

Phison Electronics Corporation 2025 Annual Report

Annual Report is available in the following websites Taiwan Stock Exchange
Market Observation Post System : <http://mops.twse.com.tw>
Corporation Website : <https://www.phison.com>
Printed on May 8, 2026

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: An Chih Cheng, Chum Yuan, Wu

CPA Firm: KPMG

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

Website: 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

2025 Annual Report

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Chapter 1
Letter to
Shareholders

Chapter 1. Letter to Shareholders

Dear Shareholders,

In 2025 (ROC Year 114), the global semiconductor industry underwent a profound transformation driven by artificial intelligence (AI). As generative AI expanded from cloud data centers to edge computing devices, the NAND storage industry not only emerged from its previous cyclical downturn but also evolved into a critical infrastructure supporting AI computing. Leveraging its leading R&D capabilities and flexible “5+5” growth strategy, Phison Electronics successfully captured emerging opportunities and achieved outstanding operational milestones during the year.

In 2025, fueled by the surge in global AI server demand and the acceleration of enterprise digital transformation, demand for high-speed, high-capacity, and low-latency storage solutions grew exponentially. Phison’s enterprise SSD brand, “PASCARI,” which has been cultivated for years, made significant breakthroughs in the market. It not only successfully entered the supply chains of major global data centers but also maintained technological leadership in ultra-high-capacity storage. Meanwhile, in the PC and mobile OEM markets, the proliferation of AI PCs and AI smartphones further strengthened Phison’s leadership position through its PCIe Gen5 and UFS 4.0 controller solutions.

From a financial perspective, Phison demonstrated strong profitability and operational efficiency in 2025. Annual consolidated revenue reached NT\$72.664 billion, representing a 23.3% year-over-year increase. Annual net profit after tax was approximately NT\$8.7 billion, with earnings per share (EPS) of NT\$41.98. Notably, fourth-quarter EPS alone reached a record-high NT\$21.74. This performance reflects the optimization of the company’s product mix, increased contribution from non-consumer applications (such as enterprise, automotive, and industrial segments), and precise execution in managing NAND supply-demand dynamics.

Innovation in R&D remains the cornerstone of Phison’s competitive advantage. In 2025, the company achieved significant milestones across several key technology areas:

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

Looking ahead to 2026 (ROC Year 115), Phison will continue advancing toward its goal of achieving NT\$100 billion in revenue. The company will further strengthen its technological moat while navigating complex global geopolitical and macroeconomic challenges. By leveraging its diversified supply chain management capabilities, Phison will deepen strategic partnerships with global NAND manufacturers and system vendors. The company will focus on AI fine-tuning workloads, high-performance servers, autonomous driving, and high-end mobile devices, delivering more competitive storage solutions.

Phison remains committed to its core principles of “technology leadership, quality first, and service excellence,” creating value for global customers while delivering sustainable returns for shareholders, employees, and partners.

The estimated sales volume of Phison’s major product lines for 2026 is based on global semiconductor market forecasts, the pace of AI adoption, and key customer demand outlooks, as outlined below:

Product	Expected Sales Volume
NAND Controllers	420 million units
NAND Modules	180 million units

The product lines currently planned for new development or ongoing upgrades in 2026 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, General Managers, Deputy General Manager, Co-managers, Heads of Departments and Branches

