouse gas reduction, water</p> |   |

| Promoted Items | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|--|---|
|                | Yes                 | No | Summary Description  |   |
|                |                     |    | <p>conservation, and waste management</p> <p>The Company has established an Environmental Protection Policy that covers energy conservation, waste management, carbon inventory, voluntary carbon reduction, renewable energy, biodiversity, and environmental education. Key performance indicators related to greenhouse gas emissions, water usage, and waste management are disclosed in the Company's ESG report and reviewed annually to assess progress. In 2023, the Company set a target greenhouse gas emissions intensity of <math>\leq 0.190</math> metric tons CO<sub>2</sub>e per million in revenue. However, due to market-driven adjustments that resulted in lower-than-expected revenue, the target was not achieved. The</p> |   |

| Promoted Items | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|--|---|
|                | Yes                 | No | Summary Description  |   |
|                |                     |    | <p>Company did meet its per capita water usage reduction target, which aimed for an 8% reduction compared to 2018. Regarding waste, since Plant V only received approval for its waste management plan in early 2024, the addition of an entire facility's domestic and recyclable waste is expected to exceed the significance threshold (3%) of the change in the base year. Therefore, the Company has opted not to set a long-term waste reduction target for this year and will re-establish the base year and targets in 2025.</p> <p>In 2023, the Company implemented eight energy and water conservation projects, which are estimated to have saved 650,854 kWh of electricity and 11,832 kWh-equivalent of water, reducing approximately 324 metric tons of CO<sub>2</sub>e.</p> |   |

| Promoted Items  | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|--|---|
|   | Yes                 | No | Summary Description  |   |
|   |                     |    | <p>(3) Verification of information:<br/>The Company has obtained ISO 14064-1 certification for greenhouse gas emissions and ISO 50001 certification for energy management.</p> <p>Please refer to our website <a href="http://www.phison.com/ESG/ResourceCenter/2023%20ESG%20Report/6.Environmental%20Protection">www.phison.com/ESG/ResourceCenter/2023 ESG Report/6. Environmental Protection (P54-P64)</a>.</p>   |   |
| 4. social agenda  |                     |    |  |   |
| (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? | V                   |    | <p>(1) In 2024, the Company revised its Human Rights Policy in reference to internationally recognized human rights standards and relevant regulations, including the International Labor Office Tripartite Declaration of Principles, the OECD Guidelines for Multinational Enterprises, the UN Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the United Nations Global Compact, and the Responsible Business Alliance. The updated policy</p> | (1)No significant differences   |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>encompasses principles such as diversity, inclusion and equal opportunity, prohibition of forced labor, minimum wage protection, a healthy and safe workplace, freedom of association, labor-management consultation, grievance and whistleblower mechanisms, privacy protection, education and training, and business ethics. The Company is committed to eliminating human rights risks throughout its operations. To implement the Human Rights Policy, the Company applies a human rights due diligence process. This involves gathering relevant human rights issues, conducting materiality screening and assessment, implementing preventive and mitigation measures, and incorporating feedback for continuous improvement to reduce human rights risks on an ongoing basis. In addition, all employees are required to complete annual RBA training that includes human</p> |   |

| Promoted Items  | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|--|---|
|   | Yes                 | No | Summary Description  |   |
|   |                     |    | rights topics. The Company also conducts an annual internal human rights audit, led by the designated internal RBA unit, based on the latest RBA standards. The audit results are reported to the Corporate Sustainable Development Committee, ensuring that management is informed about the implementation status and performance of the Human Rights Policy. Please refer to the Company's website at <a href="http://www.phison.com/ESG/ResourceCenter/2023ESGReport">www.phison.com/ ESG/Resource Center/2023 ESG Report</a> 7.2.3 Talent Development and Training (P79-P81). |   |
| (2) Has the company defined and implemented reasonable employee benefits measures (including remuneration, vacation and other benefits), and appropriately reflect the operating performance or results in the employee remuneration? | V                   |    | (2) The Company regularly measures market salary levels, links the Company's operating performance with employee rewards and formulates reasonable salary and compensation policies with reference to overall economic indicators to ensure overall salary competitiveness. At the same time, through regular  | (2) No significant differences  |



| Promoted Items | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|--|---|
|                | Yes                 | No | Summary Description  |   |
|                |                     |    | <p>performance appraisal and development operation mechanism, two-way communication and interaction platform is provided to achieve organizational and individual development, and corresponding rewards are given according to performance results to motivate employees and enterprises to grow together.</p> <p>The Company provides the welfare system that is superior to the law, including providing employees with seven days of adjustment leave, three days of family care leave with full pay, and employee assistance programs (EAPs). Also, the Company has established an Employee Benefits Committee that provides a number of employee benefits, such as travel assistance, employee progression assistance, three-section gratuity, and community assistance.</p> <p>In 2023, the proportion of female employees was 23.68%; the proportion of female supervisors</p> |   |

| Promoted Items   | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|---|---|
|  | Yes                 | No | Summary Description   |   |
|  |                     |    | <p>was 17.80%; and the proportion of women in senior management was 16.67%.</p> <p>Please refer to the Company's website at <a href="http://www.phison.com/">www.phison.com/</a> ESG/Resource Center/2023 ESG Report/7.1 Employee Structure (P71) &amp; 7.2.2 Salaries &amp; Benefits (P73-P75).</p>  |   |
| (3) Has the company provided a safe and healthy working environment for employees, and regularly implements safety and health education for employees? | V                   |    | <p>(3)</p> <p>1. To maintain a safe and healthy working environment, the Company's headquarters has obtained ISO 45001 Occupational Health and Safety Management System certification, valid from February 9, 2024, to February 8, 2027.</p> <p>2. The Company conducts regular identification, assessment, and control of workplace and operational hazards, carries out routine safety inspections, and provides workers with personal protective equipment. Additionally, occupational environment monitoring is conducted semi-annually by accredited third-party</p> | (3) No significant differences  |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>organizations. To promote a safe and friendly workplace, the Company also implements four major employee health protection programs: maternity health protection, prevention of ergonomic hazards, prevention of illness due to abnormal workload, and protection against unlawful infringement while performing duties.</p> <p>3. In 2023, the Company reported no major occupational accidents. A total of 22 employee injury incidents were recorded, accounting for 0.58% of the total workforce as of the end of 2023. All incidents were traffic accidents occurring during employee commutes. Among them, 5 cases involved minor injuries, and 17 cases resulted in temporary total disability. In response, the Company invited local police authorities to conduct traffic safety workshops on-site and organized tire tread inspections for motorcycles.</p> <p>4. The Company complies with the</p> |   |

| Promoted Items | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|--|---|
|                | Yes                 | No | Summary Description  |   |
|                |                     |    | <p>Occupational Safety and Health Act by providing safety and health training and hazard communication to both new and current employees. In addition, contracted occupational physicians visit the Company to provide health education and guidance to employees.</p> <p>5. In 2023, there were no fires or major occupational accidents in the Company.</p> <p>6. The Company organizes employee health checkups every year. Health checkup analysis found that obesity and the three highs are common health problems. Through continuous promotion of health, we hope that employees can improve and maintain their health. The relevant activities are as follows:<br/> (1) Monthly blood pressure measurement: once a month for six months to observe changes in your blood pressure. (2) Organize health seminars on diabetes prevention and management, weight loss, muscle building and</p> |   |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>fat reduction to enhance employees' knowledge on obesity and the prevention of the three highs. (3) Weight loss activity: Through 3 months of diet and exercise control, the weight loss effect was achieved. A total of 246 people participated in 2024 and lost a total of 556.4 kg. (4) Healthy Living Activities: To receive rewards, participants must select and complete designated health tasks within 1.5 months. The tasks include taking more than 6,000 steps per day, measuring blood pressure, exercising for more than 30 minutes, eating fruits or vegetables, and inviting friends to exercise together. In 2024, a total of 563 participants participated, and 299 participants completed the tasks.</p> <p>Please refer to the Company's website at <a href="http://www.phison.com/ESG/Resource%20Center/2023%20ESG%20Report/7.4%20Occupational%20Safety%20and%20Health">www.phison.com/ESG/Resource Center/2023 ESG Report/7.4 Occupational Safety and Health</a> (P86-P91).</p> |   |

| Promoted Items  | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|--|---|
|   | Yes                 | No | Summary Description  |   |
| (4) Has the company established effective career development training programs for its employees? | V                   |    | (4) The Company has established seven major training frameworks: new employee orientation, on-the-job/professional training, quality training, auxiliary skills training, occupational health and safety training, leadership-level training, and automotive systems training. In addition, based on individual career development needs, the Company offers self-development training and subsidies for obtaining certifications. Each year, the human resources department formulates the annual training plan based on organizational and departmental functional requirements, identifying key training directions and target participants. To support business development and enhance workforce quality, the Company organizes various training programs regularly or on an ad-hoc basis to strengthen employees' job knowledge and skills. All training-related | (4) No significant differences  |

| Promoted Items  | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|---|---|
|   | Yes                 | No | Summary Description   |   |
|   |                     |    | <p>processes are conducted in accordance with the Company's Training Management Guidelines. To evaluate training effectiveness, the Company applies the Kirkpatrick Model, which assesses four levels: reaction, learning, behavior, and results. For non-online training courses, satisfaction surveys are used to assess impact. In 2023, the average training hours per employee reached 14.8 hours, and the overall course satisfaction score was 94.8.</p> <p>Please refer to the Company's website at <a href="http://www.phison.com/ESG/Resource%20Center/2023%20ESG%20Report/7.3%20Talent%20Development%20and%20Training">www.phison.com/ESG/Resource Center/2023 ESG Report/7.3 Talent Development and Training</a> (P82-P84).</p> |   |
| (5) Does the company comply with relevant laws, regulations and international standards, and formulate relevant consumer or customer rights protection policies and appeal procedures for issues such as customer health and safety, customer privacy, marketing and labeling | V                   |    | (5) The labeling information of the Company's products and services is indicated on the product packaging back card and the instruction manual, and the labeling content includes "brand name", "RoHS logo", "CE safety mark" and "WEEE recycling mark" to declare the  | (5) No significant differences  |

| Promoted Items            | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---------------------------|---------------------|----|---|---|
|                           | Yes                 | No | Summary Description   |   |
| of products and services? |                     |    | <p>safety of the products or services and the compliance with the relevant regulations on the quality of harmful substances.</p> <p>The Company has a Personal Data Protection Management Policy and Privacy Policy, and stakeholders who discover a violation, suspected violation or potential violation of privacy or personal data protection by the Company may contact the Company's Security and Integration Department via a dedicated email address: <a href="mailto:privacy@phison.com">privacy@phison.com</a>. Please refer to the Company's website at <a href="http://www.phison.com/ESG/ResourceCenter/Policies/PersonalDataProtectionPolicy">www.phison.com/ ESG/ Resource Center/ Policies/Personal Data Protection Policy</a> &amp; the Company's Website/Privacy Policy.</p> <p>Please refer to the Company's website at <a href="http://www.phison.com/ESG/ResourceCenter/2023ESGReport/3.7InformationSecurity">www.phison.com/ ESG/Resource Center/2023 ESG Report/3.7 Information Security</a> (P39-P41)/4.3</p> |   |



| Promoted Items   | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|---|---|
|  | Yes                 | No | Summary Description   |   |
|  |                     |    | Customer Relationship Management (P48-P49)/6.4.2 Green Management Process (P65-P66).  |   |
| (6) Has the company established a supplier management policy that requires suppliers to comply with relevant regulations and their implementation on environmental protection, occupational safety and health or labor rights? | V                   |    | (6) The Company has also established a Code of Conduct for Suppliers. Each year, based on transaction criteria set by the production control and Purchasing Dept., all existing Tier 1 suppliers are required to complete a Sustainability Risk Assessment Questionnaire. This questionnaire covers five key areas: labor practices, occupational health and safety, environmental protection, supply chain management, and sustainability and risk management. The responses are reviewed by Company personnel, who categorize suppliers by sustainability risk levels. The Company manages and optimizes the supply chain according to each supplier's long-term sustainability performance. New suppliers must also meet basic | (6) No significant differences  |

| Promoted Items | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|----------------|---------------------|----|---|---|
|                | Yes                 | No | Summary Description   |   |
|                |                     |    | <p>sustainability assessment criteria before they are approved for commercial cooperation with the Company.</p> <p>In accordance with the QW230004 RBA Supplier Management Guidelines, the production control and Purchasing Dept. annually compile the QR2303 Key Supplier List. This list is generated based on factors such as annual expenditures, essential business components, frequency of procurement, and relevance within the ICT industry supply chain. Raw material suppliers are classified into A, B, and C levels based on total procurement value and ongoing transaction amounts. Processing plants are classified as A or B level depending on their production volume and whether they are designated by customers. A-level suppliers are required to meet the following sustainability standards:</p> <p>obtaining ISO 14001</p> |   |

| Promoted Items  | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|---|---------------------|----|---|---|
|   | Yes                 | No | Summary Description   |   |
|   |                     |    | <p>certification, obtaining ISO 14064-1 certification, obtaining ISO 45001 certification, and completing the Sustainability Risk Assessment Questionnaire annually. B-level and C-level suppliers are required to complete the same questionnaire each year. In addition, the Company regularly invites all suppliers to participate in RBA-related training. Taking into account factors such as irreplaceability and procurement value, the Company identifies key suppliers through a risk-based screening process. These key suppliers undergo annual RBA audits conducted by the Company's professional staff. Please refer to our website <a href="http://www.phison.com/ESG/ResourceCenter/2023%20ESG%20Report/5.Responsible%20Supply%20Chain(P50-P54).">www.phison.com/ESG/Resource Center/2023 ESG Report/5. Responsible Supply Chain (P50-P54)</a>.</p> |   |
| 5. Has the company referred to the internationally accepted reporting standards or guidelines | V                   |    | To ensure the quality and transparency of information disclosure, the Company's 2023  | No significant differences  |

| Promoted Items   | Status of Execution |    |  | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|--|---|
|  | Yes                 | No | Summary Description  |   |
| to prepare reports that disclose the company's non-financial information, such as the reports related to sustainability? Has the previous reports got the confidence or assurance opinions of the third-party verification unit? |                     |    | <p>ESG Report has been prepared in accordance with the GRI Standards 2021 issued by the Global Reporting Initiative (the industry standard for the semiconductor industry has not yet been issued), the Sustainability Accounting Standards Board's standards for Semiconductors Sustainability Accounting Standard 2018, and the TCFD, and has been verified by the TUV NORD Taiwan, in accordance with the AA1000AS v3 Assurance Standard and the GRI Standards and SASB Standards.</p> <p>Considering the importance of operations, except for the economic performance chapter, which sets the organizational boundaries according to the principle of consolidated financial statements, the disclosure scope of the remaining chapters of the ESG report covers all Phison Electronics Corporation operating locations in Taiwan (Phison Electronics headquarters, Phison Electronics Hsinchu, Taipei and Tainan offices).</p> |   |

| Promoted Items   | Status of Execution |    |   | Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies |
|--|---------------------|----|---|---|
|  | Yes                 | No | Summary Description   |   |
|  |                     |    | Please refer to our website <a href="http://www.phison.com/ESG/ResourceCenter/2023ESGReport/Aboutthisreport(P2).">www.phison.com/ESG/Resource Center/2023 ESG Report/About this report (P2)</a> . |   |
| <p>6. If a company has its own rules for the sustainable development in accordance with the Code of Practice for the Sustainable Development of Listed Counter Companies, please clarify the difference between its operation and the rules:</p> <p>In 2021, the Company established the Code of Practice on Corporate Social Responsibility, which covers the implementation of corporate governance, the development of a sustainable environment, the maintenance of social welfare, and the enhancement of corporate social responsibility information disclosure.</p>   |                     |    |   |   |
| <p>7. Other important information assists to understand what drives sustainable development execution:</p> <p>(1) <u>Environmental protection:</u></p> <p>For details on the Company's execution of its environmental responsibilities, please refer to the Company's website at <a href="http://www.phison.com/ESG/ResourceCenter/2023ESGReport/6">www.phison.com/ESG/Resource Center/2023 ESG Report/6</a>. Environmental Protection (P56-P67).</p> <p>(2) <u>Community participation, social contribution, social services, social welfare and other social responsibility activities:</u></p> <p>For details of the Company's continuous delivery of kindness, please refer to the Company's website at <a href="http://www.phison.com/ESG/ResourceCenter/2023ESGReport/8">www.phison.com/ESG/Resource Center/2023 ESG Report/8</a>. Social Participation (P93-P96).</p> <p>(3) <u>Consumer rights:</u></p> <p>For more information on the Company's customer relationship management, please refer to the Company's website at <a href="http://www.phison.com/ESG/ResourceCenter/2023ESGReport/4">www.phison.com/ESG/Resource Center/2023 ESG Report/4</a>. Innovation &amp; Service (P48-P49).</p> |                     |    |   |   |

### 2.3.5.1 Climate-Related Information of Listed Counter Companies

#### 2.3.5.1.1 Status of Execution of Climate-Related Information

| Item  | Status of Execution  |
|---|--|
| 1. Describe the board's and management's oversight and governance of climate-related risks and opportunities.   | The Board of Directors of the Company has established a functional committee—the Risk Management Committee, which serves as the responsible unit for managing climate change. The committee consists of three members, with a majority being independent directors. It reports annually to the Board of Directors on the progress of climate risk management. Under the Risk Management Committee, an executive task force is in place to identify, assess, and monitor climate-related risks and opportunities. This task force reports significant climate risk information to the Risk Management Committee each year.  |
| 2. Describe how the identified climate risks and opportunities will affect the business, strategy, and finances of the enterprise (short, medium, and long term). | The Company analyzes the impacts and opportunities of climate change on operations based on the TCFD framework. Major risk factors identified include: increased operational costs to meet carbon reduction goals, greenhouse gas emissions cap and carbon fees/taxes, insufficient power and water supply, and extreme weather events such as heavy rain and flooding. On the opportunity side, the Company identifies: development of low-carbon products and improvement in energy and resource efficiency. Enhanced energy efficiency in new products can significantly contribute to revenue growth, while reduced energy and resource consumption helps lower operational costs. |
| 3. Describe the financial impact of extreme weather events and transition actions.  | Due to global warming caused by extreme climate events, the Company's electricity consumption has been rising annually. Additionally, the increasing likelihood of heavy rainfall and floods poses risks of production interruptions and delays in product delivery, ultimately raising operational costs. To mitigate these impacts, the Company actively develops low-carbon products. By continuously improving product performance through design, it  |

| Item   | Status of Execution   |
|--|---|
|  | enhances user convenience while indirectly reducing the carbon emissions of end-users. These low-carbon products also help in market promotion and contribute to increased product revenue.   |
| 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.  | Through the participation of relevant departments in the discussion, the overall assessment results will be submitted to the Risk Management Committee and the Board of Directors for planning, adjustment and mitigation strategies for major risks.   |
| 5. If scenario analysis is used to assess resilience to climate change risk, the scenarios, parameters, assumptions, analytical factors, and major financial impacts used shall be described.  | The Company utilizes data from TCCIP to conduct scenario simulations using various climate models, considering physical scenarios under SSP1-2.6 、 SSP2-4.5 、 SSP3-7.0 and SSP5-8.5 pathways.   |
| 6. If there is a transformation plan to manage climate-related risks, describe the content of the plan and the indicators and objectives used to identify and manage physical risks and transformation risks.  | The Company has established the climate-related risk and opportunity assessment management indicators, such as water consumption, greenhouse gas emissions and the proportion of renewable energy use. The Company carries out ISO 14064-1 carbon inventory every year and commissions a third party to carry out data verification if necessary. In the future, the Company will gradually expand the inventory types of category III to grasp complete carbon emission information. |
| 7. If internal carbon pricing is used as a planning tool, the basis for pricing should be described.   | There is currently no internal carbon pricing.  |
| 8. If a climate-related goal is set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achieving the goal shall be described. If carbon offsets or renewable energy certificates (RECs) are used to | Key climate targets have been established, including: greenhouse gas emissions intensity (Scope 1 + 2), percentage of renewable energy usage, and per capita water consumption.   |

| Item   | Status of Execution  |
|--|--|
| achieve the goal, the source and quantity of carbon reduction credits offset or the quantity of renewable energy certificates (RECs) shall be described. |  |
| 9. Greenhouse gas inventory and confidence situation and Reduction Targets, Strategies and Specific Action Plans   | The Company conducts annual self-assessments of greenhouse gas emissions in accordance with ISO 14064-1, followed by third-party verification. |

#### 2.3.5.1.1.1 Greenhouse Gas Inventory and Confirmation Situation of the Company in the Last Two Years

##### 3.4.5.1.1.1.1 Greenhouse Gas Inventory Information

In 2022, Category 1 and Category 2 emitted a total of 15,341.997 metric tons of carbon dioxide equivalent, and the greenhouse gas emission intensity (greenhouse gas emissions/million revenue) was 0.255. The data covers the use of all factories and leased offices of the Company, but excludes facilities and locations that have not been officially operated for one year and are unused.

In 2023, Category 1 and Category 2 emitted a total of 15,676.301 metric tons of carbon dioxide equivalent, and the greenhouse gas emission intensity (greenhouse gas emissions/million revenue) was 0.325. The data covers the use of all factories and leased offices of the Company, but excludes unused facilities and bases that have not been officially operated for one year and the scope of outsourced management.