2.1.1 Profile of Directors

2.1.1.1 Profile of Directors

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			Remarks (Note)
							Number of Shares	Shareholding Ratio(%)		Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)		Number of Shares	Shareholding Ratio(%)	Title	Name	Relationship		
	Taiwan	Cheng He Investment Co., Ltd.	-	2023.05.31		2020.06.03	2,403,000	1.20	2,503,000	1.13	-	0	0.00	N/A	N/A	N/A	N/A	N/A	N/A	NIL	
Chairman	Malaysia	Representative: Wee Kuan Gan	Male 41-50	2023.05.31	3years	2021.11.18	0	0.00	82,052	0.04	1,031	0	0.00	Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University	Vice President of Phison Electronics Corporation; Director of MaStorage Sdn. Bhd., Core Storage Electronics (Singapore) Limited, Global Fish Limited; Legal Representative Director and Chairman of Great Storage Investment Corporation, Super Storage Technology Corp.; Representative Supervisor of PhisonTech Electronics Taiwan Corp.; Representative Director of Linxudong Investment Co. and OsteK Corp..						
Director	Taiwan	Tzang Horng Kuang	Male 61-70	2023.05.31	3years	2008.06.13	1,438,756	0.72	1,431,736	0.65	0	0	0.00	Master of Department of Healthcare Management, Yuanpei University of	Senior Special Asst. of Phison Electronics Corporation; Director of Power Fish (Sumo)	N/A	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		Experiences (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 Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)			Title	Name		Relationship
															Limited, Nextorage Corp., United Power Research Technology Corp.; Legal Representative Director and Chairman of Emtops Electronics Corp.; Legal Representative Director of Micronops Design Corp.; Check Chairman of ONE LUFON CO. LTD. Hongjiaheing 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	1,288,000	0.58	-	0	0.00	N/A	N/A	N/A	N/A	N/A	N/A	NIL
Director	Taiwan	Representative: Chia An Chuang	Male 71-80	2023.05.31	3year	2023.05.31	0	0.00	0	0.00	0	0.00	0.00	Honorary Doctorate, National Chi Nan University Director and President of Thailand Shin Yu Industrial Co., Ltd. Chairman of the 28th Mediation Committee of SUNMAGON DEVELOPMENT CO., LTD. Jhuashan Town, Nantou County	Government Affairs Advisor, Executive Yuan Chairman of the Management Committee of Zhi Shan Temple Association of SUNMAGON DEVELOPMENT CO., LTD.				NIL	
Director	Taiwan	Juan Ycong Yang	Male 51-60	2023.05.31	3years	2020.06.03	4,349,114	2.28	4,549,114	2.06	0	0.00	0.00	Ph.D. of Institute of Electrical and Control Engineering, National Yang Ming Chiao Tung University Founder of Phison Electronics Corporation	N/A	N/A	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, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks (Note1)
							Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)			Title	Name	Relationship	
Director	Japan	Kioxia Corporation	-	2023.05.31	3years	2017.09.27	19,821,112	9.93	19,821,112	8.97	-	-	1,000	0.00	N/A	Director of Kioxia Semiconductor Division, Taiwan, Kioxia Taiwan Corporation, Micronics Design Comp., Solid State System Co., Ltd	N/A	N/A	N/A	NIL
	Japan	Representative: Hiroshi Miyazaki	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 Alterra Materials Co., 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	0.47	0	0.00	0	0.00	Department of Information and Computer Engineering, Chung Yuan Christian University, Whirbond Corporation, Assistant Manager of Phison Electronics Corporation	Vice Technical Phison Electronics Corporation	N/A	N/A	N/A	NIL
Independent Director	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 Phoenix Rowland CPAs	Independent director of GIGA-BYTE TECHNOLOGY CO., LTD., Taisol Electronics Co., Ltd., Chairman of Jiasheng Asset Management Co., Ltd., Shi Lu Xuan Restaurant Co., Ltd., Qingsheng	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, Directors or Supervisors who are spouses or within the second degree of kinship		Remarks (Note)	
							Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)			Title	Name		Relationship
															Property Development Co., Ltd., Jiyang Assn. Management Co., Ltd., Apollo Power co., Ltd., Apollo Xin Neng Co., Ltd., Apollo Energy Co., Ltd., Apollo digital power CO., LTD., Fuzhiyang Co., Ltd., Citizen Enterprise Management Consulting Co., Ltd., Supervisor of ECGROWD MEDIA INC., United Power Research Technology Corp. Certified Public Accountant of Hui Ming Wang Accounting Firm					
Independent Director	Taiwan	Chen Wei Wang	Male 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 CEO of Quanta Computer Inc. President of Quantat Computer Inc.	Independent director of Simplo Technology Co. Ltd., Pegatron Corporation	N/A	N/A	N/A	NIL
Independent Director	Taiwan	Yu Lun Huang	Female 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 Chemistry Department of Information Engineering, National Yang Ming Chiao Tung University Dean of school Vice Academic Affairs, National Yang Ming Chiao Tung University Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University Consultant of	Dean of school Vice Academic Affairs, National Yang Ming Chiao Tung University Professor, Department of Electrical Engineering, National Yang Ming Chiao Tung University Consultant of	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, Directors or Supervisors who are spouses or within the second degree of kinship			Remarks (Note1)
							Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)	Number of Shares	Shareholding Ratio(%)			Title	Name	Relationship	
																Taiwan Open Course and Education Consortium				

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, 2026

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

April 30, 2026

Name of institutional shareholder	Major shareholders
Kioxia Holdings Corporation	Toshiba Corporation : 27.25%
	BCPE Pangea Cayman, L.P. : 22.00%
	BCPE Pangea Cayman2, Ltd. : 14.34%
	BCPE Pangea Cayman 1A, L.P. : 8.98%
	BCPE Pangea Cayman 1B, L.P. : 5.74%
	The Master Trust Bank of Japan, Ltd. (Trust account) : 2.59%
	UBSS LLC CUSTODY A/C EXCL BEN CUST UBSS LLC : 1.18%
	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE : 1.01%
	JPMorgan Securities Japan Co., Ltd. : 0.74%
	Custody Bank of Japan, Ltd. (Trust account) : 0.72%

Note: The above information is obtained from the official website of Kioxia Holdings Corporation and represents the proportion of voting shares of the company as of September 30, 2025. Official website (<https://www.kioxia-holdings.com/en-jp/ir/stock/outline.html>).

2.1.1.4 Disclosure of Directors' Professional Qualifications and Independent Directors'
Independence Information:

Criteria 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. 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 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 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 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 Sustainability and Risk 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. 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 Academic Affairs of the University and Taiwan Open Curriculum League Consultant. She currently holds the position of Associate Professor in the Electrical Engineering Department of National Yang Ming Chiao Tung University and has rich industrial knowledge and experience. She is currently a member of the Audit Committee, the Remuneration Committee, the Sustainability and Risk Management 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 of 2.1 of Chapter 2 Corporate Governance Report, and the table below.