##### 2.3.5.1.1.1.2 Greenhouse Gas Verification Information

| Year | Confidence Range   | Confidence Agency | Confidence Criteria | Confidence Opinion                         |
|------|--|-------------------|---------------------|--|
| 2022 | Covers the use of all factories and leased offices of the Company, but excludes facilities and locations that have not been officially operated for one year and are unused. | UCS               | ISO 14064-1         | A statement of confidence in the situation |
| 2023 | Covers the use of all factories and leased offices of the Company, but excludes unused facilities and locations that have  | UCS               | ISO 14064-1         | A statement of confidence in the situation |



| Year | Confidence Range  | Confidence Agency | Confidence Criteria | Confidence Opinion |
|------|---|-------------------|---------------------|--------------------|
|      | not been officially operated for one year and the scope of outsourced management. |                   |                     |                    |

#### 2.3.5.1.1.2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

In 2023, Category 1 and Category 2 emitted a total of 15,676.301 metric tons of carbon dioxide equivalent. The base year for reduction is 2023. The reduction target for 2023 is greenhouse gas emission intensity  $\leq 0.190$  metric tons/million of revenue. However, due to market adjustment demand, revenue has been reduced. It did not meet expectations, so this reduction target was not achieved. The company's specific carbon reduction strategies and actions include implementing energy-saving measures within the factory, evaluating and replacing old equipment, and purchasing renewable energy.

**2.3.6 Ethical Corporate Management and Deviations from “The Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons**

| Evaluation Item   | Implementation Status |    |  | Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|--|
|   | Yes                   | No | Abstract Illustration  |  |
| 1. Establishment of ethical corporate management policies and programs  |                       |    |  |  |
| (1) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the board of directors and senior management to rigorous and thorough implementation of such policies? | V                     |    | (1) In 2020, the Company established the “Ethical Corporate Management Best Practice Principles”, which is disclosed on the Company's website and the Market Observation Post System. The Company devotes itself to abide by the international regulations and local laws and moral principles agreed by the society, including fair competition, anti-trust, respecting local marketing rules, prohibiting illegal products protecting copyrights and all kinds of intellectual property. The Company signs confidential agreements with its directors and managers illustrates the rules which should be followed. | (1) No major deviation   |
| (2) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and   | V                     |    | (2) To prevent unethical conduct, we have established the regulations in the employment contracts, as well as the code of work and the regulation of reward/punishment. In addition to asking employees to notify the Company in case of conflict of interest, we also set up an email for reporting such behavior (whistleblower@phison.com).   | (2) No major deviation   |

| Evaluation Item  | Implementation Status |    |  | Deviations from<br>“the Ethical<br>Corporate<br>Management Best-<br>Practice Principles<br>for TWSE/TPEX<br>Listed Companies”<br>and Reasons |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Abstract Illustration  |  |
| establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"? |                       |    |  |  |
| (3) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?      | V                     |    | (3) The Company asks suppliers, contractors and other affiliates to sign documents for guaranteeing no illegal business activities and no bribes.  | (3) No major deviation   |
| 2. Fulfillment of Ethical Corporate Management   |                       |    |  |  |
| (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?   | V                     |    | (1) The Company has the internal code of work and the regulation of reward/punishment to avoid unethical behaviors. The Company selects the suppliers based on the principles of ethical corporate management and fairness to find the most competitive companies which are ethical. It is strictly prohibited to take a commission or other improper rewards. | (1) No major deviation   |

| Evaluation Item   | Implementation Status |    |   | Deviations from<br>“the Ethical<br>Corporate<br>Management Best-<br>Practice Principles<br>for TWSE/TPEX<br>Listed Companies”<br>and Reasons |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Abstract Illustration   |  |
| (2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity and regularly report the implementation of the ethical corporate management policies and prevention programs against unethical conduct to it? | V                     |    | (2) The Company has set up a dedicated unit "Corporate Sustainable Development Committee" under the Board of Directors to promote corporate social responsibility and has reported on the implementation of ethical corporate management in the Board of Directors' Meetings on November 8, 2024. | (2) No major deviation   |
| (3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?  | V                     |    | (3) The Company has code of Corporate Social Responsibility Best Practice Principles work, code of conduct and regulations of reward/punishment to regulate its employees. It is prohibited for employees to endanger the rights of the Company because of personal rights.                       | (3) No major deviation   |
| (4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the                        | V                     |    | (4) To ensure the ethical operation, the Company have established effective systems for both accounting and internal control. Internal auditors approve all kinds of business and report the results to the Board of Directors.   | (4) No major deviation   |

| Evaluation Item  | Implementation Status |    |  | Deviations from<br>“the Ethical<br>Corporate<br>Management Best-<br>Practice Principles<br>for TWSE/TPEX<br>Listed Companies”<br>and Reasons |
|--|-----------------------|----|--|--|
|  | Yes                   | No | Abstract Illustration  |  |
| compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?   |                       |    |  |  |
| (5) Does the Company regularly hold internal and external educational trainings on operational integrity?  | V                     |    | (5) Integrity is one of the five core values of this company and has been in our culture. We also stress this in all meetings to enforce this core value.  | (5) No major deviation   |
| 3. Operation of the tip-off system   |                       |    |  |  |
| (1) Has the Company set up a specific tip-off and rewarding system, established a convenient tip-off channel, and appointed adequate staff to communicate with the one who reports?                        | V                     |    | (1) The Company has regulations of integrity, regulations of reward/punishment, code of work and code of conduct for employees to follow. In case of any improper behaviors, please report it to our human resource department by telephone or email (whistleblower@phison.com) or letter. | (1) No major deviation   |
| (2) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms? | V                     |    | (2) In the communication protocol of the Company, all personnel should keep the informant data confidential.   | (2) No major deviation   |
| (3) Has the Company taken measures for protecting  | V                     |    | (3) The Company has regulations that the data of the whistle blower should be  | (3) No major deviation   |

| Evaluation Item   | Implementation Status |    |   | Deviations from<br>“the Ethical<br>Corporate<br>Management Best-<br>Practice Principles<br>for TWSE/TPEX<br>Listed Companies”<br>and Reasons |
|---|-----------------------|----|---|--|
|   | Yes                   | No | Abstract Illustration   |  |
| the whistle blower from improper treatment because of the tip-off?  |                       |    | kept confidential for protection whistle blower from unfair revenge or treatment.   |  |
| 4. Strengthening information disclosure   |                       |    |   |  |
| Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and the market observation post system (MOPS)?   | V                     |    | The Company has a website for investors to review the relevant information. The information is posted on the MOPS for investors to understand governance. | No major deviation   |
| <p>5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation:</p> <p>The Company has established the "Ethical Corporate Management Best Practice Principles" in 2020, which is disclosed on the Company's website and the Market Observation Post System. There was no major difference between its implementation and "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies". On November 8, 2024, the Board of Directors reported on the performance of ethic corporate management as follows.</p> <p>(1) Code of Conduct with Integrity</p> <p>A. Recusal of interest: When the Company convenes the Audit Committee, the Remuneration Committee, and the Board of Directors' Meeting, the Company provides explanations in accordance with Article 206 of the Company Act when the directors have their own interests in the motion, and the directors who have their own interests will be recused from the discussion and voting on the motion.</p> <p>B. Prevent insider trading and signed confident contracts: The Company has established management procedures to prevent insider trading and signed employment contracts for all employees, and from time to time, the directors, managers and employees are informed of the latest legal information in writing and by e-mail and are regularly informed. In addition to the aforementioned method, annually process insider trading regulations for directors and annually</p> |                       |    |   |  |

| Evaluation Item  | Implementation Status |    |                       | Deviations from<br>“the Ethical<br>Corporate<br>Management Best-<br>Practice Principles<br>for TWSE/TPEX<br>Listed Companies”<br>and Reasons |
|--|-----------------------|----|-----------------------|--|
|  | Yes                   | No | Abstract Illustration |  |
| <p>sends online courses to managers and employees of the Company on a regular basis every year as a mandatory annual training course.</p> <p>(2) Education Training</p> <p>A. The implementation of ethics, human rights, and anti-corruption training for managers / employees/new recruits is as follows:</p> <p>In 2024, the Company organized internal and external education and training on ethical corporate management topics (including courses on compliance with regulations on ethical corporate management, anti-capitalist corruption, insider trading, accounting system and internal control) for a total of 8,118 participants and a total of 4,318 hours.</p> <p>B. The implementation of Directors' ethnics training is as follows:</p> <p>The Company organized a course on Implement honest management (including prevention of insider trading promotion) for directors on November 8, 2024.</p> <p>(3) 2024 Projected Implementation of Integrity Business Policy Report:</p> <p>A. Continue to amend the measures related with the integrity management policy according to the actual needs of the company and in line with the revision of laws and regulations.</p> <p>B. Continue to publicize relevant laws and regulations such as “Prevention of Insider Trading” and “Insider Equity Trading” to directors.</p> <p>C. Continue to strengthen ethical training for employees and ask employees to continue to sign the Phison Electronic Business Conduct and Ethical Code of Conduct Commitment Statement.</p> <p>(4) Establishing a whistle-blowing mechanism: The tip-off system and whistle blower protection</p> <p>The Company has established a specific tip-off system in the "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles ", "Code of Conduct" and "Ethical Corporate Management Best Practice Principles" to actively prevent dishonest behavior and encourage internal and external personnel to report dishonest behavior or misconduct, appoint the Admin. Division as the dedicated unit to handle reports of employees involved in dishonest behavior. The Stakeholder Zone on the Company's website provides an effective means of communication among employees, shareholders, stakeholders, and outsiders. If a report involves a director or senior executive, it will be reported to the Board of Directors, and a whistle blower protection system has been established to keep the identity and content of the whistle blower confidential and to protect the whistle blower from improper treatment as a result of the report. The Company has not received any prosecution cases in 2024 and up to date.</p> |                       |    |                       |  |

| Evaluation Item   | Implementation Status |    |                       | Deviations from<br>“the Ethical<br>Corporate<br>Management Best-<br>Practice Principles<br>for TWSE/TPEX<br>Listed Companies”<br>and Reasons |
|---|-----------------------|----|-----------------------|--|
|   | Yes                   | No | Abstract Illustration |  |
| 6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).<br><br>The Company has established the "The Procedures of Measures to Prevent Insider Trading" and "The Audit Procedures of Measures to Prevent Insider Trading". In the "Management Operation of Avoiding Insider Trading", there are provisions for "How to Define the Internal Critical Information Affecting Stock Price" and "Confidential Operation and Trading Prohibition Before the Internal Critical Information is Announced", etc. From time to time, the Company will educate its directors, managers and employees on the management procedures for prevention of insider trading and related laws and regulations in writing, by e-mail or by relaying the latest legal information. |                       |    |                       |  |



### 2.3.7 Other Important Information Regarding Corporate Governance

#### Advanced Training of Directors in 2024

| Title                                | Name              | Date of Assumed | Date of Further Training |           | Sponsoring Organization<br>Course       | Course   | Training Hours | Training Hours in 2024 |
|--------------------------------------|-------------------|-----------------|--------------------------|-----------|---|--|----------------|------------------------|
|                                      |                   |                 | From                     | To        |   |  |                |                        |
| Legal person Representative director | Wee Kuan Gan      | 2023/05/31      | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and Enforcement Updates | 3.0            | 6                      |
|                                      |                   |                 | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Fair Trade Act Merger Filing—Recent Case Updates               | 3.0            |                        |
| Director                             | Tzung Horng Kuang | 2023/05/31      | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and Enforcement Updates | 3.0            | 6                      |
|                                      |                   |                 | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Fair Trade Act Merger Filing—Recent Case Updates               | 3.0            |                        |
| Director                             | Jiunn Yeong Yang  | 2023/05/31      | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and Enforcement Updates | 3.0            | 6                      |
|                                      |                   |                 | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Fair Trade Act Merger Filing—Recent Case Updates               | 3.0            |                        |
| Legal person Representative director | Chiu An Chuang    | 2023/5/31       | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and Enforcement Updates | 3.0            | 6                      |
|                                      |                   |                 | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Fair Trade Act Merger Filing—Recent Case Updates               | 3.0            |                        |
| Legal person Representative director | Hiroshi Miyauchi  | 2023/05/31      | 2024/11/8                | 2024/11/8 | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and                     | 3.0            | 6                      |

| Title                | Name           | Date of Assumed | Date of Further Training |            | Sponsoring Organization<br>Course              | Course  | Training Hours | Training Hours in 2024 |
|----------------------|----------------|-----------------|--------------------------|------------|--|---|----------------|------------------------|
|                      |                |                 | From                     | To         |  |   |                |                        |
|                      |                |                 |                          |            |  | Enforcement Updates   |                |                        |
|                      |                |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association        | Fair Trade Act Merger Filing—Recent Case Updates  | 3.0            |                        |
| Director             | Chih Jen Hsu   | 2024/5/27       | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association        | Insider Trading Prevention: Compliance and Enforcement Updates  | 3.0            | 6                      |
|                      |                |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association        | Fair Trade Act Merger Filing—Recent Case Updates  | 3.0            |                        |
| Independent Director | Huei Ming Wang | 2023/05/31      | 2024/5/14                | 2024/5/14  | Accounting Research and Development Foundation | How can the board of directors ensure the sustainable operation of the enterprise—Starting from the discovery and training of talents | 3.0            | 12                     |
|                      |                |                 | 2024/8/14                | 2024/8/14  | Accounting Research and Development Foundation | How can the board of directors supervise the company to do a good job in enterprise risk management and crisis handling               | 3.0            |                        |
|                      |                |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association        | Insider Trading Prevention: Compliance and Enforcement Updates  | 3.0            |                        |
|                      |                |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association        | Fair Trade Act Merger Filing—Recent Case Updates  | 3.0            |                        |
| Independent Director | Chen Wei Wang  | 2023/05/31      | 2024/10/28               | 2024/10/28 | Independent Director Association Taiwan        | AI is used in all industries—from the perspective of  | 3.0            | 12                     |

| Title                | Name         | Date of Assumed | Date of Further Training |            | Sponsoring Organization Course          | Course   | Training Hours | Training Hours in 2024 |
|----------------------|--------------|-----------------|--------------------------|------------|---|--|----------------|------------------------|
|                      |              |                 | From                     | To         |   |  |                |                        |
|                      |              |                 |                          |            |   | trends to implementation practices and challenges                            |                |                        |
|                      |              |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and Enforcement Updates               | 3.0            |                        |
|                      |              |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association | Fair Trade Act Merger Filing—Recent Case Updates                             | 3.0            |                        |
|                      |              |                 | 2024/11/13               | 2024/11/13 | Taiwan Corporate Governance Association | Trends and risk management of digital technology and artificial intelligence | 3.0            |                        |
| Independent Director | Yu Lun Huang | 2023/05/31      | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association | Insider Trading Prevention: Compliance and Enforcement Updates               | 3.0            | 6                      |
|                      |              |                 | 2024/11/8                | 2024/11/8  | Taiwan Corporate Governance Association | Fair Trade Act Merger Filing—Recent Case Updates                             | 3.0            |                        |

## 2.3.8 Implementation of Internal Control

### 1. Statement of Internal Control

Please go to the MOPS (<https://mops.twse.com.tw>) and click on "Single Company" under "Corporate Governance" and "Company Regulations/Internal Control" and click on the "Internal Control Statement Announcement" for query.  
(<https://mops.twse.com.tw/mops/#/web/t06sg20>)

2 For those who commit CPAs to review the internal control system, the CPA review report should be disclosed:

Please go to the MOPS (<https://mops.twse.com.tw>) and click on "Single Company" under "Corporate Governance" and "Company Regulations/Internal Control" and click on the "Internal Control Project Review Report" for query.  
(<https://mops.twse.com.tw/mops/#/web/t06hsg20>)

## 2.3.9 Major Resolutions of Shareholders' Meeting and Board of Directors in Recent Years and as of the Date of Publication of this Annual Report

### 2.3.9.1 Major Resolutions of Shareholders' Meeting

| Date       | Major Resolutions of Shareholders' Meeting  | Implementation   |
|------------|---|--|
| 2024.05.27 | Approval of the Company's 2023 Business Report and Financial Statements           | The resolution outcome has been adhered to.  |
|            | Approval of the Company's 2023 earning distribution                               | The record dates for the ex-dividend date for shareholders' cash dividend for the first half of 2023 and the second half of 2023 have been set as December 29, 2023 and July 15, 2024, respectively, and have been distributed on January 19, 2024 and August 1, 2024. (Cash dividends per share of NT\$4.42484464 and NT\$8.65930424. ) |
|            | By-election of one director of the Company  | List of elected directors: Chih Jen Hsu, registered on June 20, 2024, as approved by the Ministry of Economic Affairs.   |
|            | Approval of the Company propose to conduct the private placement of common shares | The Company has been resolved not to continue the private placement common shares on March 7, 2025 Board Directors Meeting and will be reported to the 2025 shareholders' meeting.   |
|            | Approval of release the non-compete restrictions on the Company's Directors       | Non-compete restrictions on newly appointed Directors have been released.  |

### 2.3.9.2 Important Resolutions by Board Meetings

| Date of the Meeting | Resolution   |
|---------------------|--|
| 2024.05.10          | Financial statements for the first quarter of 2024   |
|                     | The credit line of banks for the Company   |
|                     | The Company plans to invest in the establishment of a Taiwanese subsidiary Great Storage Investment Corporation (tentative name)   |
|                     | The Company plans to establish a new Taiwanese subsidiary, Great Storage Investment Corporation (tentative name), through which it will indirectly invest in the establishment of a Malaysian subsidiary, MaiStorage Technology Sdn. Bhd. (tentative name) |
|                     | Review of the annual fixed salary adjustment and payment plan for managers of the Company  |
|                     | Reviewing the 2024 Target-setting Proposal of the CEO and President of the Company   |
|                     | Amendment to part of the "Employee Stock Ownership Trust Regulations"  |
| 2024.07.30          | Regular performance evaluation of the Company's Directors and Managers, Managerial performance incentive bonus, and remuneration to Directors and Managers for 2023  |
|                     | The Company's application for the registration of the conversion of unsecured convertible corporate bonds into common stock domestically   |
|                     | The Company plans to terminate the project involving the donation and construction of a new building at the designated site of the National Yang Ming Chiao Tung University Zhubei Liujia Campus   |
|                     | Amendment to part of the "Property, Plant and Equipment Management Regulations" of the Company   |
|                     | Amendment to part of the "Property, Plant and Equipment Cycling" of the Company  |
|                     | The results of the compilation of the 2023 ESG report (in Chinese and English)   |
|                     |  |
| 2024.08.14          | 2024 financial statements and business report for the second quarter   |
|                     | 2024 profit distribution statement for the first half  |
|                     | 2024 cash dividend for profit distribution for the first half  |
|                     | The credit line of banks for the Company   |
|                     | The credit line of foreign exchange and derivatives for the Company  |

| Date of the Meeting | Resolution  |
|---------------------|---|
|                     | The Company's first issuance of employee stock warrants in accordance with the "Regulation of the 2023 Employee Stock Option Plan" – list of managerial personnel and subscription price  |
|                     | The Company's first issuance of employee stock warrants in accordance with the "Regulation of the 2023 Employee Stock Option Plan" – list of employees and subscription price   |
|                     | The Company plans to comply with Indian regulations by opening an electronic securities trading account (Demat Account) in India  |
| 2024.11.08          | Financial statements for the third quarter of 2024  |
|                     | The credit line of banks for the Company  |
|                     | The credit line of foreign exchange and derivatives for the Company   |
|                     | Amendment to part of the "Audit Committee Charter" of the Company   |
|                     | The Company's application for the registration of the conversion of unsecured convertible corporate bonds into common stock domestically  |
|                     | Application for the conversion of employee stock options into common shares for the fiscal year 2022  |
|                     | Amendment to part of the "Authorizing Table"  |
|                     | The proposal of the "2025 Annual Audit Plan"  |
|                     | Establishment of the "Procedures for sustainable information internal control management operations", "Procedures for sustainable information management operations", and "Procedures for the preparation and verification of ESG report" |
| 2024.12.02          | Appointment of the new Vice President of the Company  |
|                     | The subsidiary, Core Storage Electronic (Samoa) Limited, plans to dispose of a portion of its shares in HOSIN Global Electronics Co., Ltd.  |
| 2025.01.20          | The performance evaluation for managerial officers as well as the proposal for the Year-End and Performance Incentive Bonus for managerial officers   |
|                     | The Company establishes the "Regulation of the 2025 Employee Stock Option Plan"   |
|                     | The credit line of banks for the Company  |
|                     | The credit line of foreign exchange and derivatives for the Company   |
|                     | The Company's application for the registration of the conversion of unsecured convertible corporate bonds into common stock domestically  |

| Date of the Meeting | Resolution   |
|---------------------|--|
|                     | Application for the conversion of employee stock options into common shares for the fiscal year 2022   |
|                     | The Company plans to invest in the establishment of a Taiwanese subsidiary Gaocun Investment Corporation (tentative name)  |
| 2025.03.07          | 2024 remuneration distribution for employees and directors   |
|                     | 2024 financial statements and business report  |
|                     | 2024 profit distribution statement   |
|                     | 2024 cash dividend for profit distribution for the second half   |
|                     | 2025 operation plan of the Company   |
|                     | The Company changes the CPA in accordance with the internal business adjustment of KPMG Taiwan   |
|                     | Proposal for the remuneration of the CPA and the evaluation of the independence and competence of the CPA for fiscal years 2025 and 2026   |
|                     | Amendment to the Company's "Non-Assurance Services Pre-approval General Policy"  |
|                     | The Company decides the private placement of common shares in the 2024 regular meeting of shareholders and plans not to handle offering and issuance   |
|                     | The Company handling the private common shares   |
|                     | Amendment to part of the "Cyber Security Management Procedures"  |
|                     | Amendment to part of the "Labor and wage cycle"  |
|                     | 2024 Internal Control System Statement   |
|                     | Proposal to amend the Articles of Incorporation in accordance with the law to add provisions regarding the allocation ratio of employee compensation for grassroots employees  |
|                     | Proposal for convening the 2025 annual shareholders' meeting   |
| 2025.04.09          | The Board of Directors had previously approved the amendment to the Articles of Incorporation to include provisions regarding the allocation ratio of employee compensation for grassroots employees. However, due to errors in the arrangement of the amendment comparison table, corrections are necessary, and the matter is being resubmitted for discussion |
| 2025.05.07          | Financial statements for the first quarter of 2025   |
|                     | The credit line of banks for the Company   |
|                     | The credit line of foreign exchange and derivatives for the Company  |

| Date of the Meeting | Resolution  |
|---------------------|---|
|                     | Application for the conversion of employee stock options into common shares for the fiscal year 2022                                |
|                     | The Company plans to purchase two plots of land in Kuan-Yuan Section, Zhunan Town, Miaoli County                                    |
|                     | The Company plans to purchase three plots of land in Kuan-Yuan Section, Zhunan Town, Miaoli County,                                 |
|                     | The List of issuing Employee Stock Option under the “Regulation of the 2025 Employee Stock Option Plan” for its managerial officers |
|                     | The List of issuing Employee Stock Option under the “Regulation of the 2025 Employee Stock Option Plan” for its employees           |
|                     | Review of the annual fixed salary adjustment and payment plan for managers of the Company   |
|                     | Reviewing the setting of KPI performance evaluation and compensation for senior executives in 2025 of the Company                   |

**2.3.10 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Approved by the Board of Directors up to the Publication Date: None.**

**2.4 Information Regarding the Company's CPA fees**

Unit: NT\$ thousand

| Accounting Firm | Name of CPA   | Audit Period | Audit fee | Non-audit fee | Total | Note   |
|-----------------|---------------|--------------|-----------|---------------|-------|--------|
| KPMG            | Chien Hui Lu  | 2024.01.01~  | 7,300     | 2,300         | 9,600 | [Note] |
|                 | An Chih Cheng | 2024.12.31   |           |               |       |        |

[Note] Non audit expenses are mainly used to pay: Tax certificate, order transfer pricing reports, country-by-country reports and other consulting service costs etc.

**2.4.1 If the CPAs were replaced and the audit fee is less than that of the previous year, the amount of audit fee and the reasons should be disclosed: Not applicable.**

**2.4.2 The audit fee is less than that of the previous year by 10%, the amount of audit fee, ratio and the reasons should be disclosed: Not applicable.**



**2.5 Replacement of CPA: None.**

**2.5.1 About the former CPA: Not applicable.**

**2.5.2 About the successor CPA: Not applicable.**

**2.5.3 Where the former CPA holds different opinions about the sending of letter of stipulated matters in 10.6.1 and 10.6.2.3 in the Regulations Governing Information to be Published in Annual Reports of Public Companies to the former CPA, and notification of CPAs, the reply shall be made within ten days. The Company shall disclose the reply of the former CPA: Not applicable.**

**2.6 The Company's chairman, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.**

## 2.7 Stock Transfer and Pledge of Directors, Management Team and Major Shareholders Who Own 10% of the Stock in the Most Recent Year and as of the Publication Date of the Annual Report

### 2.7.1 Equity transfer or changes to equity pledge of directors, managerial officers, or shareholders holding more than 10% of company shares

| Title  | Name                          | 2024                                     |  | As of April 30, 2025                     |  |
|--|-------------------------------|--|--|--|--|
|  |                               | Current shareholding Increase (Decrease) | Pledged Shareholding Increase (Decrease) | Current shareholding Increase (Decrease) | Pledged Shareholding Increase (Decrease) |
| Chairman/Representative of Director Chenghe Investment Co., Ltd. /Vice President | Wee Kuan Gan                  | 30,000                                   | -  | (4,000)                                  | -  |
| Director   | Cheng He Investment Co., Ltd. | -  | -  | -  | -  |
| Director   | Tzung Horng Kuang             | 6,000                                    | -  | -  | -  |
| Director   | Giunn Yeong Yang              | -  | -  | -  | -  |
| Director   | Cheng Shuo Investment Limited | 50,000                                   | -  | -  | -  |
| Representative of Cheng Shuo Investment Limited                                  | Chiu An Chuang                | -  | -  | -  | -  |
| Director /Vice Technical President   | Chih Jen Hsu (Note 1)         | 10,000                                   | -  | -  | -  |
| Director   | KIOXIA Corporation            | -  | -  | -  | -  |
| Representative of KIOXIA Corporation, a director                                 | Hiroshi Miyauchi              | -  | -  | -  | -  |
| Independent Director   | Huei Ming Wang                | -  | -  | -  | -  |
| Independent Director   | Chen Wei Wang                 | -  | -  | -  | -  |
| Independent Director   | Yu Lun Huang                  | -  | -  | -  | -  |
| CEO  | Khein Seng Pua                | 74,000                                   | -  | -  | -  |
| President  | Chung Hsu Ma                  | 45,000                                   | -  | -  | -  |
| Vice President   | Kuo Yi Cheng                  | 32,000                                   | -  | -  | -  |
| Vice President   | Chiang Han Hsu (Note 2)       | -  | -  | 800                                      | -  |
| Head of Finance and Accounting Department (Director)                             | Pao Feng Chen                 | 5,000                                    | -  | (6,000)                                  | -  |
| Senior Special Asst. & COO   | Zhi Chyang Yu                 | 40,000                                   | -  | -  | -  |

Note 1: Mr. Chih Jen Hsu assumed on May 27, 2024.

Note 2: Mr. Chiang Han Hsu assumed Vice President on November 8, 2024.

### 2.7.2 Shares Trading with Related Parties:

| Name           | Reason for Shares Trading | Trading Date | Related Parties | The relationship between the related parties and the Company's directors, supervisors, managers and shareholders holding more than 10% of the shares | Shares  | Trading Price |
|----------------|---------------------------|--------------|-----------------|--|---------|---------------|
| Khein Seng Pua | Donation                  | 2024.05.03   | Yi Mei Lee      | Spouse   | 100,000 | NA            |
|                |                           | 2024.08.22   | Guan He Pua     | Child  | 17,000  |               |
|                |                           |              | Wei Shiang Pua  | Child  | 17,000  |               |
|                |                           |              | Tz Li Pua       | Child  | 17,000  |               |

### 2.7.3 Shares Pledge with Related Parties: None.

## 2.8 Relationship among the Top Ten Shareholders

March 29, 2025

| Name  | Current Shareholding      |                  | Spouse's/Minor's Shareholding |                  | Shareholding by Nominee Arrangement |                  | Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees of Kinship |                            | Remark |
|---|---------------------------|------------------|-------------------------------|------------------|-------------------------------------|------------------|---|----------------------------|--------|
|   | Number of Shares (Shares) | Shareholding (%) | Number of Shares (Shares)     | Shareholding (%) | Number of Shares (Shares)           | Shareholding (%) | Description (or Name)   | Relation                   |        |
| Trusted Investment Account of KIOXIA Corp. by First Bank                | 19,821,112                | 9.60             | N/A                           | N/A              | 1,000                               | 0.00             | None  | None                       | None   |
| Representative: Hiroshi Miyauchi  | 0                         | 0.00             | 0                             | 0.00             | 0                                   | 0.00             | None  | None                       | None   |
| CAPITAL TIP CUSTOMIZED TAIWAN SELECT HIGH DIVIDEND EXCHANGE TRADED FUND | 18,000,000                | 8.71             | N/A                           | N/A              | N/A                                 | N/A              | None  | None                       | None   |
| Yuanta Taiwan Value High Dividend ETF                                   | 6,233,000                 | 3.02             | N/A                           | N/A              | N/A                                 | N/A              | None  | None                       | None   |
| Khein Seng Pua  | 5,862,972                 | 2.84             | 923,262                       | 0.45             | 4,854,144                           | 2.35             | None  | None                       | None   |
| Jiunn Yeong Yang  | 4,549,114                 | 2.20             | 0                             | 0.00             | 0                                   | 0.00             | None  | None                       | None   |
| Norges Bank-fund mgr Blackrock Investment Management (Taiwan) Limited   | 4,295,504                 | 2.08             | N/A                           | N/A              | N/A                                 | N/A              | None  | None                       | None   |
| United Taiwan High Dividend Recovery 30 ETF                             | 3,776,000                 | 1.83             | N/A                           | N/A              | N/A                                 | N/A              | None  | None                       | None   |
| Chee Kong Aw Yong   | 3,449,000                 | 1.67             | No information accessible     |                  |                                     |                  |   |                            |        |
| Government of Singapore   | 2,788,000                 | 1.35             | N/A                           | N/A              | N/A                                 | N/A              | None  | None                       | None   |
| Cheng He Investment Co., Ltd.   | 2,403,000                 | 1.16             | N/A                           | N/A              | N/A                                 | N/A              | Khein Seng Pua  | Company Responsible person | None   |
| Responsible person: Khein Seng Pua                                      | 5,862,972                 | 2.84             | 923,626                       | 0.45             | 4,854,144                           | 2.35             | None  | None                       | None   |

## 2.9 Consolidated Number of Shares owned by Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company

December 31, 2024, Unit: share, %

| Name of the Investment Company | Name of be Reinvested Company           | By Company       |                  | By Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company |                  | Consolidated Investment |                  |
|--------------------------------|---|------------------|------------------|---|------------------|-------------------------|------------------|
|                                |   | Number of Shares | Shareholding (%) | Number of Shares  | Shareholding (%) | Number of Shares        | Shareholding (%) |
| The Company                    | Emtops Electronics Corporation          | 38,000,000       | 100.00           | 0   | 0.00             | 38,000,000              | 100.00           |
| The Company                    | Lian Xu Dong Investment Corporation     | 65,000,000       | 100.00           | 0   | 0.00             | 65,000,000              | 100.00           |
| The Company                    | Microtops Design Corporation            | 2,263,800        | 49.00            | 2,356,200   | 51.00            | 4,620,000               | 100.00           |
| The Company                    | Phison Electronics Japan Corp.          | 2,000            | 100.00           | 0   | 0.00             | 2,000                   | 100.00           |
| The Company                    | Global Flash Limited                    | 22,100,000       | 100.00           | 0   | 0.00             | 22,100,000              | 100.00           |
| The Company                    | EpoStar Electronics (BVI) Corporation   | 6,288,523        | 30.51            | 0   | 0.00             | 6,288,523               | 30.51            |
| The Company                    | Phisontech Electronics Taiwan Corp.     | 55,000,000       | 100.00           | 0   | 0.00             | 55,000,000              | 100.00           |
| The Company                    | Power Flash (Samoa) Limited             | 13,800,000       | 100.00           | 0   | 0.00             | 13,800,000              | 100.00           |
| The Company                    | Regis Investment (Samoa) Limited        | 21,900,000       | 100.00           | 0   | 0.00             | 21,900,000              | 100.00           |
| The Company                    | ProGrade Digital Inc.                   | 2,785,000        | 28.71            | 0   | 0.00             | 2,785,000               | 28.71            |
| The Company                    | Nextorage Corporation                   | 11,797           | 98.31            | 0   | 0.00             | 11,797                  | 98.31            |
| The Company                    | Phison Technology India Private Limited | 2,299,990        | 100.00           | 0   | 0.00             | 2,299,990               | 100.00           |
| The Company                    | Great Storage                           | 75,000,000       | 100.00           | 0   | 0.00             | 75,000,000              | 100.00           |

| Name of the Investment Company       | Name of be Reinvested Company               | By Company       |                  | By Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company |                  | Consolidated Investment |                  |
|--------------------------------------|---|------------------|------------------|---|------------------|-------------------------|------------------|
|                                      |   | Number of Shares | Shareholding (%) | Number of Shares  | Shareholding (%) | Number of Shares        | Shareholding (%) |
|                                      | Investment Corporation                      |                  |                  |   |                  |                         |                  |
| Lian Xu Dong Investment Corporation  | Ostek Corporation                           | 900,000          | 100.00           | 0   | 0.00             | 900,000                 | 100.00           |
| Emtops Electronics Corporation       | Phison Technology Inc.                      | 3,000,000        | 100.00           | 0   | 0.00             | 3,000,000               | 100.00           |
| Emtops Electronics Corporation       | Phison Technology India Private Limited     | 10               | 0.00             | 0   | 0.00             | 10                      | 0.00             |
| Emtops Electronics Corporation       | MIPHI SEMICONDUCTOR S PRIVATE LIMITED       | 37,350,000       | 45.00            | 0   | 0.00             | 37,350,000              | 45.00            |
| Phisontech Electronics Taiwan Corp.  | Super Storage Technology Corporation        | 34,842,595       | 100.00           | 0   | 0.00             | 34,842,595              | 100.00           |
| Great Storage Investment Corporation | Maistorage Technology Sdn. Bhd.             | 100,000,000      | 100.00           | 0   | 0.00             | 100,000,000             | 100.00           |
| Global Flash Limited                 | Core Storage Electronic (Samoa) Limited     | 19,150,000       | 100.00           | 0   | 0.00             | 19,150,000              | 100.00           |
| Power Flash (Samoa) Limited          | Power Flash (HK) Limited                    | 3,000,000        | 100.00           | 0   | 0.00             | 3,000,000               | 100.00           |
| Power Flash (Samoa) Limited          | Power Storage Technology (Shenzhen) Limited | [Note 1]         | 100.00           | 0   | 0.00             | [Note 1]                | 100.00           |
| Power Flash (Samoa) Limited          | PowerStorage Electronic Limited             | [Note 2]         | 100.00           | 0   | 0.00             | [Note 2]                | 100.00           |
| Regis Investment (Samoa) Limited     | RealYou Investment Limited                  | 21,850,000       | 100.00           | 0   | 0.00             | 21,850,000              | 100.00           |

| Name of the Investment Company            | Name of be Reinvested Company             | By Company       |                  | By Company, Directors, Supervisors, Management Team and Businesses Controlled Directly or Indirectly by the Company |                  | Consolidated Investment |                  |
|---|---|------------------|------------------|---|------------------|-------------------------|------------------|
|   |   | Number of Shares | Shareholding (%) | Number of Shares  | Shareholding (%) | Number of Shares        | Shareholding (%) |
| RealYou Investment Limited                | Hefei Ruhan Electronic Technology Limited | [Note 3]         | 100.00           | 0   | 0.00             | [Note 3]                | 100.00           |
| Hefei Ruhan Electronic Technology Limited | Hefei Xinpeng Technology Co., Ltd.        | [Note 4]         | 24.23            | 0   | 0.00             | [Note 4]                | 24.23            |
| RealYou Investment Limited                | HOSIN Global Electronics Co., Ltd. (SZ)   | 50,000,000       | 11.02            | 0   | 0.00             | 50,000,000              | 11.02            |
| Core Storage Electronic (Samoa) Limited   | HOSIN Global Electronics Co., Ltd. (SZ)   | 55,271,874       | 12.18            | 1,000,000   | 0.22             | 56,271,874              | 12.40            |

[Note 1] Investment of CNY 10,000 thousand /NT\$ 43,520 thousand.

[Note 2] Investment of CNY 60,000 thousand /NT\$ 267,720 thousand.

[Note 3] Investment of CNY 40,800 thousand /NT\$ 182,825 thousand.

[Note 4] Investment of CNY 40,000 thousand /NT\$ 175,460 thousand.



# **Chapter 3**

## **Capital Overview**



## Chapter 3 Capital Overview

### 3.1 Capital and Shares

#### 3.1.1 Source of capital

##### 3.1.1.1 Issued Shares

Unit: NT\$, shares

| Year and month | Issue price | Authorized capital |               | Paid-in capital  |               | Remarks   |   |  |
|----------------|-------------|--------------------|---------------|------------------|---------------|---|---|--|
|                |             | Number of Shares   | Amount        | Number of Shares | Amount        | Source of capital   | Capital increased by assets other than cash | Other (Verification date and Letter No.)   |
| 2024.02        | 10          | 300,000,000        | 3,000,000,000 | 204,768,993      | 2,047,689,930 | Capital increased by employee stock option: NT\$3,000,000   | None  | This capital increase was approved by the Ministry of Economic Affairs on February 20, 2024 with Letter No. Shan 11330018110 |
| 2024.04        | 10          | 300,000,000        | 3,000,000,000 | 204,779,768      | 2,047,797,680 | Capital increased by domestic unsecured convertible corporate bonds: NT\$107,750                                    | None  | This capital increase was approved by the Ministry of Economic Affairs on April 30, 2024 with Letter No. Shan 11330065500    |
| 2024.08        | 10          | 300,000,000        | 3,000,000,000 | 204,781,137      | 2,047,811,370 | Capital increased by domestic unsecured convertible corporate bonds: NT\$13,690 元                                   | None  | This capital increase was approved by the Ministry of Economic Affairs on 2024.08.30 with Letter No. Shan 11330146770        |
| 2024.11        | 10          | 300,000,000        | 3,000,000,000 | 205,334,130      | 2,053,341,300 | Capital increased by employee stock option: NT\$5,520,000 domestic unsecured convertible corporate bonds: NT\$9,930 | None  | This capital increase was approved by the Ministry of Economic Affairs on 2024.11.27 with Letter No. Shan 11330205280        |
| 2025.02        | 10          | 300,000,000        | 3,000,000,000 | 205,817,828      | 2,058,178,280 | Capital increased by employee stock option: NT\$4,835,000 domestic unsecured convertible corporate bonds: NT\$1,980 | None  | This capital increase was approved by the Ministry of Economic Affairs on 2025.02.13 with Letter No. Shan 11430012780        |

### 3.1.1.2 Stock class

March 29, 2025; Unit: shares

| Stock class  | Authorized capital |                 |             | Remark      |
|--------------|--------------------|-----------------|-------------|-------------|
|              | Outstanding shares | Unissued shares | Total       |             |
| Common stock | 206,566,328        | 93,433,672      | 300,000,000 | TPEX shares |

3.1.1.3 Information for Shelf Registration: None.

### 3.1.2 List of Major Shareholders

March 29, 2025

| Major shareholder's name  | Stock | Current shareholding (shares) | Percentage (%) |
|---|-------|-------------------------------|----------------|
| Trusted Investment Account of KIOXIA Corp. by First Bank                |       | 19,821,112                    | 9.60           |
| CAPITAL TIP CUSTOMIZED TAIWAN SELECT HIGH DIVIDEND EXCHANGE TRADED FUND |       | 18,000,000                    | 8.71           |
| Yuanta Taiwan Value High Dividend ETF                                   |       | 6,233,000                     | 3.02           |
| Khein Seng Pua  |       | 5,862,972                     | 2.84           |
| Jiunn Yeong Yang  |       | 4,549,114                     | 2.20           |
| Norges Bank-fund mgr Blackrock Investment Management (Taiwan) Limited   |       | 4,295,504                     | 2.08           |
| United Taiwan High Dividend Recovery 30 ETF                             |       | 3,776,000                     | 1.83           |
| Chee Kong Aw Yong   |       | 3,449,000                     | 1.67           |
| Government of Singapore   |       | 2,788,000                     | 1.35           |
| Cheng He Investment Co., Ltd.   |       | 2,403,000                     | 1.16           |

### 3.1.3 Dividend Policy and Implementation Status

#### 3.1.3.1 Dividends Policy on the Articles of Incorporation of the Company:

Based on Article 19.1 of the Articles of Incorporation of the Company, if there is net profit in the final financial statements, shall first be allocated to pay income tax and offsetting any loss from prior year(s), 10% of the profit should be appropriated into capital reserve, however, if the capital reserve is up to the paid-in capital, this requirement is not applicable. In accordance with law or the competent authority, the Company shall also appropriate or reverse special reserves. The remaining earnings, together with unappropriated retained earnings would be reversed appropriately by the Board of Directors based on actual operating conditions, and then a proposal for surplus distribution will be formulated and subsequently be

submitted to the meeting of shareholders for its ratification.

If the earnings, statutory surplus reserve and capital reserve mentioned in the preceding paragraph are distributed in cash, the board of directors shall be authorized to distribute the same with the resolution of more than two-thirds of the directors present and a majority of the directors present, and report to the shareholders' meeting, when such distribution is made by issuing new shares, distribution shall be made upon submission to the shareholders' meeting for resolution.

The Company's earnings distribution or loss appropriation shall be made after the end of each semi-financial year. Before distributing the earnings, the taxable contributions shall be estimated and retained to make up for the accumulated losses, and the remuneration for employees and directors shall be estimated and retained in accordance with the provisions of Paragraph 1 under Article 19, and then 10% thereof shall be appropriated as statutory surplus reserve. When the accumulated statutory surplus reserve has reached the total paid-in capital of the Company, this limit is not applicable, and special surplus reserve shall be appropriated or reversed according to laws or regulations of the competent authority. For the remained earnings, including accumulated undistributed earnings at the beginning of the same period, a proposal shall be prepared by the board of directors and distribution shall be made in cash, and the board of directors shall be authorized to distribute the same with the resolution of more than two-thirds of the directors present and a majority of the directors present, and report to the shareholders' meeting, when such distribution is made by issuing new shares, distribution shall be made upon submission to the shareholders' meeting for resolution.