Diversified Core Competences	Basic Composition										Industrial Experience/Expertise							
	Name of Directors	Nationality	Gender	Director as Employee	Age			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
					41-50	51-60	61-70		71-80	Less than 3 years								
	Wee Kuan Gan (Representative of Cheng He Investment Co., Ltd.)	Malaysia	Male	✓	✓			✓			✓		✓		✓		✓	
	Director	Taiwan	Male	✓		✓					✓		✓		✓		✓	
	Chiu An Chuang (Representative of Cheng Shao Investment Limited)	Taiwan	Male				✓				✓		✓		✓		✓	
	Director	Taiwan	Male		✓						✓			✓			✓	
	Director	Taiwan	Male	✓				✓			✓		✓		✓		✓	
	Hiroshi Miyuchi (Representative of Kioxia Corporation)	Japan	Male			✓					✓		✓		✓		✓	
	Independent Director	Taiwan	Male			✓			✓		✓		✓		✓		✓	
	Independent Director	Taiwan	Male				✓				✓		✓		✓		✓	
	Independent Director	Taiwan	Female							✓			✓		✓		✓	

2.1.2 Information of the general manager, deputy general manager, associate, and directors of various departments and branches
 March 29, 2026; Unit: shares

Title	Nationality	Name	Gender	Election (appointment) Date:	Shareholding		Spouse, minor children Shareholding		Held under the names of other parties Shareholding		Primary Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks Note1
					Number of Shares	Shareholding ratio(%)	Number of Shares	Shareholding ratio(%)	Number of Shares	Shareholding rate(%)			Title	Name	Relationship	
CEO	Malaysia	Khein Seng Pua	Male	2008.10.01	5,760,972	2.61	906,262	0.41	5,019,144	2.27	Master's Degree in Motor and Control Engineering, National Yang Ming Chiao Tung University Founder of Phison Electronics Corporation	Note 2	N/A	N/A	N/A	NIL Circumstances
	Taiwan	Chung Hsun Ma	Male	2023.08.04	80,000	0.04	0	0.00	0	0.00	Master's Degree, Department of Physics, National Central University Deputy General Manager of Ji Yuan Technology Corp.	Note 3	N/A	N/A	N/A	NIL Circumstances
Vice Technical President	Taiwan	Chih Jen Hsu	Male	2012.08.01	1,040,301	0.47	0	0.00	0	0.00	Department of Information and Computer Engineering, Chung Yuan Christian University Winbond Electronics Corporation Assistant Manager Founder of Phison Electronics Corporation	N/A	N/A	N/A	N/A	NIL Circumstances
Vice President	Malaysia	Wee Kuan Gan	Male	2012.02.24	82,052	0.04	1,031	0.00	0	0.00	Department of Electronics and Electrical Engineering, National Yang Ming Chiao Tung University	Note 4	N/A	N/A	N/A	NIL Circumstances

Title	Nationality	Name	Gender	Election (appointment) Date:	Shareholding		Spouse, minor children Shareholding		Held under the names of other parties Shareholding		Primary Experience (Education)	Other Position Concurrently Held at the Company and Other Companies	Managers who are Spouses or Within Two Degrees of Kinship			Remarks Note 1
					Number of Shares	Shareholding ratio(%)	Number of Shares	Shareholding ratio(%)	Number of Shares	Shareholding ratio(%)			Title	Name	Relationship	
Vice President	Taiwan	Kuo Yi Cheng	Male	2022.03.01	141,134	0.06	1,558	0.00	0	0.00	Master's Degree, Department of Electrical Engineering, Taiwan University of Science and Technology ALi Corporation Engineer Faraday Technology Corporation Engineer	Note 5	N/A	N/A	N/A	NIL Circumstances
Vice President	Taiwan	Chiang Han Hsu	Male	2024.11.08	25,000	0.01	0	0.00	0	0.00	University of Southern California Master's Degree in Electronic Engineering ASUSTEK COMPUTER INC. Engineer	Note 6	N/A	N/A	N/A	NIL Circumstances
Head of Finance and Accounting Department (Director)	Taiwan	Pao Feng Chen	Female	2020.03.27	20,000	0.01	0	0.00	0	0.00	University of Wales Master's Degree in E-commerce Management	N/A	N/A	N/A	N/A	NIL Circumstances
Senior Special Asst. & COO	Taiwan	Zhi Chyang Yu	Male	2021.02.06	82,000	0.04	0	0.00	0	0.00	MBA of Risk Management and Insurance, National Chengchi University National Union Electronics Legal Director	Note 7	N/A	N/A	N/A	NIL 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., Ostek Corp., Phisontech Electronics Taiwan Corp.; Chairman of Cheng He Investment Co., Ltd., Qun Ju Investment Co., Ltd, Hui Ju Investment Co., Ltd, Cheng Shuo Investment Limited; Legal Representative Director of Emtops Electronics Corp., Gorich Investment Corporation; Director of Global Flash Limited, Core Storage Electronic (Samoa) Limited, Mascot Investment Management Limited - Fleche Technology Limited, CEO of MaiStorage Technology Sdn. Bhd..

Note 3: Supervisor of Microtops Design Corp.; Director of the Legal Representative of Emtops Electronics Corp.; Legal Representative of Director and Chairman of Gorich Investment Corporation.

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 Electronics Taiwan Corp.; Representative Director of Lianxudong Investment Co. and Ostek Corp..

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

Note 6: Director of Phison Technology India Private Limited, Phison Electronics Japan Corp.; 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 Emtops Electronics Corp..