The Company's policy on distribution of dividends shall comply with the laws and regulations and the Articles of Incorporation, and is required to take into account the Company's current and future domestic and overseas industrial competition, investment environment, working capital demand and capital budget and other factors, taking into account shareholders' rights and interests, balancing dividends and the company's long-term financial situation Planning, etc., to promote sustainable operation and stable development. The dividend distributed to shareholders of the Company can be distributed in cash or shares, of which the proportion of shareholders' cash dividend distribution shall be no less than 10% of the total dividends to the shareholders.

### 3.1.3.2 Dividend distribution proposed by the board of directors this year:

The Company's cash dividends from earnings in 2024 is as follows:

| 2024  | Date of the resolution of the Board (month/day/year) | Date of distribution (month/day/year) | Cash dividend per share (NT\$) | Total amount of cash dividend (NT\$) |
|-------|--|---------------------------------------|--------------------------------|--------------------------------------|
| H1    | 08/14/2024   | 02/07/2025                            | 13.12356282<br>(Note 2)        | 2,701,063,197                        |
| H2    | 03/07/2025   | Not yet decided                       | 12<br>(Note 3)                 | 2,471,061,936                        |
| Total |  |                                       |                                | 5,172,125,133                        |

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

Note 2: The distribution amount per share is calculated based on the actual total number of outstanding shares adjusted for the ex-dividend date.

Note 3: Based on the Company's actual total number of 205,921,828 outstanding shares as of January 31, 2025, and the proposed cash dividend per share is NT\$12. The actual amount of cash dividends to be distributed per share will be calculated based on the actual total number of shares in circulation on the ex-dividend date, and will be distributed in accordance with the shares held by the shareholders listed in the shareholders' register on the ex-dividend date. The cash dividends are calculated up to NT\$1. Decimal points are rounded down and the uncounted shares in fractions of NT\$1 shall be transferred to the Company's Employee Benefits Committee.

### 3.1.3.3 Anticipated material changes in dividend policy: None.

### 3.1.4 Effects of the dividends distribution on the operation performance and EPS of the Company: Not applicable.

### 3.1.5 Compensation for Employees and Directors

#### 3.1.5.1 The percentage or range of remuneration for employees and directors as stated in the Company's Articles of Incorporation

According to Article 19 of the Articles of Incorporation of the Company, "If the Company makes profits in the year, it shall appropriate 8% to 19% for employees' compensation and no more than 1.5% for directors compensations." But the Company shall reserve a portion of profit to make up for accumulated losses, if any. Employee's remuneration may be distributed in shares or cash, and compensation of directors shall be paid in cash. The term "profit" as "pre-tax

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

3.1.5.2 The basis for estimating the amount of employee and director, compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for 2024.

(1) The basis for estimating the remuneration to employees and directors in 2024:

Remuneration to employees and directors is based on the Company's profit of NT\$10,372,831,564 in 2024 (profit refers to the profit before tax and before deducting the remuneration payment from profit to employees, directors). Remuneration to employees amounted to NT\$1,000,000 thousand (accounting for 9.64% of the profit for 2024) and remuneration to directors amounted to NT\$35,000 thousand (accounting for 0.34% of the profit for 2024) was distributed, all in cash.

(2) Basis for calculating the number of shares for stock remuneration to employees: Not applicable.

(3) Difference is Adjusted by Accounting Principles:

If difference exists between the actual allocation amount and estimated number, it shall be treated based on accounting estimation changes and adjusted and recorded in the account in the following year.

3.1.5.3 Proposed compensation approved by the Board of Directors

(1) The amount of remuneration paid to employees and directors in cash or stocks. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

On March 7, 2025, the board of directors of the Company passed the resolution on the distribution of remuneration to employees and directors for 2024 to distribute NT\$1,000,000 thousand as remuneration to employees and NT\$35,000 thousand as remuneration to directors, all in cash. There is no material difference between the allotted remuneration to employees and directors upon resolution and the estimated amount recognized and listed as the annual expense.

(2) The ratio of the stock remuneration distributed to employees to the total net profit after tax and total remuneration to employees for the current period: Not applicable.

3.1.5.4 Information on distribution of compensation (including the distributed number of shares, amount and share price) to employees, directors for the previous year, and, if there are any discrepancies between the actual distribution and the recognized employee, director compensation, and the discrepancy, cause, and its treatment:

The differences between the remuneration distributed by the Company to employees, directors in 2023 and the estimated and listed expenses for the year are stated as follows:

Unit: NT\$

| Distribution Item              | Amounts approved in Board meetings | Annual amount estimate recognition | Difference | Reasons for discrepancy and processing method |
|--------------------------------|------------------------------------|------------------------------------|------------|---|
| Employee Compensation-Cash     | 930,000,000                        | 930,000,000                        | 0          | None  |
| Remunerations to the Directors | 23,000,000                         | 23,000,000                         | 0          |   |

**3.1.6 Repurchase of shares by the Company: None.**

### 3.2 Status of Corporate Bonds:

Status of Corporate Bonds

| Corporate Bond Class             | The first domestic unsecured convertible corporate bonds   | The second domestic unsecured convertible corporate bonds   |
|----------------------------------|--|---|
| Date of issuance (treatment)     | December 17, 2021  | January 23, 2024  |
| Face value                       | NT\$ 100,000   | NT\$ 100,000  |
| Location of issuance and trading | Issued within the territory of the Republic of China   | Issued within the territory of the Republic of China  |
| Issue price                      | Issued at 100.5% of face value   | Issued at 101% of face value  |
| Total amount                     | NT\$ 3,500,000,000   | NT\$ 6,000,000,000  |
| Interest rate                    | Nominal interest rate 0%   | Nominal interest rate 0%  |
| Term                             | Three years ; Expiry date : December 17, 2024  | Five years ; Expiry date : January 23, 2029   |
| Guarantor                        | None   | None  |
| Trustee                          | Taipei Fubon Commercial Bank Co., Ltd.   | Taipei Fubon Commercial Bank Co., Ltd.  |
| Underwriter                      | Horizon Securities Corp.   | KGI Securities Co. LTD.   |
| Certified Lawyer                 | Aequitas Law Firm<br>Lawyer Li Ru Chang Chien  | Aequitas Law Firm<br>Lawyer Li Ru Chang Chien   |
| CPA                              | Deloitte & Touche<br>Li Wen Kuo, Chen Pei De   | KPMG<br>Chien Hui Lu, Wan Yuan Yu   |
| Repayment terms                  | Unless the bondholder has converted the bonds into the common stock of the Company in accordance with Article 10 of the Regulations for the Issuance and Conversion of the First Domestic Unsecured Convertible Corporate Bonds, or the Company has redeemed the bonds in advance in accordance with Article 18 of the Regulation, or the Company has repurchased and canceled the convertible corporate bonds at the business offices of securities firms, the Company shall repay the convertible corporate bonds in cash in one lump sum according to the face value of the bonds upon maturity. The payment will be made in ten business days (including the tenth business day) after the date of maturity. | Unless the bondholder has converted the bonds into the common stock of the Company in accordance with Article 10 of the Regulations for the Issuance and Conversion of the Second Domestic Unsecured Convertible Corporate Bonds, or has exercised the right to sell the bonds in accordance with Article 19 of the Regulations, or has been redeemed by the Company in advance in accordance with Article 18 of the Regulations, or has been repurchased and cancelled by the Company from securities dealers, the Company will repay the bonds in cash at face value in one lump sum within ten business days (including the tenth business day) from the day following the maturity date of the bonds. If the aforementioned date falls on a day when the Taipei Exchange is closed for business, it will be |

|   |   |  |  |
|---|---|--|--|
|   |   |  | postponed to the next business day.  |
| Outstanding principal   | NT\$ 0  |  | NT\$ 6,000,000,000   |
| Terms on Redemption or Prepayment   | Please refer to the Company's Regulations for the Issuance and Conversion of the First Domestic Unsecured Convertible Corporate Bonds   |  | Please refer to the Company's Regulations for the Issuance and Conversion of the Second Domestic Unsecured Convertible Corporate Bonds   |
| Restrictions  | None  |  | None   |
| Name of the credit rating agency, rating date, corporate bond rating results  | None  |  | None   |
| Additional rights   | Amount of ordinary shares, overseas depositary receipts or other marketable securities converted (exchanged or subscribed) up to the date of publication of the Annual Report | As of the maturity date of the convertible corporate bonds on December 17, 2024, a total of 68 bonds, amounting to NT\$6.8 million, had been converted, resulting in the issuance of 13,335 common shares. The remaining 34,932 unconverted bonds, amounting to NT\$3,493.2 million, were fully repaid in cash by the company. | As of the date of publication of the Annual Report, no conversions had been made.  |
|   | Regulations on Issuance and Conversion (Exchange or Subscription)   | Please refer to the Company's Regulations on Issuance and Conversion of First Domestic Unsecured Convertible Corporate Bond  | Please refer to the Company's Regulations on Issuance and Conversion of Second Domestic Unsecured Convertible Corporate Bond   |
| Regulations on Issuance and Conversion, Exchange or Subscription of shares, issuance conditions which may dilute the equity and impact on existing shareholders' equity | None  |  | Based on the estimation of the total number of outstanding shares of the Company as of the date of publication of the Annual Report of 205,817,828 shares as approved by the Ministry of Economic Affairs, where the maximum possible number of convertible ordinary shares of approximate 10,652 thousand shares (Outstanding principal NT\$6,000,000,000/NT\$563.3) are converted from convertible corporate bonds, the estimated dilution of the share capital is |



|  |     |   |
|--|-----|---|
|  |     | about 4.92%, due to the different timing to exercise the conversion right by creditors in the future, the total number of issued shares of the Company will gradually increase during the conversion period of January 23, 2024 to January 23, 2029. The increase rate is not significant and the dilution ratio of the equity interests of existing shareholders is gradual. |
| Name of the custodian institution for the exchange subject | N/A | N/A   |

### Information of Corporate Bond for Conversion

| Corporate Bond Class                              |         | The first domestic unsecured convertible corporate bonds  | The second domestic unsecured convertible corporate bonds  |                           |
|---|---------|---|--|---------------------------|
| Item  | Year    | 2024 As of December 17, 2024  | 2024   | 2025 As of April 30, 2025 |
|   |         |   |  |                           |
| Market price of the corporate bond for conversion | Highest | NT\$ 153.00   | NT\$ 137.00  | NT\$ 118.50               |
|   | Lowest  | NT\$ 99.70  | NT\$ 103.10  | NT\$ 102.00               |
|   | Average | NT\$ 122.77   | NT\$ 114.79  | NT\$ 111.88               |
| Conversion price                                  |         | N/A.  | From January 14, 2025, the Conversion price has been adjusted from NT\$579.7 to NT\$ 563.3.  |                           |
| Date of issuance and Conversion price at issuance |         | Date of issuance on December 17, 2021, Conversion price at issuance: NT\$ 570   | Date of issuance on January 23, 2024, Conversion price at issuance: NT\$ 588   |                           |
| The way of performing the conversion obligations  |         | The convertible bonds matured on December 17, 2024, and were delisted from the OTC market on the next business day, December 18, 2024. In accordance with Article 6 of Phison I's issuance and conversion regulations, the company repaid the bonds in full at face value in cash upon maturity. The payment was made on December 30, 2024. | For the common shares of the Company, the Company will perform the conversion obligations by issuing new shares. The new common shares for exchange will be transferred and delivered according to the account book, and will not be printed in physical form. |                           |

**3.3 Status of Preferred Stocks: None.**

**3.4 Status of Global Depositary Receipts: None.**

### 3.5 Status of Employee Stock Option Plan:

#### 3.5.1 Unexpired employee stock options shall disclose the processing situation up to the publication date of the annual report and the impact on shareholders' rights and interests:

| Type of employee stock option certificate                               | 1st of 2022<br>Employee stock option certificate   | 1st of 2023<br>Employee stock option certificate  | 1st of 2025<br>Employee stock option certificate   |
|---|--|---|--|
| Date of effective registration and Total number of units                | July 27, 2022<br>6,000,000 units   | December 12, 2023<br>6,000,000 units  | April 11, 2025<br>2,000,000 units  |
| Date of issuance  | September 7, 2022  | Not issued  | Not issued   |
| Subscription Duration   | 4 years  | 5 years   | 4 years  |
| Units Issued  | 6,000,000 units  | 0 units   | 0 units  |
| Number of units still available   | 0 units  | 6,000,000 units   | 2,000,000 units  |
| Ratio of subscription shares to total issued and outstanding shares (%) | 2.93%  | Not issued  | Not issued   |
| Subscription period   | September 7, 2024 ~<br>September 6, 2026   | Not issued  | Not issued   |
| Method for exercising the warrant                                       | Issued by new stocks   | Issued by new stocks  | Issued by new stocks   |
| Conditional conversion periods and percentages (%)                      | Two years after the employee stock option was issued, 50% of the option can be traded.<br>Three years after the employee stock option was issued, 100% of the option can be traded.<br>The option is restricted when the preceding term overlaps with the book closure date. | Two years after the employee stock option was issued, 50% of the option can be traded.<br>Three years after the employee stock option was issued, 75% of the option can be traded.<br>Four years after the employee stock option was issued, 100% of the option can be traded.<br>The option is restricted when the preceding | Two years after the employee stock option was issued, 50% of the option can be traded.<br>Three years after the employee stock option was issued, 100% of the option can be traded.<br>The option is restricted when the preceding term overlaps with the book closure date. |

| Type of employee stock option certificate                                 | 1st of 2022<br>Employee stock option certificate  | 1st of 2023<br>Employee stock option certificate   | 1st of 2025<br>Employee stock option certificate  |
|---|---|--|---|
|   |   | term overlaps with the book closure date.  |   |
| Converted shares  | 1,784,000   | Not issued   | Not issued  |
| Exercised amount  | 484,404,900   | Not issued   | Not issued  |
| Number of shares yet to be converted                                      | 3,956,000 units   | Not issued   | Not issued  |
| Subscription price per share for unsubscribed shares                      | 267   | Not issued   | Not issued  |
| Proportion of unexecuted subscription quantity in total shares issued (%) | 1.92%   | Not issued   | Not issued  |
| Impact to shareholders' equity  | The employee stock options are exercisable after 2 years from the date of issuance, and the cumulative maximum exercise ratios are 50% after 2 years and 100% after 3 years, respectively. The stock options are exercisable in proportions after 2 years, and the total number of issued shares of the Company is gradually increased and the increase ratio is low, and the possible dilution ratio to the original shareholders' shares is gradually diluted, so the dilution effect is still limited. | The employee stock options are exercisable after 2 years from the date of issuance, and the cumulative maximum exercise ratios are 50% after 2 years, 75% after 3 years and 100% after 4 years, respectively. The stock options are exercisable in proportions after 2 years, and the total number of issued shares of the Company is gradually increased and the increase ratio is low, and the possible dilution ratio to the original shareholders' shares is gradually diluted, so the dilution effect is still limited. | The employee stock options are exercisable after 2 years from the date of issuance, and the cumulative maximum exercise ratios are 50% after 2 years and 100% after 3 years, respectively. The stock options are exercisable in proportions after 2 years, and the total number of issued shares of the Company is gradually increased and the increase ratio is low, and the possible dilution ratio to the original shareholders' shares is gradually diluted, so the dilution effect is still limited. |

**3.5.2 The names, acquisitions, and subscriptions of the managerial officers who have obtained the employee stock options and the top ten employees who have obtained the stock options evidence up to the publication date of the annual report:**

Unit: NT\$

| Title    | Name   | Number of options shares | Ratio (%) of subscription number obtained in total issued shares (Note 2) | Options exercised   |                    |                     |  | Options unexercised |                             |                                 |  |
|----------|--|--------------------------|---|---------------------|--------------------|---------------------|--|---------------------|-----------------------------|---------------------------------|--|
|          |  |                          |   | Subscription Number | Subscription Price | Subscription Amount | Ratio (%) of number of shares subscribed in total issued shares (Note 2) | Subscription Number | Subscription Price (Note 1) | Total value of shares exercised | Ratio (%) of number of shares subscribed in total issued shares (Note 2) |
| Manager  | CEO  | Khein Seng Pua           | 180,000   | 0                   | 0                  | 0                   | 0  | 180,000             | 267                         | 48,060,000                      | 0.09%  |
|          | Vice President                                       | Wee Kuan Gan             |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | President  | Chung Hsun Ma            |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Vice President                                       | Kuo Yi Cheng             |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Vice President (Note 3)                              | Chiang Han Hsu           |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Vice Technical President                             | Chih Jen Hsu             |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Senior Special Asst. & COO                           | Zhi Chyang Yu            |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Head of Finance and Accounting Department (Director) | Pao Feng Chen            |   |                     |                    |                     |  |                     |                             |                                 |  |
| Employee | PHISON TECHNOLOGY INC.(USA) President                | Zong Cheng Wu            | 499,000   | 131,500             | 274.8<br>267       | 35,730,600          | 0.06%  | 367,500             | 267                         | 98,122,500                      | 0.18%  |
|          | Senior Director & CIO                                | Shu Hua Chiu             |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Director   | Zhi Ming Chen            |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Director   | Jia Yuan Chang           |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Director   | Zhi Gang Ye              |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Director                                      | Pei Ru Lin               |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Director                                      | Yu Wei Kuo               |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Director                                      | Jia Bin Su               |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Director                                      | Jian Ming Lin            |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Director                                      | Qing Cong Chen           |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Director                                      | Wen Long Zheng           |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Manager  | Dong Yang Zhou           |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Deputy Manager                                       | Sei Yo Sun               |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Senior Special Asst.                                 | Yu Ming Kang             |   |                     |                    |                     |  |                     |                             |                                 |  |
|          | Special Ass.   | Ning Xue Chang           |   |                     |                    |                     |  |                     |                             |                                 |  |

Note 1: The Company established "Measures for Issuance and Subscription of Employee Stock Option Certificate in 2022". The first issuance date of employee stock option was September 7, 2022, with the original issuance price at NT\$293.5, the subscription price upon calculation and adjustment in accordance with the issuance regulations at NT\$ 267.

Note 2: The calculation is based on the total number of issued shares of the Company as of March 29, 2025: 206,566,328 share.

Note 3: Mr. Chiang Han Hsu assumed Vice President on November 8, 2024.

**3.6 Status of New Restricted Employee Shares Issuance: In 2024 and as of the date of publication of the annual report, there is no issuance of new restricted employee shares.**

**3.7 Status of status of New Shares in Connection with Mergers and Acquisitions: In 2024 and as of the date of publication of the annual report, there is no issuance of new shares by M&A of shares of other companies.**

### **3.8 Finance Plans and Implementation:**

The Company issued its second domestic unsecured convertible corporate bonds in 2024, and the execution of the capital utilization plan is as follows:

(I) Content:

1. Document approval number of the competent authority: Official Letter No.1120365104 from the Financial Supervisory Commission (FSC) dated December 28, 2023.
2. Total funds required for the project: NT\$6,060,000 thousand.
3. Source of funds: Issuance of second domestic unsecured convertible bonds, with each bond having a face value of NT\$100 thousand, 60,000 bonds with a total face value of NT\$6,000,000 thousand, a five-year maturity period, a coupon rate of 0%, and a 101% interest rate based on the face value of the bond, with the total amount of the bond amounting to NT\$6,060,000 thousand.
4. Projected items, projected progress and expected potential benefits

Unit: NT\$ thousand

| Item                         | Expected completion date   | Total funding requirement | Progress in the utilization of scheduled funds |
|------------------------------|--|---------------------------|--|
|                              |  |                           | 2024   |
|                              |  |                           | First quarter                                  |
| Repletion of working capital | First quarter of 2024  | 6,060,000                 | 6,060,000                                      |
| Estimated potential benefits | The NT\$6,060,000 thousand expected to be raised from the issuance of the second domestic unsecured convertible corporate bonds is used to replenish working capital in order to meet the increased demand for working capital for various operating expenses, such as material purchases, product research and development, market development and personnel growth related expenses, as a result of the growth in the scale of operations in the future. In addition to reducing the Company's dependence on banks and increasing the long-term stability of working capital and flexibility of capital utilization, based on the average interest rate of 2.015% for one-year loans obtained from banks, it is estimated that the Company's interest expense will be reduced by approximately NT\$122,109 thousand (NT\$6,060,000 thousand*2.015%) annually, which can also appropriately alleviate the Company's financial burdens and strengthen its financial structure, thereby increasing its competitiveness in the long run. |                           |  |

## (II) Actual implementation

Unit: NT\$ thousand

| Project                      | Implementation |           |           | Progress ahead or behind, reasons and improvement plans   |
|------------------------------|----------------|-----------|-----------|---|
| Repletion of working capital | Amount paid    | Scheduled | 6,060,000 | The project has been completed in the first quarter of 2024 in accordance with the original projected capital utilization plan. |
|                              |                | Actual    | 6,060,000 |   |
|                              | Progress       | Scheduled | 100.00%   |   |
|                              |                | Actual    | 100.00%   |   |
| Total                        | Amount paid    | Scheduled | 6,060,000 | In summary, the fundraising program was fully executed in the first quarter of 2024.  |
|                              |                | Actual    | 6,060,000 |   |
|                              | Progress       | Scheduled | 100.00%   |   |
|                              |                | Actual    | 100.00%   |   |

The Company has completed the fund raising and issuance of the second domestic unsecured convertible corporate bonds in the first quarter of 2024, and has disclosed the status of fund utilization to the Market Observation Post System (MOPS) on a quarterly basis in accordance with the regulations, and there is no significant abnormality yet.

## (III) Benefits assessment

Since January 2024, the Company has issued the second domestic unsecured convertible corporate bonds with proceeds of NT\$6,060,000 thousand for the purpose of increasing working capital. The above plan was fully implemented in March 2024. The plan can reduce the Company's dependence on banks, reduce the annual interest expense in the future to alleviate the Company's financial burden, and strengthen the financial structure.



## Chapter 4 Operation Overview

### 4.1 Business Activities

#### 4.1.1 Business Scope

##### 4.1.1.1 Main areas of business operations

The Group mainly focuses on the controller of flash memory and the design of the peripheral devices integration, descriptions are as follows:

- (1) The design, manufacture and sales of the controllers and modules of SSD.
- (2) The controllers and modules of embedded Flash used on portable application like smartphone and tablet, including eMMC, UFS.
- (3) The design, manufacture and sales of the controllers and modules of USB.
- (4) The design, manufacture and sales of the controllers and modules of memory card (SD/CF).

##### 4.1.1.2 Proportion of main products in operating revenue

Unit: NT\$ thousand, %

| Product item                 | 2024                  |                                     |
|------------------------------|-----------------------|-------------------------------------|
|                              | Net operating revenue | Proportion of operating revenue (%) |
| Flash memory module products | 42,685,764            | 72.43                               |
| Controllers                  | 9,666,295             | 16.40                               |
| Integrated circuit           | 4,612,768             | 7.83                                |
| Others                       | 1,970,686             | 3.34                                |
| Total                        | 58,935,513            | 100.00                              |

Note: Adopting IFRS (consolidated statements).

##### 4.1.1.3 Current Major Product (Service)

- (1) The controllers and modules of SSD.
- (2) The embedded controller used on portable application, including eMMC, UFS.
- (3) The controllers and modules of USB.
- (4) The memory card controllers and memory card: SD card, microSD card, etc.

##### 4.1.1.4 New products (services) to be developed

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



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

#### **4.1.2 Industry Overview**

##### **4.1.2.1 Development status of the industry**

The Group focuses on the controller of flash memory and the design of the peripheral device's integration. The current status and development of flash memory and NAND Flash products in this industry are illustrated below:

##### **(1) Current status and development of flash memory in this industry**

NAND Flash Memory is the most suitable storage device for large data storage and its cost per bit is the cheapest of all nonvolatile storage devices, so it can universally be used in portable products to store data, such as USB, memory card and related application, such as smartphone, laptop/desktop computer and server etc.. NAND flash solution is transferring from 2D MLC to 3D TLC gradually. The 3D TLC NAND is advance on the cheap cost, but it relies on a stronger controller to help its operational efficiency and ensure data reliability. With the supporting of new controllers, 3D TLC NAND have used in embedded memories and SSDs.

With the prosperity of online commerce and services, the market's demand for data storage is increasing and it requires a faster and more reliable solution of data streaming, which makes the penetration rate of SSD and eMMC application on computers and smartphones surge in recent years and even enter into the large data processing servers and cloud applications. In addition, the capacity in single production of memory cards and USB is rapidly increasing while the audio and video information technology improved capacity of the single file, and the requirements for reading speed and stability have also increased. In summary, there are multiple long-term niches and advantages for the NAND Flash industry development.

As the NAND Flash process technology and applications are evolving rapidly, the technology of NAND Flash is more and more difficult because more bits for error correction are needed and the integration with controllers is critical. Most of the technologies for controllers, such as wear leveling and bad block management, are to extend the life cycle of NAND Flash.

Phison Electronics Corporation has been dedicating to the research and development of NAND Flash controllers and its related applications for over 20 years. Phison has accumulated solid managing technologies and knowledge of NAND Flash, obtained about 2,000 patents related to NAND Flash technologies, and created a unique operating model. In the line with the concept and culture of "sharing, integrity, efficiency, innovation," all employees of the Company will work together to make continuous progress to keep the Phison Electronics in the leading position of the market.

(2) Current industrial status and development in NAND FLASH application

NAND Flash memory has been the main-stream storage device and many new applications have been proposed. The Group has developed many solutions in different areas.

**Controller for USB 3.2 Drives and Products**

USB 3.2 is designed for a fast transferring of audio and video data. It is 10-40 times faster than USB 2.0 and has the advantages of backward compatibility, better power management, and larger power capacity. The theoretic speed of USB 2.0 is 480Mb per second and the theoretic speed of USB 3.2 is greatly promoted to 5-20Gb per second. Therefore, for those USB 2.0 products, the maximal actual transferring speed is just 28MB ~ 30MB per second. If these products adopt USB 3.2, the transferring speed can be greatly promoted to over 1,800MB per second, which saves a lot of data transferring time. The Group is the first one to propose the USB 3.2 controllers for 4 channels and 8 channels alternating transferring, which improves the power consumption and the heat accumulation, as well as decreasing the PCB size and lowering the total cost. We have developed the USB 3.2 mobile drive with a reading speed of 400 MB per second and a writing speed of 300 MB per second. Its data accessing performance is almost the same with that of SSD and it can accommodate more than 1TB of NAND Flash in a mobile drive. We also continue to develop USB 3.2 controllers and mobile drives with a high performance/price ratio to provide more customers with convenience and performance of USB 3.2.

**Controller Chips and Products for SD Cards**

SD (Secure Digital) memory card (including microSD card) is the most used storage device in high-resolution DSLR, sports and UAV digital cameras, dashboard cameras, printers, smartphones, and tablets. In recent years, the need for high capacity cards has been increased. TLC with features of low cost and high capacity is widely used in consumer electronics. Because feature phones are gradually replaced by smartphones, high capacity microSD cards have become more and more popular. Phison Electronics Corporation makes efforts to develop

new features, support new-generation SD 9.0 specification (SD Express), provide high capacity cards with better writing/reading performance. We also enter the niche market to provide products with higher value-added to satisfy the needs of premium memory cards. In addition, for the DVR and UAV cameras that need an uninterrupted recording feature, the Group has developed the special and customer-made SD/microSD solution. These products have been verified by the customers and been stably produced.

### **eMMC**

Controllers for eMMC flash memory is developed for the memory needs of smartphones. Because the smartphone market is expanding and needs higher performance, the requirements for controllers are higher and higher, such as high-speed transferring, simultaneous reading and writing, background operation, security, and power-saving. International NAND Flash suppliers, such as Samsung, Kioxia, SanDisk, SK Hynix, and Micron, all make their efforts to develop eMMC. It is a new trend and the growth in the future is enormous because many products need it, such as smartphones, tablets, set-top boxes, and smartTVs. This built-in flash memory does not only satisfy the need of smartphones, but also has higher reliability than other storage cards. Phison Electronics Corporation has been working in this area for a long time. The NAND Flash management technology and our rich experience are the most important basis for developing this product. In addition, Phison Electronics Corporation has sufficient technology patents to lead in the competition and provide competitive products. We have developed the controllers with the specification of eMMC 5.x built-in flash memory, which is established by JEDEC. These products have been adopted by international suppliers and the production of these products is very stable. We also make efforts to develop the next generation high-speed eMMC.

### **UFS**

With the improvement of smartphone functions, the processors are more advanced, more applications are installed and the resolution of cameras is getting higher. All of these improvements need higher performance and higher storage capacity. eMMC is limited due to the electrical specification of the transferring interface, so the data transferring speed is very difficult to be enhanced. Therefore, the industry has established the new interface specification UFS (Universal Flash Storage). Currently, the data transferring speed of UFS3.2 is at least six times faster than that of eMMC. In the future, higher speed will be developed. In addition, UFS also includes the widely-adopted SCSI structure and supports multi-thread data access, which makes good use of the memory features. The Company has completed the verification of prototype products and will continue to put resources into the

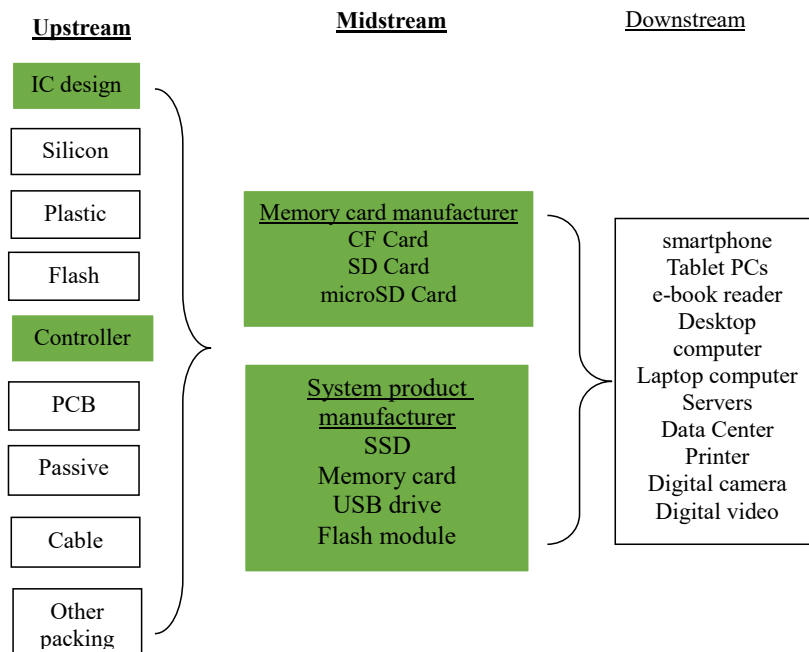
development of UFS controllers and integration solutions. In addition to expanding the market share of eMMC, the Group will also increase the penetration rate of storage media for premium handheld devices.

### **SSD**

All of traditional IT and electronic products used hard disks as storage media in the past, but the software and hardware in the computer industry have been developed rapidly. Currently, the speed of hard disks cannot catch up with the speed of other software and hardware, so SSD was developed to fix this problem. Unlike the magnetic disks used as the storage media in traditional hard disks, SSD uses flash memory as storage media and have the advantages of writing/reading speed, smooth use, power consumption, noise, weight, size, etc. After cloud technology and tablets are more and more popular, the need for SSD becomes more urgent. Hence, Phison Electronics Corporation has dedicated itself to develop new controllers for flash memory and system products. Currently, we have all kinds of SSD chips for SATA and PCIE interfaces and comprehensive solutions to satisfy the SSD needs of the retailers, PC OEM, and data centers. We will continue to design innovative and advanced products to promote the performance of SSDs and lower the unit cost. Phison Electronics Corporation will create greater values for SSD products.

#### **4.1.2.2 Relationship of Upstream, Midstream and Downstream in this Industry**

The Group focuses on development and sales of controllers for flash memory and flash system products, such as flash drives and memory cards. We are in the upstream and mid-stream of this industry. The upstream, midstream and downstream linkages of the relevant industries are shown below:



#### 4.1.2.3 Product development trends and competition

##### (1) Product development trends

###### A. Controller:

- a. SSD, UFS, eMMC, Controllers: The design is aimed to integrate multiple functions, larger memory, faster transfer rate, random access speed, access stability, longer life cycles, supporting all specifications and transferring interfaces, low voltage, low cost, and single chip.
- b. Flash memory and USB for Controllers: the design is toward faster speed, access stability, supporting all flash memory specifications of major manufacturers, supporting the trend of high compatibility, smaller size, low voltage, low cost, and single chip of various 3C products.

###### B. NAND Storage module products: the design is toward larger memory, faster speed, small size, data security and software platform integration.

- C. To sum up, the Group will focus on the application of flash storage to develop products of single function and products of multiple function integration. We will keep inputting our innovation on the new products.

## (2) Competitions

The trend of NAND is toward built-in application and the technology required in this trend is getting higher and higher. Most of the business opportunities and core technology are in the hands of big NAND Flash suppliers. The controller suppliers in Taiwan are holding fewer and fewer advantages, which leads to continuous market integration or individual suppliers' transformation. If the participants cannot upgrade their technology from USB2.0 mobile drives and SD card controllers to SSD, built-in memory, eMMC, and USB3.0 controllers, they have been kicked out of this industry. Phison Electronics Corporation invested lots of R&D resources to upgrade all core technologies and enter the areas of eMMC, UFS and SSD with advanced technical skills. We have done great business in retailers and PC OEM market. By strategic alliance, our sales performance is getting better and better. Although there are many IC companies trying to develop built-in controllers to join this competition, the most critical factor is the close relationship with the international big NAND Flash suppliers to participate in the supply chain. In the future, Phison Electronics Corporation will continue to develop products, establish a strategic alliance, vertically integrate the industry and build high/middle/low levels of SSD/eMMC/UFS product line to maintain our competitiveness.

The core technology of Flash products is the controllers and the integration of their firmware and software. Firmware technology is the key to the rapid development of all kinds of flash memory supporting all major specifications and excellent differentiation and customized products owning high compatibility, which benefit the competitiveness in the market. The Group has great capability of designing controllers for flash memory and firmware, as well as the capability of integrating the technologies for system products. We can provide all storage technology solutions from controller ICs to memory modules and premium competitiveness, which benefit our future growth in the market.

### 4.1.3 Technology and R&D Overview

#### 4.1.3.1 Technical level and R&D overview of the business activities

The Group mainly focuses on the R&D, design, manufacturing, and sales of controllers for flash memory, USB mobile drives, flash SD memory cards, SSDs, eMMC and UFS built-in modules, etc. The core technology of these products is the controllers and the integration of their firmware and software. The Group has great capability of designing controllers for flash memory and firmware, as well as the capability of integrating the technologies for system products. We can provide all things from ICs to technology solutions and have unique and premium competitiveness, which benefits our future growth in the market.

#### 4.1.3.2 R&D of the Business

The Group has an excellent R&D team of young, hard-working, creative, and experienced members. They have the experience of developing flash products and focuses on the controllers for flash memory and peripheral systems. We are the leader in the development of controllers for flash memory and provide comprehensive technology solutions. The R&D team is committed to becoming one of the world's top three designers and suppliers of flash memory controllers and peripheral systems.

#### 4.1.3.3. R&D Expenditures of the Most Recent Year and as of the Publication Date of Annual Report

Unit: NT\$ thousand, %

| Item   | Year | 2024       |
|--|------|------------|
| R&D expenses(A)  |      | 12,585,639 |
| Net operating revenue(B)                                     |      | 58,935,513 |
| Percentage of R&D expenditures to net operating revenue(A/B) |      | 21.35%     |

Note: Adopting IFRS (consolidated statements).

#### 4.1.3.4 Successful Technology or Products

##### (1) Successful R&D Projects

| Year | R&D results  |
|------|--|
| 2023 | <ul style="list-style-type: none"> <li>➤ PCIe 4.0 PS5022-E22T storage solution tailored for the automotive storage market, achieving read/write speeds of up to 7000MB/s and operating temperatures ranging from -40°C to 95°C, receiving the honor of the 2024 Taiwan Excellence Award.</li> <li>➤ Introduction of PCIe 5.0 Redriver PS7102/PS7103 and Retimer PS7201/PS7202 ICs specifically designed for AI data computing architectures, providing excellent signal adjustment functions for high-speed computing frameworks and data centers.</li> <li>➤ The world's first PCIe 4.0 DRAM-Less controller PS5027-E27T supporting 3600MT/s and 2400MT/s NAND Flash, offering outstanding performance and power efficiency ratio for PC OEMs and mobile devices.</li> <li>➤ Release of the E18 pSLC PCIe 4.0 SSD storage solution, ideal for applications requiring intensive writing such as workstations, servers, NAS, and RAID systems, providing optimal durability.</li> <li>➤ Introduction of the exclusive aiDAPTIV+ service solution, integrating Phison's exclusive AI computing architecture for SSDs to structurally partition large AI models and dynamically run model parameters in synergy with SSDs over time, maximizing executable AI models under limited GPU and DRAM resources, thus effectively reducing hardware construction costs for providing AI services.</li> <li>➤ Launch of the world's first and only NAND controllers and storage module development resource sharing and ASIC design service platform (IMAGIN+ Platform), empowering global partners and customers to create ASIC (Application-Specific Integrated Circuit) chips and NAND storage value-added solutions for various emerging applications</li> </ul> |
| 2024 | <ul style="list-style-type: none"> <li>➤ World's First PCIe 5.0 DRAM-Less Client SSD Controller – E31T.</li> <li>➤ World's First Single-Chip (SoC) Native USB 4.0 Controller – U21.</li> <li>➤ UFS 3.1 PS8325 – Designed for High-End Smartphones, Featuring TSMC 12nm Process and Dual-Channel Architecture.</li> <li>➤ UFS 3.1 PS8329 – Targeting the High-Value Mid-Range Smartphone Market with 22nm Process Technology.</li> <li>➤ UFS 4.0 PS8361 – Aimed at Flagship Smartphones, Featuring TSMC 12nm Process and Quad-Channel Architecture.</li> <li>➤ PASCARI – Enterprise SSD Brand Designed for Server and Enterprise Applications.</li> <li>➤ First 128TB Ultra-High-Capacity Enterprise SSD – D205V.</li> </ul>  |



(2) Technology Patents of the Company:

The Company makes great efforts to develop the technologies for the flash memory application and has been successful in some critical technologies. We have 168 patent applications pending, with 2,089 patents approved, in various countries as of March 31, 2025.

#### **4.1.4 Long-term and Short-term Business Development Plans**

##### **4.1.4.1 Short-term Business Development Plans**

(1) Marketing/Sales Strategy

- A. We will leverage strategic alliances to collaborate with large corporations in the industry and expand our market share. These measures could promote our technology status and market share of the products as well as create bigger market demand. In parallel, we are deepening cooperation with our local strategic agency partners to leverage our strengths and deepen our local presence.
- B. We will establish different sales strategies based on the customer types and global market to satisfy market demands, strengthen customer stability, and promote global sales.
- C. We will actively explore the markets in China, emerging markets (EX: India, Southeast Asia, etc.) and European and American markets to expand our market share and accommodate various customers.

(2) R&D

- A. We will continue to improve the functions of the controllers for flash memory to support diverse specifications and integration. The Company's R&D is moving toward high performance, low power consumption, long life cycles, high capacity, and high compatibility.
- B. The products will be more diversified and their functions and specifications will be improved to meet customers' needs.
- C. The R&D will be toward data storage, embedded and data security to develop new products with single function or function integration.

(3) Production

- A. We will continuously improve the management of the balanced marketing and production and keep expanding outsourcing plants and improve their management.
- B. We will continuously lower the production cost and search for material of good quality and lower price. We will also improve the OEM production capability and promote the product yield, which can cut down the cost and maximize profit.
- C. We will improve inventory management to make use of them as much as possible.

- D. We will take the measures of strategic alliance to establish the marketing and production strategies in different regions and markets to effectively lower the production and marketing cost and serve the local customers.
- E. We will continuously improve the collaboration with the material suppliers to better manage material inventory, production and marketing.

(4) Management and Finance

- A. We will follow the regulations of self-management and corporate governance. By trading the capital market, we will promote the company reputation and recruit excellent talents.
- B. We will keep a good relationship with banks, improve the credibility check to ensure creditor's rights, and check the receipt and payment on a regular basis to improve financial status.
- C. Financial structure improvement: We will continue to lower the operating cost, improve capital management, and hedge exchange rate risks. These measures can secure the financial operations and management to maximize the profit of the Company.
- D. We will make good use of the TIPTOP GP ERP System, AgentFlow system etc to integrate resources, promote business efficiency and improve operation processes.
- E. We will implement human management and robust systems to enhance the internal cohesion. We will improve the educational trainings to promote work efficiency and human resource.
- F. Effective management of human resource and operating process: We will continue to improve the internal operation processes to promote work efficiency, work quality and human resource.

4.1.4.2 Long-term and Mid-term Business Development Plans

- (1) Marketing policy: We will continue to improve the training of salespeople, collect comprehensive market information, establish the customer service network, establish agent networks, expand the global market, and enter big economies all over the world.
- (2) R&D policy: We actively recruit outstanding R&D talents and cultivate excellent R&D teams through the talents of our R&D executives in order to continue to the technologies of the new generation, develop new product lines based on the needs of the market, develop products with high additional value, promote the variety and competitiveness of our products, maintain innovation capability and focus on innovation to maintain our leadership in the market of flash memory application.
- (3) Production policy: We will keep good relationships with the current material suppliers and foundries and seek new suppliers to reduce the risks of centralized manufacturing of Flash Memory and wafers, and strengthen the cooperation with

these OEMs. Also, we will continue to use the advanced manufacturing process to cut down costs while improving the production and sales management and quality control procedures to enhance our competitiveness.

- (4) Business management policy: By recruiting new personnel, creating more products, expanding domestic and overseas market share, collaborating with international strategic partners, and integrating resources, By upholding the spirit of sustainable and practical operation, we will continue to boost our business and become the international leader of flash memory applications.