Title	Name	Remuneration Paid to Directors						Relevant Remuneration Received by Directors as Employees						The amount of salary from M, L, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UY, UV, UW, UX, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VV, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ						
		Base Compensation (A)		Severance and Retirement Pension (B)		Directors Compensation (C)		Business Expenses (D)		Total amount of A, B, C and D after tax income after tax (Note 2)		Salaries, Bonuses and Special Incentives (E)			Severance and Retirement Pension (F) (Note 3)		Employee Compensation (G)		The amount of salary from M, L, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z, AA, AB, AC, AD, AE, AF, AG, AH, AI, AJ, AK, AL, AM, AN, AO, AP, AQ, AR, AS, AT, AU, AV, AW, AX, AY, AZ, BA, BB, BC, BD, BE, BF, BG, BH, BI, BJ, BK, BL, BM, BN, BO, BP, BQ, BR, BS, BT, BU, BV, BW, BX, BY, BZ, CA, CB, CC, CD, CE, CF, CG, CH, CI, CJ, CK, CL, CM, CN, CO, CP, CQ, CR, CS, CT, CU, CV, CW, CX, CY, CZ, DA, DB, DC, DD, DE, DF, DG, DH, DI, DJ, DK, DL, DM, DN, DO, DP, DQ, DR, DS, DT, DU, DV, DW, DX, DY, DZ, EA, EB, EC, ED, EE, EF, EG, EH, EI, EJ, EK, EL, EM, EN, EO, EP, EQ, ER, ES, ET, EU, EV, EW, EX, EY, EZ, FA, FB, FC, FD, FE, FF, FG, FH, FI, FJ, FK, FL, FM, FN, FO, FP, FQ, FR, FS, FT, FU, FV, FW, FX, FY, FZ, GA, GB, GC, GD, GE, GF, GG, GH, GI, GJ, GK, GL, GM, GN, GO, GP, GQ, GR, GS, GT, GU, GV, GW, GX, GY, GZ, HA, HB, HC, HD, HE, HF, HG, HH, HI, HJ, HK, HL, HM, HN, HO, HP, HQ, HR, HS, HT, HU, HV, HW, HX, HY, HZ, IA, IB, IC, ID, IE, IF, IG, IH, II, IJ, IK, IL, IM, IN, IO, IP, IQ, IR, IS, IT, IU, IV, IW, IX, IY, IZ, JA, JB, JC, JD, JE, JF, JG, JH, JI, JJ, JK, JL, JM, JN, JO, JP, JQ, JR, JS, JT, JU, JV, JW, JX, JY, JZ, KA, KB, KC, KD, KE, KF, KG, KH, KI, KJ, KL, KM, KN, KO, KP, KQ, KR, KS, KT, KU, KV, KW, KX, KY, KZ, LA, LB, LC, LD, LE, LF, LG, LH, LI, LJ, LK, LL, LM, LN, LO, LP, LQ, LR, LS, LT, LU, LV, LW, LX, LY, LZ, MA, MB, MC, MD, ME, MF, MG, MH, MI, MJ, MK, ML, MM, MN, MO, MP, MQ, MR, MS, MT, MU, MV, MW, MX, MY, MZ, NA, NB, NC, ND, NE, NF, NG, NH, NI, NJ, NK, NL, NM, NN, NO, NP, NQ, NR, NS, NT, NU, NV, NW, NX, NY, NZ, OA, OB, OC, OD, OE, OF, OG, OH, OI, OJ, OK, OL, OM, ON, OO, OP, OQ, OR, OS, OT, OU, OV, OW, OX, OY, OZ, PA, PB, PC, PD, PE, PF, PG, PH, PI, PJ, PK, PL, PM, PN, PO, PP, PQ, PR, PS, PT, PU, PV, PW, PX, PY, PZ, QA, QB, QC, QD, QE, QF, QG, QH, QI, QJ, QK, QL, QM, QN, QO, QP, QQ, QR, QS, QT, QU, QV, QW, QX, QY, QZ, RA, RB, RC, RD, RE, RF, RG, RH, RI, RJ, RK, RL, RM, RN, RO, RP, RQ, RR, RS, RT, RU, RV, RW, RX, RY, RZ, SA, SB, SC, SD, SE, SF, SG, SH, SI, SJ, SK, SL, SM, SN, SO, SP, SQ, SR, SS, ST, SU, SV, SW, SX, SY, SZ, TA, TB, TC, TD, TE, TF, TG, TH, TI, TJ, TK, TL, TM, TN, TO, TP, TQ, TR, TS, TT, TU, TV, TW, TX, TY, TZ, UA, UB, UC, UD, UE, UF, UG, UH, UI, UJ, UK, UL, UM, UN, UO, UP, UQ, UR, US, UT, UY, UV, UW, UX, UY, UZ, VA, VB, VC, VD, VE, VF, VG, VH, VI, VJ, VK, VL, VM, VN, VO, VP, VQ, VR, VS, VT, VU, VV, VW, VX, VY, VZ, WA, WB, WC, WD, WE, WF, WG, WH, WI, WJ, WK, WL, WM, WN, WO, WP, WQ, WR, WS, WT, WU, WV, WW, WX, WY, WZ, XA, XB, XC, XD, XE, XF, XG, XH, XI, XJ, XK, XL, XM, XN, XO, XP, XQ, XR, XS, XT, XU, XV, XW, XX, XY, XZ, YA, YB, YC, YD, YE, YF, YG, YH, YI, YJ, YK, YL, YM, YN, YO, YP, YQ, YR, YS, YT, YU, YV, YW, YX, YZ, ZA, ZB, ZC, ZD, ZE, ZF, ZG, ZH, ZI, ZJ, ZK, ZL, ZM, ZN, ZO, ZP, ZQ, ZR, ZS, ZT, ZU, ZV, ZW, ZX, ZY, ZZ	
		The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements		The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's consolidated financial statements	The Company's 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 6, 2026, the Board of Directors resolved to allocate a total of NT \$1,000,000 thousand in employee remuneration and NT \$36,000 thousand in directors' remuneration.