## 4.2 Market and Sales Overview

### 4.2.1 Market Analysis

#### 4.2.2.1 Main Sales (Service) Region:

|             |                   | Unit: NT\$ thousand |  |
|-------------|-------------------|---------------------|--|
| Area \ Year | 2023              | 2024                |  |
|             | Operating revenue | Operating revenue   |  |
| Asia        | 36,138,268        | 46,118,060          |  |
| America     | 10,101,826        | 11,383,430          |  |
| Europe      | 1,926,058         | 1,325,219           |  |
| Australia   | 55,229            | 41,431              |  |
| Others      | 249               | 67,373              |  |
| Total       | 48,221,630        | 58,935,513          |  |

#### 4.2.2.2 Market Share and Demand/Supply/Growth in the Future

- (1) Market Share: Not applicable because there is no clear statistical data.
- (2) Demand/Supply/Growth in the Future

##### A. Supply

The application of flash memory becomes broader and broader, and market demand is growing fast. Therefore, manufacturers without advanced technology will lose their competitiveness. The major suppliers of controller chips are Phison, Silicon Motion, ASolid, Jmicron, etc. The manufacturers of Nand flash application products are KIOXIA, Kingston and Micron, etc. (overseas) and Phison, Transcend, Apacer, Adata, Silicon Power, etc. (domestic).

##### B. Demand

The application of Nand Flash is expanding as the memory chip's price is getting reasonable and multimedia and portable products become commonly used, which leads to the growing products applied with Nand Flash. Besides the current digital and 3C products adopting USBs and SD Cards, smartphones with built-in memory are also increasing. Also, SSDs with a higher reading/writing speed are applied in PCs, notebooks, and large data centers, gradually replacing hard disks. In addition, the recent emergence of automotive electronic systems, factory automation, embedded system applications, and even gaming and server markets continue to lead to NAND storage related products. Thus, Nand flash is the most commonly applied and the most stable storage media driving increasing demands in NAND controllers with stable growth in the whole NAND storage market.

### C. Growth

With the gradual realization of global 5G infrastructure and product applications, high-speed access to large amounts of data in the cloud, big data, AI and the Internet of Things and other technology applications have become more prosperous. Coupled with the increasing demand for ultra-high-speed data access due to the upgrade of various gaming software and game console specifications, it is expected that the penetration rate of ultra-high-speed solid-state drives (SSD) will continue to increase and maintain rapid growth. The Group has launched different NAND Flash controllers for different application markets, including controllers that comply with PCIe Gen 4x4 NVMe NVMe specifications in mainstream market, and the PCIe Gen5x4 NVMe SSD controllers that lead the industry, to provide the most complete storage solutions with PCIe SSD controllers on the market, in the high-end application/enterprise-level SSD application market, the company's customized enterprise-level SSD solution have gradually been recognized by the market, in addition, Phison's research and development center located in Colorado, USA has started to present its development performance gradually. It works effectively with partners to develop validated products and serves Tier-1 enterprise server vendors nearby.

In terms of embedded applications, the company, as one of the few industry leaders in the world that provides eMMC and UFS controllers in its entirety, is committed to lower power consumption and lower heat generation technology, and continues to promote BGA SSD to PCIe NVMe specifications to provide embedded applications the best storage choice, and push mobile storage devices into a new generation of higher speed and more energy-saving. The company expected takes the lead in launching new controllers that support UFS4.0, especially with Phison's own technology, including StrongECC™, Advance LDPC, CoProcessor™ and RAID architecture. It not only provides low power consumption, but also demonstrates excellent error correction capabilities and provides SSD-like performance.

In terms of SD memory cards, the Group released the latest SD & microSD card controller that is compatible with SD8.0/9.0 specifications and implemented mass production of them. It has the absolute advantage of high-speed random access and provides up to 1TB data storage capacity. It is the industry's highest specification and is aimed at the high resolution application market.

For USB series products, the latest USB native NAND controller compliant with USB 4.0 specification from Phison is specialized in high-capacity mobile storage applications.

#### 4.2.2.3 Competitive Niche

##### (1) Professional, Young and Stable R&D Team to Develop New Technology and Products Rapidly

The R&D team of Phison Electronics Corporation has been in the industry of NAND Flash peripheral devices and been one of the pioneers in this area. Our R&D team is young, hard-working, creative, and fast. Since its establishment in November 2000, it has successfully developed controllers for many components, such as USB 4.0 NAND flash controllers, SD 9.0 (SD Express) controllers, eMMC 5.x controllers, UFS 4.x controllers, SATA SSD, PCIe Gen3/4/5 SSD controllers (There will also be Gen6 in the future), and security USB mobile drive, even high-speed transmission signal enhancement ICs such as redriver/retimer. In the future, the Group will continue to improve the training for R&D personnel, provide benefits to attract and keep the talents, and recruit new talents to promote experience inheritance and technology advancement, make our products more competitive, and create products with differentiation.

##### (2) Strong Shareholders and Strategic Alliance

There are only a few suppliers for NAND Flash, such as KIOXIA (former Toshiba Memory Corporation), Micron, Samsung, Hynix, controlling most of the market share. However, there are many specifications for the NAND Flash peripheral products have patent protection. Hence, how to obtain enough NAND Flash memory material and how to obtain relevant patent authorization are critical issues to us.

Since the establishment, the Group made lots of efforts to develop advanced technology and new application areas. We have kept a good relationship with all Flash manufacturers and introduced strategic partner KIOXIA in 2002. KIOXIA has NAND Flash fabs, which can provide us with flash memory. KIOXIA is also the creator of Secure Digital and xD-Picture specifications and has a cross authorization of many small memory card specifications. Therefore, the partnership with big flash memory manufacturers helps us developing all kinds of flash memory controllers. The Group introduced strategic partners, Kingston Technology Corporation and Advantech Investment Inc., in 2014-2015 by private stock issuance. The Group participated in the private stock issuance of Apacer Technology Inc., which benefits us in obtaining stable source of flash material and expanding retailer channels. In addition, the Group established a strategic research and development center in Colorado, USA in 2020 for the Enterprise SSD market.

The Group will continue to establish a comprehensive development plan and long-term strategic alliance to integrate all resources and develop new product lines. These can expand our market share and provide the market with more products, as well as benefiting adjustment for the market change and creating competitiveness for us to sustain our business.

(3) Competitive Advantages of Having Design and Retailer End

The Group has developed NAND Flash controllers and designed many products, such as SSDs, NAND flash application products. Most of the assembly and production process are outsourced to other partner companies. Application products are sold by the retailer channel in Taiwan or overseas retailer channels in Europe, America, Japan, etc. Other traditional IC design companies just develop chips and sell the products to the system assembly companies. Once more competitive companies join in this industry, there will be many risks, such as decreased gross profit and increased inventory. We are different from the assembly module companies, which can only make smaller profits. We stand at the two ends of design and sales with higher added values. Our business income is higher than that of IC design companies and our profit is higher than that of the assembly companies. Therefore, our controllers are sold to Tier-1 NAND vendors such as KIOXIA, Kingston, and Micron, and our system application NAND module products are also sold to major brand customers and system integrators in the U.S., Europe, and Japan by virtue of our complete mastery of control chip technology, which demonstrates our unique market competitiveness and high product technology capability by mastering the R&D technology and sales of both controllers and system applications.

4.2.2.4 Advantages, Disadvantages and Responsive Strategy in the Long-term Development

(1) Advantages:

A. Comprehensive Fragmentation of Production in the Semiconductor Industry

Our country has a very comprehensive fragmentation of production in the semiconductor industry. Fabs, packaging plants, and testing plants have reached an economic scale and can provide professional services. These provide companies with controllers for flash memory with excellent support.

B. Rapid Growth of SSD Market

SSDs have an excellent feature of high performance, low power consumption, and low failure rate, and the price of flash memory in SSDs is greatly reduced because of the advanced manufacturing processes. Traditional hard disks have been replaced by SSDs in a great deal of personal and cloud storage devices. The Group has developed high-performance SSD controllers supporting the third-generation SATA and PCIe NVMe and has the critical technologies to develop new models with faster transferring speed and lower power consumption. These new products make SSDs with higher performance and lower cost. Because the SSD market is rapidly growing, the Group will rapidly satisfy the needs of the market, including consumer storage applications, embedded applications, gaming market, automotive electronics, mobile devices, and server systems, and provide the market with more products to ensure the leadership of the Group.

C. Development of smartphones Promotes Growth of Small Memory Cards

As the NAND Flash manufacturing processes advance, the unit price of flash memory is getting lower and lower, which brings down the price of small memory cards. In addition, the applications of flash memory have been expanded into many home appliances, not just consumer products, such as smartphones. It is expected that the market for small memory cards will be rapidly growing in the future.

D. The application of flash memory has been used in many products, including mobile drives, memory cards, cell phones and portable video, and audio devices. It has been further used in SSD products, eMMC of mobile devices, and car electronic systems. Its application is still growing and therefore promotes the flash memory product industry.

(2) Disadvantages and Responsive Strategy:

A. Rapid Growth and More Competitors

Responsive strategy: The Group has excellent technical design capability of NAND Flash controllers and firmware for faster product development, more added value of products, and function integration, which provide our customers with more diversified and comprehensive solutions. We will continue to enhance our R&D of technologies to keep our leadership in this industry and maximize our profit.

B. Flash Memory in Control of Big International Suppliers

Responsive strategy: We will keep a close partnership with big international flash memory suppliers (such as KIOXIA, Micron, SK Hynix, WD, etc.) and seek the opportunity of establishing strategic alliances. We will pay close attention to the specification change, market change and price change of flash memory to adjust our inventory accordingly and dedicate to optimize inventory management and maximize sales profit.

C. More Product Specifications

Responsive strategy: Since the specification of flash memory is established by big international suppliers and the specifications and interfaces of storage products are quite diverse, the Group has to pay close attention to the latest agreements of all kinds of specifications of flash memory cards and its storage applications and the development of the end markets. By speeding up the development of new technology and new products, adding more major products, and diversifying product functions, the Group can extend the product life cycles and eliminate the impacts resulting from specification changes and the disappointing product development in the end markets.



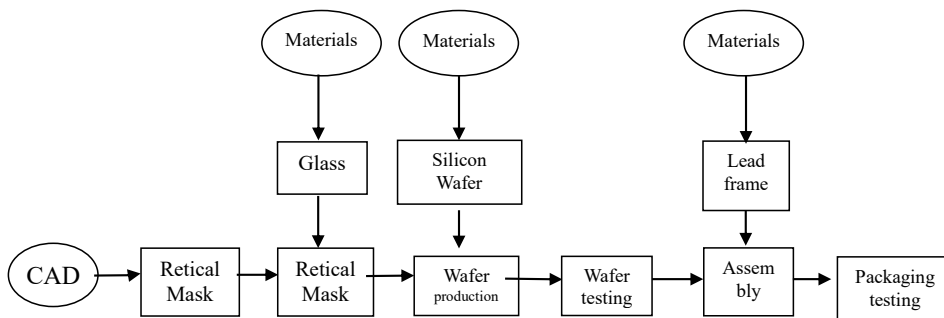
## 4.2.2 Important Uses of the Main Products and the Production Process

### 4.2.2.1 Key Applications of Main Products

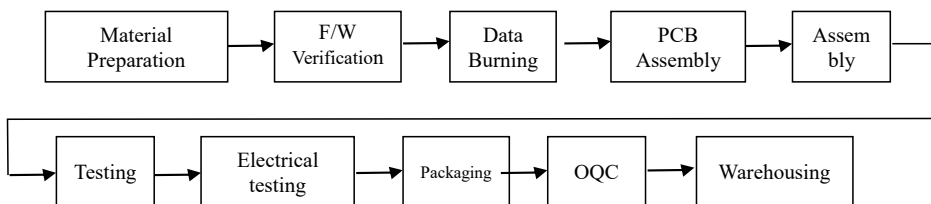
| Product Category            | Uses   |
|-----------------------------|--|
| NAND system module products | These are the storage devices with flash memory (USB drive, flash memory card, SSD, and embedded memory). Since USB interfaces, cameras, cell phones, laptop computers, industrial automation system, automotive electronics, and cloud server become more and more popular, these products are convenient for fast data access. |
| NAND control chip IC        | These products are used as I/O interface of general system products, to control and integrate between the firmware instruction set and the flash memory applied with flash memory module product, enabling the system products and flash memory to translate instruction and transfer data.                                      |

### 4.2.2.2 Manufacturing Process

#### (1) Manufacturing Process of Controller IC



#### (2) Manufacturing Process of Flash Memory Reader



#### 4.2.3 Supply of Primary Raw Materials

The Major materials of our products are flash memory, controller, PCB, case, connector and cable. The supply status is as follows:

| Main material   | Major Suppliers  | Supply Status |
|---|--|---------------|
| Flash memory  | KIOXIA, Micron, SK Hynix   | Normal        |
| Controllers   | United Microelectronics Corporation Group, Taiwan Semiconductor Manufacturing Company (TSMC)   | Normal        |
| Printed circuit boards  | Taiwan Printed Circuit Board Techvest Co, Ltd., Tripod Technology Corporation , Unimicron Technology Corp.   | Normal        |
| Power management chip, High-speed chip                                  | United Microelectronics Corporation, Taiwan Semiconductor Manufacturing Company (TSMC), GlobalFoundries Inc.   | Normal        |
| Double Data Rate (DDR), System Products, Housings, Electronic Materials | SKHynix, Synnex Technology International Corp., MICRO-STAR INTERNATIONAL CO.,LTD., IN POWER MINUTE CO., LTD., Yandu Technolog Co., Ltd., Arrow Electronics, Inc. | Normal        |

#### 4.2.4 The name and proportion of the suppliers or customers who have occupied more than 10% of the total amount of purchase or operating revenue in any of the past two years and the reasons for the increase or decrease:

##### 4.2.4.1 The Suppliers who Have Occupied More Than 10% of the Total Amount of Purchase in Any of the Past Two Years

Unit: NT\$ thousand

| 2023                      |            |                |                      | 2024                      |            |                |                      |
|---------------------------|------------|----------------|----------------------|---------------------------|------------|----------------|----------------------|
| Name                      | Amount     | Percentage (%) | Relation with issuer | Name                      | Amount     | Percentage (%) | Relation with issuer |
| Kioxia Taiwan Corporation | 10,032,575 | 33.70          | Yes                  | Kioxia Taiwan Corporation | 13,589,653 | 38.97          | Yes                  |
| Vendor A                  | 5,286,595  | 17.76          | None                 | Vendor A                  | 4,323,093  | 12.40          | None                 |
| Vendor B                  | 3,206,872  | 10.77          | None                 | Vendor B                  | 2,793,240  | 8.01           | None                 |
| Other                     | 11,247,952 | 37.77          | -                    | Other                     | 14,163,156 | 40.62          | -                    |
| Net purchase              | 29,773,994 | 100.00         | -                    | Net purchase              | 34,869,142 | 100.00         | -                    |

Explanations for the increase or decrease:

- (1) KIOXIA Taiwan Corporation: In FY2023 and FY2024, the Company's purchase amounts from KIOXIA Taiwan Corporation were NT\$10,032,575 thousand and NT\$13,589,653 thousand, accounting for 33.70% and 38.97% of the respective annual net purchases. The increase in the purchase amount in FY2024 was mainly due to a supply shortage in Q4 FY2023 caused by a capacity reduction at the original flash memory manufacturer. To secure a stable supply throughout FY2024, the Company adopted a strategy of advance payment, leading to a higher purchase amount and net purchase ratio from KIOXIA Taiwan Corporation compared to the previous year.
- (2) Vendor A: In FY2023, the Company's purchases from Vendor A amounted to NT\$5,286,595 thousand, representing 17.76% of the annual net purchases. In FY2024, due to sufficient inventory levels, the Company reduced procurement from Vendor A, resulting in a decrease in purchase amount and a lower net purchase ratio of 12.40%.
- (3) Vendor B: In FY2023, the Company's purchases from Vendor B amounted to NT\$3,206,872 thousand, accounting for 10.77% of the annual net purchases. In FY2024, due to adequate inventory, the Company reduced purchases from Vendor B as well, causing the purchase amount and the net purchase ratio from 10.77% decrease to 8.01%, falling below 10%.

#### 4.2.4.2 Major Customers who Have Occupied More Than 10% of the Total Amount of Sales in Any of the Past Two Years

Unit: NT\$ thousand

| 2023      |            |                |                      | 2024      |            |                |                      |
|-----------|------------|----------------|----------------------|-----------|------------|----------------|----------------------|
| Name      | Amount     | Percentage (%) | Relation with issuer | Name      | Amount     | Percentage (%) | Relation with issuer |
| Net sales | 48,221,630 | 100.00         | -                    | Net sales | 58,935,513 | 100.00         | -                    |

Explanations for the increase or decrease:

The Company did not have any sales to customers that accounted for more than 10% of total sales in 2023 and 2024.

### 4.3 Human Resources in the Previous Two Years Before the Publication of the Annual Report

Number of Employees, Average Years of Services, Average Age and Employee Academic Background in the Previous Two Years Before the Publication of the Annual Report

| Year                           |                       | 2023  | 2024  | As of April 30, 2025 |
|--------------------------------|-----------------------|-------|-------|----------------------|
| Number of employees            | Supervisor            | 750   | 892   | 918                  |
|                                | Production line staff | 336   | 375   | 388                  |
|                                | General employees     | 3,312 | 3,530 | 3,466                |
|                                | Total                 | 4,398 | 4,797 | 4,772                |
| Average age                    |                       | 34.7  | 34.78 | 35.03                |
| Average year of services       |                       | 4.82  | 5.18  | 5.42                 |
| Academic distribution ratio(%) | PhD                   | 0.66  | 0.71  | 0.69                 |
|                                | Master                | 63.07 | 63.14 | 63.33                |
|                                | University            | 30.79 | 30.71 | 30.41                |
|                                | High school           | 5.18  | 5.17  | 5.32                 |
|                                | Below high school     | 0.30  | 0.27  | 0.25                 |

Note: Adopting IFRS (consolidated statements).

### 4.4 Environmental Protection Expenditures

Our major products are flash memory controllers, flash memory module products, flash memory card etc. All of our products are produced by qualified manufacturers conforming to laws and regulations of environmental protection in manufacturing processes.

**4.4.1 The loss caused by environment pollution (including compensation and environmental protection audit results of violating environmental protection regulations, the date of punishment, the word number of punishment, violation of the provisions of the law, violation of the content of the law, the content of punishment shall also be specified) during the latest year and up to the printing date of this annual report. The Company shall also disclose the estimated amount of current and future events and the measures to be taken, and if it cannot be reasonably estimated, it shall state the fact that it cannot be reasonably estimated.**

Until the publication of this annual report, there is no loss or penalty by competent authorities due to environmental pollution, so this is not applicable.

## 4.5 Labor Relations

### 4.5.1 The Company's employee benefits for studying, training, pension systems and its implementation status as well as labor agreements and measures for preserving employee rights and interests

#### 4.5.1.1 Employee Welfare Measures:

Company:

- (1) Highly competitive salary levels.
- (2) Remuneration for employees to share the profit.
- (3) Salary adjustment each year based on the work performance.
- (4) Year-end bonus of two months (Taiwan).
- (5) Incentive bonus based on the business.
- (6) No promotion barrier.
- (7) Encourage employees to make innovations and high patent bonus will be paid.
- (8) Comprehensive educational trainings and arrangement.
- (9) Encouraging employees to introduce excellent personnel and a high recruiting bonus will be paid. Labor Insurance, National Health Insurance, Pension System, Group Insurance, and Travel Insurance.
- (10) Two days off per week and flexible shift arrangement. The leave system in the Company is better than the requirement of the Labor Standards Act, while 8 days of annual leave will be given after one year of service.
- (11) A total of 3 days for paid family care leave, 5 days and 7 days for paid miscarriage leave.
- (12) A total of 7 days for holidays and festivals according to the Labor Standards Laws which are allowed for adjusted holidays by the government.
- (13) Nice gifts for senior employees.
- (14) Employee Stock Ownership Trust.

Providing employees with comfortable, safe and humanized working environment and rest environment:

Company:

- (1) Self-owned plants of more than 30,000 square meters and equipment.
- (2) Regular free for physical examinations every year and health seminars for our employees.
- (3) Leisure Center (with treadmills, aerobics bikes, gym bikes, mobile boxing target, hand football, etc.), yoga classrooms, and outdoor complex ballpark.
- (4) Life assistance programs for employees. (Supported by experts in different fields, including Psychology, Laws, Financial Management, Management, etc.)
- (5) Medical assistance.
- (6) Free dormitory for three months for new R&D employees.
- (7) Food Courts (restaurants, coffee bars, convenience stores, etc.) and flat parking lots, parking towers are provided.
- (8) Meal subsidy.
- (9) Premium farms to provide high quality of organic vegetables and fruits.

Welfare Committee:

- (1) Welfare and leisure activities provided by the Welfare Committee. Subsidy for marriage, child birth, death, hospitalization, etc.
- (2) Domestic and overseas travel subsidy every year.
- (3) Family days and irregular events. Party subsidy every half year.
- (4) Bonus/voucher of three festivals and birthday.
- (5) Gift/voucher/bonus of Labor Day.
- (6) Year-end party with interesting activities and plenty of gifts. Even the smallest gifts are nice.
- (7) The Company provides many clubs and funding support. Currently, there are clubs of swimming, aerobics, yoga, softball, basketball, badminton, hiking, etc.
- (8) Discounts in appointed stores.

#### 4.5.1.2 Advanced Education and Trainings for Employees:

To train the personnel for the operation of the Company, we hold yearly educational training based on the needs of our business every year. Employees can select internal training or external training to improve their personnel skills. In addition to promoting the management capability and professional skills for human resources of the Company, we also encourage our employees to serve as training instructors to train their second expertise.