Note 2: Net income after tax refers to the net income after tax in individual financial statements of NT \$8,739,178 thousand in the 2025 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.

Table of Remuneration Range

Remuneration Range of Board of directors	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Less than NT\$1,000,000	0	0	0	0
NT\$1,000,000 (inclusive) to 2,000,000 (not inclusive)	0	0	0	0
NT\$2,000,000 (inclusive) to 3,500,000 (not inclusive)	0	0	0	0
NT\$3,500,000 (inclusive) to 5,000,000 (not inclusive)	Chengle Investment Co., Ltd. Representative: Wee Kuan Gan, Tzang Hong Kuang - Cheng Shuo Investment Limited. Representative: Chau An Chung, Jium Yeng Yang, Ksivia Corporation, Hui Ming Wang, Chen Wei Wang, Yu Lun Huang	Cheng Shuo Investment Co., Ltd. Representative: Wee Kuan Gan, Tzang Hong Kuang - Cheng Shuo Investment Limited. Representative: Chau An Chung, Jium Yeng Yang, Ksivia Corporation, Hui Ming Wang, Chen Wei Wang, Yu Lun Huang	Cheng Shuo Investment Co., Ltd. Representative: Chau An Chung, Jium Yeng Yang, Ksivia Corporation, Hui Ming Wang, Chen Wei Wang, Yu Lun Huang	Cheng Shuo Investment Co., Ltd. Representative: Chau An Chung, Jium Yeng Yang, Ksivia Corporation, Hui Ming Wang, Chen Wei Wang, Yu Lun Huang
NT\$5,000,000 (inclusive) to 10,000,000 (not inclusive)	0	0	0	0
NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)	0	0	0	0
NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)	0	0	0	0
NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)	0	0	0	0
NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive)	0	0	0	0
More than NT\$100,000,000	0	0	0	0
Total	0	0	0	0

2.2.2 Remuneration of the President and Vice Presidents

Unit: Thousands NTD

Title	Name	Salary (A)		Severance and Retirement Pension (B) (Note 3)		Bonus and Extraordinary expenses, etc. (C) (Note 4)		Employee Compensation (D) (Note 1)				Total amount of A, B, C and D and percentage of net income after tax (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	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
CEO	Kheim Seng Pua													
President	Chung Hsun Ma													
Vice Technical President	Chih Jen Hsu	26,503	26,503	881	881	44,596	44,596	66,970	0	66,970	0	138,950	138,950	N/A
Vice President	Wee Kuan Gan													
Vice President	Kuo Yi Cheng													
Vice President	Chiang Hsin Hsu													

Note 1: On March 6, 2026, 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 \$8,739,178 thousand in the 2025 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.

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)	0	0
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)		Chih Jen Hsu
NT\$10,000,000 (inclusive) to 15,000,000 (not inclusive)		Chiang Han Hsu, Kuo Yi Cheng
NT\$15,000,000 (inclusive) to 30,000,000 (not inclusive)		Chung Hsun Ma, Wee Kuan Gan
NT\$30,000,000 (inclusive) to 50,000,000 (not inclusive)	0	0
NT\$50,000,000 (inclusive) to 100,000,000 (not inclusive)		Kheim Seng Pua
More than NT\$100,000,000	0	0
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	73,100	73,100	0.84%
	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				
	Senior Special Asst. & COO	Zhi Chyang Yu				
	Head of Finance and Accounting Department (Director)	Pao Feng Chen				

2.2.4 Comparison of the analysis of the ratio of total remuneration paid to directors, 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, 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 (%)
	2024		2025			
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements		
Director	1.08	1.08	0.73	0.73	(0.35)	(0.35)
President and Vice President	3.77	3.77	1.59	1.59	(2.18)	(2.18)

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

Employee's remuneration may be distributed in shares or cash, and 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 \$11,148,787 thousand in 2025 years (profit refers to profit before profit before tax deducting employee remuneration and directors' remuneration). On March 6, 2026, the Board of Directors resolved that the remuneration of employees who had been profitably distributed since

2025 years was NT \$1,000,000 thousand (accounting for about 8.97% of the profit earned in 2025 years) and the remuneration of directors amounted to NT \$36,000 thousand (accounting for about 0.32% of the profit earned in 2025 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 2025 years shall allocate 8% to 19% of such profit as employees compensation, of which the allocation to non-executive employees shall not be less than 1% and allocation no more than 1.5% as directors' compensations, but the Company shall reserve a portion of profit to make up for accumulated losses, if any." 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 President 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 President 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, operating profit, 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 10%.

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, President 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 11 meetings in 2025, 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. Representative: Wee Kuan Gan	11	0	100	
Director	Tzung Horng Kuang	11	0	100	
Director	Cheng Shuo Investment Limited Represented by: Chiu An Chuang	10	1	91	
Director	Jiunn Yeong Yang	11	0	100	
Director	Chih Jen Hsu	11	0	100	
Director	Kioxia Corporation Representative: Hiroshi Miyauchi	10	1	91	
Independent Director	Huei Ming Wang	11	0	100	
Independent Director	Chen Wei Wang	9	2	82	
Independent Director	Yu Lun Huang	11	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 2025 years

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

2025	2025.01.20 Tenth Session 14th Time	2025.03.07 Tenth Session 15thTime	2025.04.09 Tenth Session 16th Time	2025.05.07 Tenth Session 17th Time	2025.05.15 Tenth Session 18th Time	2025.07.14 Tenth Session 19th Time
Huei Ming Wang	⊙	⊙	⊙	⊙	⊙	⊙
Chen Wei Wang	⊙	⊙	⊙	⊙	⊙	⊙
Yu Lun Huang	⊙	⊙	⊙	⊙	⊙	⊙

2025	2025.07.30 Tenth Session 20th Time	2025.08.14 Tenth Session 21th Time	2025.09.03 Tenth Session 22th Time	2025.11.07 Tenth Session 23th Time	2025.12.22 Tenth Session 24th Time
Huei Ming Wang	◎	◎	◎	◎	◎
Chen Wei Wang	☆	☆	◎	◎	◎
Yu Lun Huang	◎	◎	◎	◎	◎

Other items to be recorded:

1. 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:

(1) 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.

(2) 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.

2. 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
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	Wee Kuan Gan, Tzung Horng Kuang, Chih Jen Hsu	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.
2025.05.15	The Company plans to lease a portion of the land with the land No. 1542-1 in Guang yuan Section, Zhunan Town, Miaoli County	Huei Ming Wang		
	The List of first issuing Employee Stock Option under the "FY2025 Employee Stock Option Plan" for managerial officers	Wee Kuan Gan, Chih Jen Hsu		
	Review of the annual fixed salary adjustment and payment plan for managers of the Company	Wee Kuan Gan, Chih Jen Hsu		
	Reviewing the setting of KPI performance evaluation, and compensation for senior executives in 2025	Wee Kuan Gan		

2025.07.30	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 2024	Wee Kuan Gan, Chih Jen Hsu , Tzung Horng Kuang, Jiunn Yeong Yang, Hiroshi Miyauchi, Chiu An Chuang, Huei Ming Wang, ChenWei Wang, Yu Lun Huang		
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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, 2025 to December 31, 2025
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, 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-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	<ol style="list-style-type: none"> 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 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

		<p>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>
<p>Rating</p>	<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 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</p>	<p>The performance evaluation of the Board of Directors (including functional committees) for 2025 was conducted via questionnaires. The results were submitted to the board for review and improvement on March 6, 2026.</p> <p>1. The results of the Board of Directors' performance evaluation show that the 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</p>

	<p>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 system and have decided not to implement it at this time. However, we will continue to monitor the system's subsequent development.</p>	<p>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>
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	<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 2025 was completed and the results were reported to the Board of Directors on March 6, 2026.</p> <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.</p>		

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 Sustainability and Risk Management 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 10 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	10	0	100	
Independent Director	Chen Wei Wang	9	1	90	
Independent Director	Yu Lun Huang	10	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 (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
2025.01.20 (2nd Session, 12th time)	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 Application for the conversion of employee stock options into common shares for the fiscal year 2022 The Company proposes the investment plan to establish a new Taiwan subsidiary, Gorich Investment Corporation (Tentative Name)	The Audit Committee unanimously passed all resolutions, and the Board of Directors approved all resolutions based on the recommendations of the Audit Committee.
2025.03.07 (2nd Session, 13th time)	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 For the matter of changing the Company’s appointed Certified Public Accountants	

	<p>The hiring of the attesting CPA and the compensation given thereto of the year of 2025 and 2026, and the evaluate the CPA independence and suitability</p> <p>The Company proposed to amend “Non-Assurance Services Pre-approval General Policy”</p> <p>The Company decides the private placement of common shares in the 2024 regular meeting of shareholders and plans not to handle offering and issuance</p> <p>The Company handling the private common shares</p> <p>Revised provisions of the Company's “Cyber Security Management Procedures”</p> <p>Revised provisions of the Company's “Labor and wage cycle”</p> <p>2024 Internal Control System Statement</p> <p>Proposed Amendment to the Company’s Article of Incorporation to stipulate the proportion of compensation allocated to non-executive employees in accordance with the applicable laws</p>	
2025.04.09 (2nd Session, 14th time)	The board of directors had previously approved the amendment of Articles of Incorporation to add the proportion of compensation allocated to non-executive employees. However, due to errors in the compilation of the comparison table of the amended articles, corrections are necessary. Therefore, it is proposed for discussion	
2025.05.07 (2nd Session, 15th time)	<p>Financial statements for the first quarter of 2025</p> <p>The credit line of banks for the Company</p> <p>The credit line of foreign exchange and derivatives for the Company</p> <p>Application for the conversion of employee stock options into common shares for the fiscal year 2022</p> <p>Phison plans to purchase two plots of land in Kuan-Yuan Section, Zhunan Town, Miaoli County</p> <p>Phison plans to purchase three plots of land in Kuan-Yuan Section, Zhunan Town, Miaoli County</p> <p>The List of issuing Employee Stock Option under the “Regulation of the 2025 Employee Stock Option Plan” for its managerial officers</p>	
2025.05.15 (2nd Session, 16th time)	<p>The subsidiary of the Company, Core Storage Electronic (Samoa) Limited, plans to invest Shenzhen Quanxing Technology Co., Ltd. in Mainland China</p> <p>Phison plans to participate in the land bidding case entrusted to CBRE LIMITED TAIWAN BRANCH (H.K.)</p> <p>The Company plans to lease a portion of the land with the land No. 1542-1 in Guang yuan Section, Zhunan Town, Miaoli County</p>	
2025.07.14	Revising partial articles of company's “Production cycle”	