In 2023 and 2024, the total expenditures of educational training are NT\$4,899,404 and NT\$4,075,078, respectively. The training courses are classified into seven categories, and the status of each category and implementation is as follows:

| Category            | 2023  |                               |                   |                      | 2024  |                               |                   |                      |
|---------------------|-------|-------------------------------|-------------------|----------------------|-------|-------------------------------|-------------------|----------------------|
|                     | Times | Number of trained people-time | Accumulated hours | Total expense (NT\$) | Times | Number of trained people-time | Accumulated hours | Total expense (NT\$) |
| Professional Skills | 230   | 15,459                        | 16,576            | 1,507,449            | 252   | 16,566                        | 28,743.10         | 484,014              |
| Quality             | 49    | 1,445                         | 4,484             | 539,560              | 80    | 4,411                         | 6,649.70          | 127,801              |
| Auxiliary Skills    | 6     | 329                           | 1,408             | 1,054,965            | 8     | 240                           | 1,157.50          | 1,349,000            |
| Health and Security | 88    | 7,363                         | 6,870             | 167,040              | 91    | 20,042                        | 9,373.10          | 292,840              |
| Management          | 35    | 2,072                         | 8,933             | 1,574,190            | 45    | 1,706                         | 9,603.00          | 1,770,660            |
| Self-inspiration    | 31    | 25,952                        | 17,503.5          | 22,200               | 31    | 34,977                        | 19,091.00         | 20,763               |
| Language            | 1     | 1                             | 100               | 34,000               | 5     | 5                             | 1,060.00          | 30,000               |
| Total               | 440   | 52,621                        | 55,874.5          | 4,899,404            | 512   | 77,947                        | 75,677.40         | 4,075,078            |

#### 4.5.1.3 Pension System and its implementation:

The Company has pension regulations that apply to all full-time employees. It regulates the pension payment.

- (1) If the employee chooses the pension system of the Labor Standards Act, the pension will be paid as follows: Based on the years of the service, if it is below 15 years (included), two units per full year will be paid. If it is over 15 years, each full year over the 15 years will add one unit to the pension. However, the maximum number of units is 45. The length below half a year is counted as half a year, the length over half a year but below one year is counted as one year. From Feb of 2001, 3% of the salary is appropriated into the employee pension fund. From Jul of 2016, 2% of the salary is appropriated into the employee pension fund and then transferred to the special account in the Central Trust Bureau under the name of The Supervisory Committee of Workers' Retirement Fund.

- (2) If the employee chooses the pension system of Labor Pension Statutes, the pension will be paid as follows: Employees first choose the length of service which applies to this system. From the start date to the leave date, their companies should appropriate no less than 6% of the salary into the personal pension account. In addition to the amount appropriated by the company, employees may deposit less than 6% of the salary into personal pension account. Two times of appropriation percentage change are allowed in one year.

4.5.1.4 Agreement Between the Employees and the Company and the Measures to Protect Employees' rights:

The Company values the welfare, career, personal skill improvement and opinions of the employees, so the relationship is always good. The company currently does not have a labor union, so it has not signed a collective agreement. The company continues to maintain a good partnership between labor and management through labor-management meetings.

**4.5.2 The loss or penalty caused by disputes between the employees and the company during the latest year and up to the printing date of this annual report: None.**

## **4.6 Information Security Management**

### **4.6.1 Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management**

In 2017, the Company established an Information Security Committee with the President as the representative of information security management. The Committee holds quarterly information security meetings, regularly reports to the top management on the performance of the information security system, and reviews information security policies and objectives. In July 2022, the Company joined the TWCERT to strengthen its security protection from time to time, and to review its internal equipment and systems to update or remediate the vulnerabilities. On November 4, 2022, the Company formulated the “Procedures for Information Security Control” and submitted it to the Board of Directors for approval to ensure internal compliance with information security related standards, procedures, and regulations. In order to maintain the confidentiality, integrity and availability of the Company’s information assets and to protect the privacy of users’ information, it is clearly stipulated that employees should avoid unauthorized access and modification, respect intellectual property rights, and safeguard customers’ and the Group information, and that any person who discovers an information security incident or suspected security vulnerability should follow the notification mechanism to respond to the security personnel for appropriate investigation and handling. We implement information security education and training and social engineering drills for our employees every year, and conduct

quarterly information security announcements and publicity to enhance the information security awareness of our employees and to reduce the information security risks faced by the Company's operations.

**4.6.2 The loss, potential impact and countermeasures caused by material information security incidents during the latest year and up to the printing date of this annual report. If it cannot be reasonably estimated, the reasons for not able to estimate shall also be specified.**

There are no material information security incidents occurred in the Company during recent years and up to the publication of this annual report, so this is not applicable.



#### 4.7 Important Contract

Below form contains material contracts valid and/or expired within one year form the publication date of this annual report.

| Contract Characterization       | The Party                      | Contract Period  | Content  | Restriction   |
|---------------------------------|--------------------------------|--|--|---|
| License Agreement               | Synopsys International limited | Dated from 2003/7/16                                       | IP license                                       | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement               | ARC International (UK) Limited | Dated from 2006/11/24                                      | IP license                                       | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement               | SD-3C LLC                      | Dated from 2018/11/29 to 2028/11/28                        | License  | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement               | SD Association                 | Dated from 2022/03/03                                      | License  | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement               | 4C Entity LLC                  | Dated from 2023/03/07 to 2033/03/06                        | 4C CPRM/CPPM IP license                          | Payment of royalty and annual fees  |
| License Agreement               | Netac Technology               | Dated from 2007/12/20 until patent of both parties expires | Cross-license                                    | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| Technical Cooperation Agreement | Intel Corporation              | Dated from 2008  | Cooperating to build USB 3.0 final specification | Ownership of intellectual property rights and liability of confidentiality                  |
| License Agreement               | ARM limited                    | Dated from 2015/09/30                                      | IP license                                       | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement               | Rambus Inc.                    | Dated from 2018/01/07 to 2027/12/31                        | IP license                                       | Compliance with the clause of permitted use, license scope and liability of confidentiality |

| Contract Characterization                            | The Party   | Contract Period       | Content   | Restriction   |
|--|---|-----------------------|---|---|
| License Agreement                                    | USB Implementers Forum, Inc.  | Dated from 2019/10/15 | USB-IF trademark license                                  | Member responsibility and confidential liability.   |
| Industry Standard Association & Membership Agreement | USB Implementers Forum, Inc.  | Dated from 2019/10/4  | USB-IF membership   | Member responsibility and confidential liability  |
| License Agreement                                    | Andes Technology Corp.  | Dated from 2012/5/10  | IP license  | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| Industry Standard Association & Membership Agreement | MIPI Alliance Inc.  | Dated from 2012/04/18 | Membership & related license agreement                    | Member responsibility and confidential liability  |
| Industry Standard Association & Membership Agreement | Intel Corp.   | Dated from 2012/08/09 | Adoption of USB3.0 specification                          | Terms of use of USB 3.0 specification and liability of confidentiality                      |
| Industry Standard Association & Membership Agreement | Serial ATA International Organization (SATA-IO)   | Dated from 2013/5/31  | Authorization of certification mark                       | Member responsibility and confidential liability  |
| License Agreement                                    | Cadence Design Systems (Ire) Ltd (The original contracting party, Tensilica, was acquired by Cadence) | Dated from 2013/1/1   | IP license  | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| Industry Standard Association & Membership Agreement | Nvm Express, Inc  | Dated from 2014/4/2   | Membership & related license agreement                    | Member responsibility and confidential liability  |
| License Agreement                                    | PLDA Inc.   | Dated from 2015/5/27  | IP license  | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement                                    | Intel Corporation   | Dated from 2017/7/13  | Permitted use and license of Thunderbolt trademark and IP | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement                                    | Universal Flash Storage Association, Inc.   | Dated from 2018/1/18  | Permitted use and license of UFSA Logo                    | Compliance with the terms of use of UFSA logo   |
| Industry Standard Association &                      | Automotive Edge Computing   | Dated from 2020/11/16 | Membership & related license agreement                    | Member responsibility and confidential  |

| Contract Characterization                            | The Party  | Contract Period                     | Content  | Restriction   |
|--|--|-------------------------------------|--|---|
| Membership Agreement                                 | Consortium, Inc.(Aecc)                                 |                                     |  | liability   |
| Capacity Reservation Agreement                       | X Company  | Dated from 2021/9/22                | To Secure capacity support for the Phison's operation purpose                                | The terms of the Agreement shall be kept in secret  |
| Lease Agreement                                      | Heng Fu Industrial Co., Ltd.                           | Dated from 2023/06/01 to 2025/05/31 | To revitalize the Phison's assets, Phison leases out a portion of its land on Zhong Hua Road | Compliance with the terms and condition of the Agreement                                    |
| License Agreement                                    | Andes Technology Corp.                                 | Dated from 2023/02/22               | IP license   | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| Prepayment Agreement                                 | Y company  | Dated from 2024/01/01 to 2025/03/31 | To Secure capacity support for the Phison's operation purpose                                | The terms of the Prepayment Agreement shall be kept in secret                               |
| Credit Loan Agreement                                | First Commercial Bank, Ltd.                            | Dated from 2013/01/14 to 2028/01/14 | Subsidiary Super Storage Technology Corporation signed a long-term Credit Loan Agreement     | Compliance with the terms and conditions of this Agreement                                  |
| Industry Standard Association & Membership Agreement | EEMBC Corporate Benchmark License Agreement            | Dated from 2021/9/26                | Membership & related license agreement   | Member responsibility and confidential liability  |
| License Agreement                                    | Rambus Inc.  | Dated from 2021/9/23                | Patent license   | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement                                    | PLDA SAS Rambus Inc.                                   | Dated from 2023/12/20 to 2033/12/19 | IP license   | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| License Agreement                                    | Cadence Design Systems (Ireland) Limited Taiwan Branch | Dated from 2023/11/7 to 2024/11/6   | IP license   | Compliance with the clause of permitted use, license scope and liability of                 |

| Contract Characterization                                       | The Party  | Contract Period   | Content  | Restriction   |
|---|--|---|--|---|
|   |  |   |  | confidentiality   |
| License Agreement   | Cadence Design Systems (Ireland) Limited Taiwan Branch | Dated from 2023/11/7 to 2024/11/6   | IP license   | Compliance with the clause of permitted use, license scope and liability of confidentiality |
| Building Donation and Industry-Academia Collaboration Agreement | National Yang Ming Chiao Tung University               | The company has the right to use the building for 40 years after its official opening | For the purpose of promoting industry-academia collaboration and fostering talent, the company intends to undertake a new building project on the designated site at the National Yang Ming Chiao Tung University Tainan Branch. Once the construction is completed, the company will donate to the building to National Yang Ming Chiao Tung University for use as a school building. | To comply with the rights and obligations stipulated in the Agreement.                      |

# Chapter 5

## Financial Status and Operating Results Review and Risk Matters



## Chapter 5 Financial Status and Operating Results Review and Risk Matters

### 5.1 Financial Status Analysis

#### Consolidated Financial Statements

Unit: NT\$ thousand

| Item   | Year | 2024.12.31        | 2023.12.31        | Difference         |               |
|--|------|-------------------|-------------------|--------------------|---------------|
|  |      |                   |                   | Amount             | %             |
| Cash and cash equivalents  |      | 19,982,162        | 14,220,367        | 5,761,795          | 40.52         |
| Financial assets at fair value through profit or loss-current  |      | 743,512           | 980,757           | (237,245)          | (24.19)       |
| Accounts receivable  |      | 8,010,891         | 9,621,791         | (1,610,900)        | (16.74)       |
| Inventories  |      | 24,614,049        | 24,410,405        | 203,644            | 0.83          |
| Other current assets   |      | 690,217           | 586,351           | 103,866            | 17.71         |
| Financial assets at fair value through profit or loss - non-current  |      | 219,544           | 242,257           | (22,713)           | (9.38)        |
| Financial assets at fair value through other comprehensive income - non-current  |      | 431,750           | 457,457           | (25,707)           | (5.62)        |
| Investment accounted for using equity method   |      | 3,717,895         | 4,062,871         | (344,976)          | (8.49)        |
| Property, plant, and equipment   |      | 7,745,010         | 7,447,729         | 297,281            | 3.99          |
| Other non-current assets   |      | 3,184,137         | 2,932,539         | 251,598            | 8.58          |
| <b>Total assets</b>  |      | <b>69,339,167</b> | <b>64,962,524</b> | <b>4,376,643</b>   | <b>6.74</b>   |
| Short-term borrowings  |      | 813,068           | 2,106,363         | (1,293,295)        | (61.40)       |
| Accounts payable   |      | 1,309,205         | 6,507,593         | (5,198,388)        | (79.88)       |
| Other current liabilities  |      | 12,097,250        | 13,187,467        | (1,090,217)        | (8.27)        |
| Bonds payable  |      | 5,611,070         | 0                 | 5,611,070          | 100.00        |
| Other non-current liabilities  |      | 442,511           | 372,948           | 69,563             | 18.65         |
| <b>Total liabilities</b>   |      | <b>20,273,104</b> | <b>22,174,371</b> | <b>(1,901,267)</b> | <b>(8.57)</b> |
| Common Shares  |      | 2,058,178         | 2,047,690         | 10,488             | 0.51          |
| Capital surplus  |      | 13,053,610        | 11,552,379        | 1,501,231          | 12.99         |
| Retained earnings  |      | 34,283,152        | 30,808,166        | 3,474,986          | 11.28         |
| Other equity interest  |      | (338,243)         | (362,774)         | 24,531             | 6.76          |
| Treasury Shares  |      | -                 | (1,257,308)       | 1,257,308          | (100.00)      |
| <b>Total equity attributable to shareholders of the parent company</b>   |      | <b>49,056,697</b> | <b>42,788,153</b> | <b>6,268,544</b>   | <b>14.65</b>  |
| Non-controlling Interests  |      | 9,366             | 0                 | 9,366              | 100.00        |
| <b>Total equity</b>  |      | <b>49,066,063</b> | <b>42,788,153</b> | <b>6,277,910</b>   | <b>14.67</b>  |
| Cause and impact of the significant differences (more than 20% and NT\$10 million) of assets, liabilities, and equities in the most recent two years:                            |      |                   |                   |                    |               |
| (1) The increase in cash and cash equivalents was primarily due to the issuance of the Company's second convertible bonds.   |      |                   |                   |                    |               |
| (2) The decrease in financial assets at fair value through profit or loss - current was mainly attributable to recognized valuation losses on publicly traded equity securities. |      |                   |                   |                    |               |
| (3) The decrease in short-term borrowings resulted from the Company's reduction in USD-denominated bank loans for foreign exchange hedging purposes.                             |      |                   |                   |                    |               |
| (4) The decrease in accounts payable was mainly due to the prepayment of purchase amounts.   |      |                   |                   |                    |               |
| (5) The increase in bonds payable was attributable to the issuance of the second convertible bonds.  |      |                   |                   |                    |               |
| (6) The decrease in treasury shares was due to the transfer of treasury stock to employees   |      |                   |                   |                    |               |

## 5.2 Operating Results Analysis

### 5.2.1 Comparison Analysis of Operating Results

#### Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

| Item \ Year  | 2024 (Consolidated) |        | 2023 (Consolidated) |        | 2024 Growth rate |
|--|---------------------|--------|---------------------|--------|------------------|
|  | Amount              | %      | Amount              | %      | %                |
| Operating revenue  | 58,935,513          | 100.00 | 48,221,630          | 100.00 | 22.22            |
| Operating costs  | 39,836,751          | 67.59  | 32,107,386          | 66.58  | 24.07            |
| Realized gross profit  | 19,098,762          | 32.41  | 16,114,244          | 33.42  | 18.52            |
| Marketing expenses   | 1,694,467           | 2.88   | 1,277,484           | 2.65   | 32.64            |
| General and Administrative expenses  | 1,279,995           | 2.17   | 959,935             | 1.99   | 33.34            |
| R&D expenses   | 12,585,639          | 21.35  | 10,305,558          | 21.37  | 22.12            |
| Expected credit loss reversal (gain)   | 5,577               | 0.01   | (50,601)            | (0.10) | 111.02           |
| Total operating expenses   | 15,565,678          | 26.41  | 12,492,376          | 25.91  | 24.60            |
| Net operating income   | 3,533,084           | 6.00   | 3,621,868           | 7.51   | (2.45)           |
| Non-operating income and expenses  | 6,215,982           | 10.55  | 477,574             | 0.99   | 1,201.57         |
| Profit before tax  | 9,749,066           | 16.55  | 4,099,442           | 8.50   | 137.81           |
| Income tax expenses  | 1,795,067           | 3.05   | 475,014             | 0.99   | 277.90           |
| Net profit for the year  | 7,953,999           | 13.50  | 3,624,428           | 7.52   | 119.46           |
| Other comprehensive income   | 20,579              | 0.03   | (161,374)           | (0.33) | 112.75           |
| Total comprehensive income   | 7,974,578           | 13.53  | 3,463,054           | 7.18   | 130.28           |
| Net profit for the period attributable to owners of the parent company   | 7,953,206           | 13.50  | 3,624,428           | 7.52   | 119.43           |
| Comprehensive income (loss) for the period attributable to shareholders of the parent company  | 7,973,842           | 13.53  | 3,463,054           | 7.18   | 130.25           |
| Earnings per share (NT\$)  | 38.95               |        | 18.48               |        | 110.77           |
| Cause and impact of the significant differences (more than 20% and NT\$10 million) of assets, liabilities, and equities in the most recent two years:  |                     |        |                     |        |                  |
| (1) The increase in revenue and cost of goods sold was primarily driven by higher shipment volumes.  |                     |        |                     |        |                  |
| (2) The change in expected credit loss was due to a slight increase in the amount of overdue accounts receivable.  |                     |        |                     |        |                  |
| (3) Operating expenses rise mainly due to higher employee compensation, reflecting increased pre-tax profit and headcount.   |                     |        |                     |        |                  |
| (4) The decrease in net operating income was mainly due to the decrease in operating revenues and the increase in operating expenses.  |                     |        |                     |        |                  |
| (5) The increase in non-operating income and expenses, pre-tax profit, net profit for the year, and total comprehensive income was primarily due to gains from the disposal of affiliated enterprises. |                     |        |                     |        |                  |
| (6) The increase in income tax expense was mainly attributable to the increase in net profit and the imposition of CFC taxation  |                     |        |                     |        |                  |

## 5.2.2 The Operating Gross Profit Difference Analysis

Unit: NT\$ thousand

| Item                   | Increase (decrease) in the preceding and following periods  | Reasons          |                 |                              |                     |
|------------------------|---|------------------|-----------------|------------------------------|---------------------|
|                        |   | Price difference | Cost difference | Sales combination difference | Quantity difference |
| Operating gross profit | 2,984,518   | 3,867,333        | (6,418,421)     | 1,156,391                    | 4,379,215           |
| Reason                 | 1. Favorable price difference: Mainly due to the increase in sales of high-capacity flash memory modules.<br>2. Unfavorable cost price difference: Mainly attributable to the rising cost of high-capacity flash memory module products.<br>3. Favorable sales combination difference: Attributed to the increase in sales of integrated circuit products.<br>4. Favorable quantity difference: Due to an overall increase in sales volume. |                  |                 |                              |                     |

## 5.3 Analysis of Cash Flow

### 5.3.1 Cash Flow Analysis for Recent Year

Unit: NT\$ thousand

| Item \ Year   | 2023        | 2024      | Increase (Decrease) Amount | Increasing (Decreasing) Percentage% |
|---|-------------|-----------|----------------------------|-------------------------------------|
| Operating activities  | (1,696,217) | 2,094,093 | 3,790,310                  | 223.46                              |
| Investing activities  | (1,364,335) | 3,903,140 | 5,267,475                  | 386.08                              |
| Financing activities  | 258,303     | (672,816) | (931,119)                  | (360.48)                            |
| Analysis of the reasons for changes of 20% or more in the percentage of increase or decrease:<br>1. Increase in net cash inflows from operating activities: Mainly driven by the growth in operating revenue in 2024.<br>2. Increase in net cash inflows from investing activities: Primarily due to the disposal of affiliated enterprises in 2024.<br>3. Increase in net cash outflows from financing activities: Mainly due to the repayment of short-term borrowings and the redemption of matured convertible bonds during 2024. |             |           |                            |                                     |

### 5.3.2 Remedy Action for Estimated Cash Inadequacy: No concern for estimated cash inadequacy.



### 5.3.3 Analysis of the Cash Flow Difference of the Next Year:

Unit: NT\$ thousand

| Cash balance amount at the beginning of the year   | Estimated cash flow from operating activities | Estimated cash used in investing and financing activities | Estimated cash balance (inadequacy) | Remedy for cash inadequacy |                |
|--|---|---|-------------------------------------|----------------------------|----------------|
|  |   |   |                                     | Investment plan            | Financing plan |
| 19,982,162   | (441,622)                                     | (4,790,315)   | 14,750,225                          | N/A                        | N/A            |
| <p>1. Analysis of the clash flow difference of the next year:</p> <p>Operating activities: Mainly resulting from the estimated inventory needs and operation status.</p> <p>Investing activities: Primarily due to expenditures for acquiring property, plant and equipment, intangible assets, and additional investments.</p> <p>Financing activities: Related to short-term bank loans, capital increase through employee stock options, and cash dividend payments to shareholders.</p> <p>2. Remedy action for estimated cash inadequacy: Not applicable.</p> |   |   |                                     |                            |                |

### 5.4 2024 Major Capital Expenditures and Impact on Financial and Business: None.

### 5.5 2024 Investment Policy, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for 2025

#### 5.5.1 Investment Policy in the Most Recent Year

The investment policy of the Company is to help the Company improve the NAND Flash system integration technology. The major directions for the investment include strategic investment, diverse operation, and business scope expansion, as well as increasing the investment profit to promote shareholders' interests.