(2nd Session, 17th time)	The Company proposed to issue the third Domestic Unsecured Convertible Bonds (the “Bonds”)
	The Company proposed to revise the Issuance and Conversion Procedures of the Second Domestic Unsecured Convertible Corporate Bonds issued on 23th, January, 2024 to the Securities and Futures Bureau of the Financial Supervisory Commission
	The credit line of banks for the Company
	The credit line of foreign exchange and derivatives for the Company
2025.08.14 (2nd Session, 18th time)	2025 financial statements and business report for the second quarter
	2025 profit distribution statement for the first half
	2025 cash dividend for profit distribution for the first half
	Application for the conversion of employee stock options into common shares for the fiscal year 2022
2025.09.03 (2nd Session, 19th time)	Capital expenditure proposal for the construction of a new warehouse on Zhonghua Road land
2025.11.07 (2nd Session, 20th time)	Financial statements for the third quarter of 2025
	The credit line of banks for the Company
	The credit line of foreign exchange and derivatives for the Company
	Application for the conversion of employee stock options into common shares for the fiscal year 2022
	The proposal of the “2026 Annual Audit Plan”
	Revising partial articles of “Authorizing Table”
	Revising partial articles of the Company's “Purchase and Payment Cycle”
	Revising partial articles of the Company's “Labor and Wage Cycle”
The Company proposes to establish a liaison office in Korea to discuss and deliberate on this matter	
2025.12.22 (2nd Session, 21th time)	The Company proposes to establish “Regulations Governing the Stock Operation Management of Phison Electronics Corporation”
	Proposal to establish a new Zhubei Branch Office (tentative name) and apply to the Hsinchu Science Park Bureau, National Science and Technology Council, for investment and residency in the Hsinchu Biomedical Science Park

(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
2025.05.15	The Company plans to lease a portion of the land with the land No. 1542-1 in Guang yuan Section, Zhunan Town, Miaoli County	Huei Ming Wang	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.

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 8, 2025, 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
2025.03.07	<ol style="list-style-type: none"> The CPA state they and the firm have follow the rule of CPA independences. The CPA explains the responsibilities of the CPA firm 、 the BODs and the Audit Committee to governance the Company. The CPA explains their audited results of the Company's financial statements of 2024 ; including the scope and method of the review, key audit matters and the company's governing situation, of related parties. 	<p>The CPA issued “unqualified audited reports” to the company's 2024 financial reports.</p> <p>The Independent Directors have understood the accountant’s explanations and has no opinion on the audit matter and the audit conclusion.</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>	
2025.05.07	<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/2025 ; 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/2025 financial reports. The Independent Directors have understood the accountant's explanations and has no opinion on the audit matter and the audit conclusion.</p>
2025.08.14	<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/2025 ; 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/2025 financial reports. The Independent Directors have understood the accountant's explanations and has no opinion on the audit matter and the audit conclusion.</p>
2025.11.07	<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 3Q/2025 ; including the scope and method of the review, key</p>	<p>The CPA issued "Unqualified audited opinion" to the company's 3Q/2025 financial reports. The Independent Directors have understood the accountant's explanations and has no opinion on the audit</p>

		<p>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 2025.</p> <p>5. The CPA explains the recently rules or Interpretations issued by competent authorities.</p>	<p>matter and the audit conclusion.</p>	
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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 Reasons for the differences from the Code of Corporate Governance for 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 www.phison.com/Investors /Corporate Governance/ 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		Summary Description	Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies
	Yes	No		
			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 12-13 of this annual report.	(1) No significant differences

Evaluation Items	Operating conditions		Summary Description	Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies
	Yes	No		
(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 Sustainability and 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 27-30 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		Summary Description	Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies
	Yes	No		
			<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. B. Designate specialists to collect and update the website contents periodically. C. Contact information for spokesperson system, etc.: antonioyu@phison.com kuoting_lu@phison.com 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 6, 2026, the Company announced the annual financial report for the year 2025, 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		Summary Description	Circumstances and Reasons for the differences from the Code of Corporate Governance for Listed Companies
	Yes	No		
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		<p>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.</p> <p>https://www.phison.com/zh-tw/investor-relations/corporate-governance) and ESG Zone (https://www.phison.com/zh-tw/csr) °</p>	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>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.</p> <p>(1) The Company has established the expected improvement indicators based on the final evaluation results of the 11th Corporate Governance Appraisal. The improvement status are as follows:</p>				
Question No.	Subject	Status Improved	Suggesting priorities and measures of enhancement for those who have not improved	
1.19	Does the Company provide a live online broadcast of the shareholders' meeting or upload a complete, uninterrupted audio/video recording after the meeting?	A complete, uninterrupted video recording of the 2025 Annual Shareholders' Meeting has been made available on the Company's website.	None	

2.3.4 Composition and operation of the Remuneration Committee

2.3.4.1 Remuneration Committee Membership Profile

Date: March 29, 2026

Criteria		Professional qualifications and experience	Independence Situation	Number of Members of Salaries Compensation Committee of Other Publicly Listed Companies
Identity	Name			
Independent Director (Convener)	Huei Ming Wang	Please refer to pages 4-8 and page 10-13 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 3 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	3	0	100	
Committee Member	Chen Wei Wang	2	1	67	
Committee Member	Yu Lun Huang	3	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> <ol style="list-style-type: none"> (1) Regularly evaluate the organizational rules of the Remuneration Committee and propose amendments. (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. (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. 					