#### 5.5.2 The main reasons for the profit or loss of the most recent investment, improvement plans, and investment plans for the coming year

Unit: NT\$ thousand

| Name of be Reinvested Company       | Main Business Activities | 2024 Gains (losses) from investment | The Reasons for Gains or Losses   | Remedy Action | Investment Plans for the Next Year |
|-------------------------------------|--------------------------|-------------------------------------|---|---------------|------------------------------------|
| Global Flash Limited                | Investment and trade     | 4,897,133                           | Recognition of investment interests in affiliated companies using the equity method | None          | None                               |
| Regis Investment (Samoa) Limited    | Investment               | 226,233                             | Recognition of investment interests in affiliated companies using the equity method | None          | None                               |
| Phisontech Electronics Taiwan Corp. | Investment and trade     | 32,107                              | Recognition of investment interests in affiliated companies using the equity        | None          | None                               |

| Name of be Reinvested Company           | Main Business Activities  | 2024 Gains (losses) from investment | The Reasons for Gains or Losses   | Remedy Action | Investment Plans for the Next Year |
|---|---|-------------------------------------|---|---------------|------------------------------------|
|   |   |                                     | method  |               |                                    |
| Lian Xu Dong Investment Corporation     | Investment  | (8,339)                             | Recognition of the loss on valuation of financial asset                             | None          | None                               |
| EpoStar Electronics (BVI) Corporation   | Investment  | 358                                 | Recognition of foreign currency unrealized exchange interests                       | None          | None                               |
| Emtops Electronics Corp.                | Investment  | 67,749                              | Recognition of investment interests in affiliated companies using the equity method | None          | None                               |
| Nextorage Corporation                   | R&D, design, manufacturing and sales of flash memory application products   | 73,735                              | Stable growth in operations and profitability of the business                       | None          | None                               |
| Power Flash (Samoa) Limited             | Investment and trade  | (25,743)                            | Recognition of investment losses in affiliated companies using the equity method    | None          | None                               |
| ProGrade Digital Inc.                   | Flash memory related products and market development                        | 7,882                               | Stable growth in operations and profitability of the business                       | None          | None                               |
| Phison Electronics Japan Corp.          | Sales and service office  | 891                                 | Stable operations and modest profitability for the business                         | None          | None                               |
| Phison Technology India Private Limited | Design, R&D, import and export of storage devices and electronic components | 1,645                               | Stable operations and modest profitability for the business                         | None          | None                               |
| Microtops Design Corporation            | Development and design of flash memory controllers and related products     | 3,096                               | Stable operations and modest profitability for the business                         | None          | None                               |
| Great Storage Investment Corporation    | Investment  | (14,193)                            | Recognition of investment losses in affiliated companies using the equity method    | None          | None                               |
| Ostek Corp.                             | Manufacturing and trade of electronic components                            | N/A                                 | -   | None          | None                               |
| Phison Technology Inc.                  | Sales of electronic products and business service office                    | N/A                                 | -   | None          | None                               |
| Phison Technology India Private Limited | Design, R&D, import and export of storage devices and electronic components | N/A                                 | -   | None          | None                               |
| MIPHI SEMICONDUCTORS                    | Development, design, sales and technical                                    | N/A                                 | -   | None          | None                               |

| Name of be Reinvested Company               | Main Business Activities   | 2024 Gains (losses) from investment | The Reasons for Gains or Losses | Remedy Action | Investment Plans for the Next Year |
|---|--|-------------------------------------|---------------------------------|---------------|------------------------------------|
| PRIVATE LIMITED                             | service of flash memory related application products and software  |                                     |                                 |               |                                    |
| Super Storage Technology Corporation        | Manufacturing and trade of electronic components   | N/A                                 | -                               | None          | None                               |
| Core Storage Electronic(Samoa) Limited      | Investment and trade   | N/A                                 | -                               | None          | None                               |
| Power Flash (HK) Limited                    | Sale and trade of electronic products  | N/A                                 | -                               | None          | None                               |
| RealYou Investment Limited                  | Investment   | N/A                                 | -                               | None          | None                               |
| 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 | N/A                                 | -                               | None          | None                               |
| Hefei Ruhan Electronic Technology Limited   | Design R&D, sale of electronics product and technical support service and rendering of related services and investment   | N/A                                 | -                               | None          | None                               |
| Power Storage Technology (Shenzhen) Limited | Design, R&D, import and export of storage devices and electronic components  | N/A                                 | -                               | None          | None                               |
| Hefei Xinpeng Technology Co., Ltd.          | R&D, production and sale of electronic product and technical service and rendering of related services and investment  | N/A                                 | -                               | None          | None                               |
| HOSIN Global Electronics Co., Ltd.          | R&D and sale of electronic product and technical service and rendering of related services   | N/A                                 | -                               | None          | None                               |
| Power Storge Electronics Limited            | Design, R&D, production and sales of integrated circuits, systems and electronics hardware and software and rendering of related services  | N/A                                 | -                               | None          | None                               |

## 5.6 Risk Management and Analysis

### 5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Measures

Changes in Interest rate: The assets and liabilities with floating interest rates held by the Company and its subsidiaries may fluctuate cash flows of the assets and liabilities in the future due to the changes in interest rates and lead to risks. Yet, the Company and its subsidiaries anticipates that the change of interest rates will not have significant impacts on the Company's cash flow in future.

The interests of the Company and its subsidiary companies in 2023 and 2024 are NT\$53,957 thousand and NT\$273,410 thousand respectively, accounting for 0.11%% and 0.46% of the net operating revenue of the corresponding year. So, the change of interest rates has limited impact on the Company and its subsidiaries overall operation.

By the end of 2024, the Company had long-term loans of NT\$60,511 thousand. In addition to the second domestic unsecured conversion corporate bonds issued in January 2024, there are no major long-term financing plans in the next year, so the change in interest rates has no significant impact on the net results of the Company. Yet, the Company will continually pay attention to the trend of interest rates and regularly assess the financing policies.

Changes in Foreign exchange rate: The Company and its subsidiaries engage in foreign currency-denominated sales and purchase transactions, which expose the Consolidated Company to exchange rate fluctuations. The Company and its subsidiaries are engaged in the sales and purchase transactions of foreign currency denominations, thus causing the merging company to generate a risk of exchange rate changes. The Company and its subsidiaries are engaged in foreign currency borrowing to hedge the exchange rate risk of some foreign currency net assets or net liabilities. The profit and loss arising from the exchange rate fluctuation are roughly offset against the gains and losses of the hedged items. Therefore, market risk is not significant.

The Company and its subsidiaries usually quotes the price of the sales by US dollars and quotes the price of purchases by US dollars and NT dollars. Although the risk of foreign exchange rate is partially offset, if the change is in big fluctuations, it can still exert

impacts on the revenue and profit of the Company and its subsidiaries. In 2024, the foreign exchange net is NT\$716,880 thousand, which is the profit resulted from the fluctuation of the foreign exchange rate. The finance department of the Company and its subsidiaries pays attention to the trend at all times to hedge against risks. In addition, the finance department keeps a good relationship with banks to obtain information and suggestions about the trend of foreign exchange rate. Based on the information and suggestions, the finance department will take actions to reduce the risk of foreign exchange rates.

Inflation: In 2024 and as of the publication date of the annual report, the inflation has no significant impact on the net profit or loss of the the Company and its subsidiaries.

### **5.6.2 Policies, Main Causes of Gain or Loss and Future Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions**

In 2024 and as of the publication date of the annual report, the Company and its subsidiaries only makes short-term transactions in foreign currency to hedge against the risk of foreign exchange rate. Besides these transactions, the company did not make any investment with high leverage and high risk. The Company has established the internal control regulations, such as “Procedures for Lending Funds to Other Parties”, “Procedures for Endorsement and Guarantee” and “Procedures for Engaging in Derivatives Trading”. The Company has never loaned money to others and never endorsed for others. The Company and its subsidiaries limits its derivative product trades only to hedge in trades. Therefore, these operations will not affect the profit or loss of the Company and its subsidiaries.

### **5.6.3 Future R&D Projects and Estimated Expenditures**

1. The Company and its subsidiaries Major R&D Projects in 2025:
  - (1) Continuously develop high-end enterprise SSDs with higher capacity, faster speeds, and enhanced interface fault tolerance, collaborating with strategic partners to meet the demands of the enterprise storage market.
  - (2) Develop more compact, higher-capacity, and power-efficient controller solutions, including eMMC, UFS, and BGA SSDs for automotive storage, addressing the high-speed storage needs of future mobile devices.
  - (3) Advance the development of automotive-grade controller chips and strengthen compliance with various automotive certifications, including AEC-Q100, ISO 26262, IATF 16949, and ASPICE, to meet the growing demand for automotive electronics.

- (4) Continue introducing Redriver/Retimer ICs for PCs, servers, and in-vehicle systems, providing optimal signal stability solutions for high-speed transmission platforms.
  - (5) Build upon the aiDAPTIV+ platform to develop next-generation edge AI solutions, expanding Edge AI applications and enabling more users to benefit from AI-driven convenience.
2. R&D budget: The Company and its subsidiaries has invested its R&D resources into the development of flash memory controllers and the system products with high-performance functions and, the results have been introduced to the market successfully. In the future, the Company and its subsidiaries will continually invest into the R&D. The R&D expenses will be growing with the increase of operating revenue. As long as the development of new products is completed, the products will be massively produced immediately. The main success factors in the research & development are based on the capability and well knowledge on software and hardware technology of the R&D personnel. The Company and its subsidiaries are confident that the company's R&D team will be complete all task with long-term accumulation of experience. The estimated R&D expenditure for the year 2025 is approximately NT\$ 123 hundred million, the actual R&D expenditures will be adjusted based on customer demand, product R&D and operating conditions.

#### **5.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Business**

The Company and its subsidiaries abides by the national policy and laws and pays close attention to the new policies and law amendments. Our internal systems and operations will be adjusted according to these changes to ensure the operation of the Company and its subsidiaries. We will continue to pay attention to domestic/overseas changes on policies and law amendments, and evaluate these changes accordingly at all times. There is no impact on the finances of the Company and its subsidiaries so far because of the changes on policies and law amendments.

#### **5.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Business**

1. In recently years, small IT products are popular in the market and the demand for portable storage is growing rapidly, so more and more application products of built-in flash have been announced. There are many new transfer interfaces to meet the needs of customers. In addition, more and more products are equipped with SSD instead of traditional hard disks. Hence, the demand for small storage media, built-in flash model and SSD is steadily growing and these products are beneficial to the finance and business of the Company. We will invest more R&D resources into these products to respond to the new challenge from the new technology in the future.
2. With the advancement of internet and information technology, information is open to the whole world, and work efficiency is greatly improved by many new tools. We have built an environment for automatic design to promote the effectiveness and efficiency of product development. We have successfully introduced TIPTOP GP ERP

System, AgentFlow system and, SAMP system to effectively integrate the internal control functions, promote productivity and monitor the product quality.

3. The important risk assessments such as the assessment and evaluation of information security risks and their response measurement: In 2017, the Company established an Information Security Committee with the President as the representative of information security management. The Committee holds quarterly information security meetings, regularly reports to the top management on the performance of the information security system, and reviews information security policies and objectives. In July 2022, the Company joined the TWCERT to strengthen its security protection from time to time, and to review its internal equipment and systems to update or remediate the vulnerabilities. On November 4, 2022, the Company formulated the “Procedures for Information Security Control” and submitted it to the Board of Directors for approval to ensure internal compliance with information security related standards, procedures, and regulations. In order to maintain the confidentiality, integrity and availability of the Company’s information assets and to protect the privacy of users’ information, it is clearly stipulated that employees should avoid unauthorized access and modification, respect intellectual property rights, and safeguard customers’ and the Group’s information, and that any person who discovers an information security incident or suspected security vulnerability should follow the notification mechanism to respond to the security personnel for appropriate investigation and handling. We implement information security education and training and social engineering drills for our employees every year, and conduct quarterly information security announcements and publicity to enhance the information security awareness of our employees and to reduce the information security risks faced by the Company’s operations.

#### **5.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures**

The Company and its subsidiaries has focused on the flash memory controllers and the relevant application systems to maintain the leadership in IC design technology, new concepts of application products, their production, flash memory peripheral applications and flash memory controller technology. Many products have been sold all over the world and receiving orders from the major OEM and ODM companies. The Company and its subsidiaries creates the image of "youngest, fastest and strongest in the operation of this industry". So far, the Company keeps a good image and there is no significant change that endangers the Company.

#### **5.6.7 Expected Benefits and Risks Relating to Merger and Acquisition Plans and Response Measures**

The Company did not have any risk of merger and acquisition from 2024 to the printing date of the annual report.

### **5.6.8 Expected Benefits and Risks Relating to Plant Expansion Plans and Response Measures**

From 2024 to as of the date of publication of the Annual Report, the Company has no plant expansion plans. However, the Company will continue to look at the actual operational needs of the Group's companies and abroad, and carefully evaluate and plan major investment plans and needs such as purchasing land, buildings or building factories. Expected Benefits and Response Measures: None.

### **5.6.9 Risks Relating to Excessive Concentration of Purchasing Sources and Customers and Response Measures**

#### **1. Excessive Concentration of Purchasing Sources:**

The Company and its subsidiaries are focusing on the flash memory controllers and flash memory application system products (i.e. pen drive, memory cards, eMMC, SSD, etc.). The material of all these application system products is flash memory. The major suppliers of flash memory are Samsung in Korea, KIOXIA in Japan, Hynix in Korea, Micron, and Sandisk in the US. The development of controllers and system products needs to be implemented based on the specification of flash memory, so the collaboration between controller or system product manufacturers and the flash memory suppliers should be very close. Excessive concentration of purchasing sources is regular in this industry.

The Company and its subsidiaries's major supplier is KIOXIA Taiwan Corporation (Kioxia KITW), which is a subsidiary of KIOXIA Japan. KIOXIA Japan invested in the Company due to the capability of controller and system product design. KIOXIA Japan invested and closely collaborated with the Company and its subsidiaries to develop various products. The Company and its subsidiaries coordinates the new flash memory technologies of TLC (Triple-level Cell)・QLC (Quad-level Cells), and 3D Nand from KIOXIA Japan to design the controllers with high performance and high compatibility. We also purchase the relevant flash memory application products from the affiliates of KIOXIA Japan for our system products. The performance of the firmware in controllers by using KIOXIA flash memory is excellent and we have successfully developed many flash memory application products, our partnership with KIOXIA goes closer and smoothly. Those are the reason the company purchased flash memory from the affiliates of KIOXIA Japan in the excessive concentration of purchasing sources. Since we have been cooperating with KIOXIA Japan for several years, the supply situation is still stable, so there is no significant risk of importation.

#### **2. Excessive Concentration of Customers:**

The Company and its subsidiaries' main sales targets include global electronic distributors and brand owners, industrial application manufacturers, etc. The Company and its subsidiaries also directly or indirectly supplies storage applications to brand manufacturers of various applications such as (cell phones, NBs and game consoles) and its sales territories cover the world. For the most recent year and up to the printing date of the annual report, the Company and its subsidiaries had no sales to a single customer that exceeded 10% of its net sales, so there is no risk of concentration of sales.



**5.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%: None.**

**5.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights:**

As of the printing date of the annual report, there is no such situation.

**5.6.12 Litigation or Non-Litigation Events**

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 Company has engaged attorneys to defend its case and request the court to dismiss SFIPC's allegations.

On January 15, 2025, Taiwan High Court rendered judgment that Mr. Pua's position as the director should be removed. Nevertheless, since Mr. K.S. Pua has resigned from his position on November 18, 2021, the Removal Action's future development has no influence 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. SFIPC disagreed and has appealed this case to the Taiwan High Court.

**5.6.13 Other Major Risks:**

Risk Management Committee

To ensure the effectiveness, integrity and reasonableness of risk management of Phison and its subsidiaries, to protect shareholders' rights and interests, to achieve sustainable development and to implement corporate governance, the Company established the Risk Management Committee in November 2021 as a functional committee under the Board of Directors, which reports on its operations to the Board of Directors once a year.

The Risk Management Committee is a unit that integrates risk management activities and consists of at least three members with legal, accounting or technology-related professional backgrounds, with one of the members serving as the convener and at least a majority of the members being independent directors, and an executive secretariat.

**Risk Management Organization Structure and Duties**

**1. Board of Directors**

Responsible for approving the Law and monitoring the various risks that exist or are potentially present in the Company, and making reasonable resource allocation to ensure effective risk control.

## 2. Risk Management Committee

The Risk Management Committee is the unit that integrates risk management activities and consists of at least three members, one of whom serves as the convener, and at least a majority of the members are independent directors, and an executive secretariat is established. Its duties are as follows:

Formulate relevant risk management practices, establish risk management standards, and regularly review the implementation of the Company's risk management mechanism, risk category evaluation and operational refinement.

Execute the risk management decisions made by the Board and regularly review the development, establishment and effectiveness of the Company's overall risk management mechanism.

Approve the risk response strategy and action plan, and require each risk management unit of the Company to effectively identify, measure, monitor and control each risk.

At least one Risk Management Committee meeting will be held annually.

Review and integrate the Company's various risk management reports, at least once a year to provide timely report to the Board of Directors on the implementation of risk management.

## 3. Executive Secretariat

Responsible for implementing and coordinating the Company's risk management activities, including convening meetings of the Risk Management Committee, assisting the Risk Management Committee in formulating risk management policies and procedures, communicating risk information with each operating unit, and collecting and integrating risk management reports from each operating unit, and other matters assigned by the Risk Management Committee.

## 4. Each Operating Unit

Responsible for the actual implementation of each unit's risk plan, including risk identification, risk analysis, risk assessment, risk response and control, and self-monitoring. Each operating unit shall report the risk management execution status of each type of risk to the Risk Management Committee on a regular basis or when requested by the Risk Management Committee.

## Risk Management Range

The Company shall evaluate the possibility and impact of each risk faced by its daily operation activities and take appropriate countermeasures to continuously improve and reduce corporate risks.

The Company's operational risks can be categorized as operational risks, market risks, operational risks, information security risks, environmental security risks, risks of stable supply of electricity and water resources, risks of statutory infectious diseases, and other risks related to operations. The Company shall establish aggregation and management indicators for each type of risk, which shall be regularly monitored by each operating unit, to ensure that each risk is controlled within a tolerable range.

### Risk Management Committee Members

| Position                   | Name of Directors           | Experience (education):  |
|----------------------------|-----------------------------|--|
| Independent Director       | Huei Ming Wang              | Master of Industrial Management from Chung Hua University<br>Director of Moores Rowland CPAs   |
| Independent Director       | Yu Lun Huang                | Associate Professor, Department of Electronics Engineering, National Chiao Tung University<br>Dean of school hire Vice Academic Affairs, National Yang Ming Chiao Tung University<br>Associate Dean for Academic Affairs, National Yang Ming Chiao Tung University   |
| Senior Special Asst. & COO | Zhi Chyang Yu<br>(Convener) | Master of Risk Management and Insurance, National Chengchi University<br>National Union Electronics Legal Director<br>Legal Manager, Phison Electronics Corp.<br>Spokesperson, Phison Electronics Corp.<br>Senior Special Assistant, Phison Electronics Corp.<br>Chief Operating Officer, Phison Electronics Corp. |

#### Implementation Status of the year

The Committee held 1 meeting in 2024, 100% average attendance and reported at the meeting the results of the 2024 implementation of risk management projects on emergency response management processes (the earthquake disasters as an example), information security, climate change response measures and supply chain risk management measures in 2024, the operation status and results of the year were reported to the Board of Directors Meeting.

#### 5.7 Other Major Events: None.

The background features abstract shapes and patterns. In the top left, there is a yellow organic shape. In the top right, a pink circle is partially covered by a blue circle with diagonal white stripes. The bottom half of the page is dominated by a large, dark blue, pixelated graphic of a globe, overlaid with a yellow and purple wavy shape. To the right of the globe, there are several parallel yellow diagonal lines. The text 'Chapter 6' and 'Special Disclosure' is centered in the upper half of the page.

# **Chapter 6**

## **Special Disclosure**

## **Chapter 6 Special Disclosure**

### **6.1 Summary of Affiliated Companies**

Please go to the MOPS (<https://mops.twse.com.tw>) and click on “Single Company” under “Electronic Document Download” and then “Three Forms and Documents of Related Enterprises” to search.

([https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10))

### **6.2 Private Placement of Securities in the Most Recent Year and as of the Publication Date of the Annual Report:**

Please go to the MOPS (<https://mops.twse.com.tw>) and click on “Theme Zone” under “Private Equity Zone” to search.

(<https://mops.twse.com.tw/mops/#/web/t116sb01>)

### **6.3 Other Necessary Statements: None.**

### **6.4 Material matters specified by Article 36.3.2 of the Securities and Exchange Act that has a material impact on interests of shareholders or price of securities over the most recent year and as of the publication date of the annual report: None.**

**Phison Electronics Corporation**

**Chairman: Wee Kuan Gan**





**PHISON**

No. 1, Qun Yi Rd., Jhunan, Miaoli, Taiwan 350402

TEL : 037-586896

[www.phison.com](http://www.phison.com)