In the performance of its duties, the Remuneration Committee shall apply the following criteria:

- (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
2025.01.20 5th Session, 7th 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
2025.05.15 5th Session, 8th time	The Company's first issuance of employee stock warrants in accordance with the "Regulation of the 2025 Employee Stock Option Plan" - list of managers and subscription price. Review of the annual fixed salary adjustment and payment plan for managers of the Company.		

Time	Subject of discussion	Results of the resolution	Treatment of members' opinions by the Company
	Reviewing the 2025 Target-setting Proposal of the Senior Manager of the Company.		
2025.07.30 5th Session, 9th time	Reviewed the 2026 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 2024 and the Performance Incentive Bonus and the Employee Compensation during 2024 for managerial officers.		

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	
<p>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 ?</p>	V		<p>No significant differences</p> <p>To enhance management efficiency and better allocate resources, the Company resolved at a Board meeting in November 2025 to merge the existing Corporate Sustainability Management Committee and Risk Management Committee into the Sustainability and Risk Management Committee. This committee serves as the highest internal decision-making body responsible for ESG matters within the Company and reports its operational status to the Board of Directors once a year.</p> <p>The Sustainability and Risk Management Committee consists of three members: Independent Director Hwei Ming Wang, Independent Director Yu Lun Huang, and Senior Special Assistant and COO Zhi Chiyang Yu (Convener). An Executive Secretariat has also been established to support the committee's operations.</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>On February 5, 2026, the committee reported to the Board of Directors on the sustainability and risk management achievements for 2025 and the work plan for 2026. The report covered topics including preparation for alignment with IFRS S1/S2, information security management, supply chain de-risking, supply chain information security management, a five-year results report on public welfare projects, the implementation project of a carbon management platform, and sustainability rating performance. Each year, the Board of Directors reviews the report presented by the Sustainability and Risk Management Committee and, based on its authority and expertise, provides relevant recommendations to oversee project directions and enhance the likelihood of successful implementation.</p> <p>Please refer to the Company's website at www.phison.com / Investor Relations / Corporate Governance /Sustainability and Risk Management Committee.</p>	
2. Has the company conducted risk assessment on environmental, social	V		No significant differences

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
Yes	No	
Promoted Items	Summary Description	
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?	<p>response measures for major topics.</p> <p>The Company's Sustainability and Risk Management 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 refer to the Company's website at www.phison.com/ ESG/Resource Center/2024 ESG Report/2.1 Material Topics Identification Procedures (P18-P19) & 3.5 Ethical Corporate Management (P34) & 3.6 Economic Performance (P37) & 4 Innovation & Service (P42) & 5 Responsible Supply Chain (P49) & 7.2 Talent Attraction and Retention (P72) & 7.3 Talent Development and Training (P82).</p>	
3. The environmental agenda		

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	
(1) Has the company established an appropriate environmental management system according to the characteristics of its industry?	V		(1) No significant differences The Company has established an environmental management system in accordance with ISO 14001 and continues to maintain its certification. The scope of certification covers the design of flash memory storage devices and flash memory controller ICs.. The Company has obtained ISO 14001 certificate, valid from 2024.02.09 to 2027.02.08. Detailed results, please refer to the Company's website at www.phison.com/ESG/ResourceCenter/2024ESGReport/6.EnvironmentalProtection(P56-P67) .
(2) Has the company committed to improve the energy efficiency and use the renewable materials with low impact on the environment?	V		(2) No significant differences The Company's Plant V has obtained certification for the ISO 50001 Energy Management System. Through data tracking and analysis, the Company continuously identifies opportunities for energy improvement to reduce environmental impact. In 2024, the Company implemented three energy-saving projects, which are estimated to have saved 489,287.72 kWh of electricity, representing an electricity saving rate of 1.37%. As the Company's primary carbon emissions originate from purchased electricity, the Company has established carbon emission intensity (greenhouse gas emissions per million

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	
			<p>Summary Description</p> <p>in revenue) as its management indicator. For 2024, the greenhouse gas emission intensity target was set at ≤0.320 metric tons of CO₂e per million in revenue. The actual emission intensity was 0.285 metric tons of CO₂e per million in revenue, representing a decrease of 12.31% compared with 2023, successfully achieving the target.</p> <p>In addition, due to the expansion of the inventory boundary and changes in the quantification methodology under ISO 14064-1:2018, the change in greenhouse gas emissions exceeded the materiality threshold. Therefore, the base year for emissions has been revised from 2023 to 2024 to ensure consistency and reasonableness in data comparison.</p> <p>The Company is committed to reducing waste generation at the source and implementing resource recycling. In 2024, 0.0051% of the Company's hazardous industrial waste and 47.46% of its general waste were treated through recycling, accounting for 43.27% of the</p>

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
Promoted Items	Summary Description	
Yes		
No		
		total annual waste generated. The waste recycling rate increased by 3.65 percentage points compared with 2023. Please refer to our website www.phison.com/ESG/Resource Center/2024 ESG Report/Sustainability Management Indicators (P10-11) & 6. Environmental protection (P60-63) .
V	(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?	(3) The Company's functional committee under the Board of Directors - the Sustainability and 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. During the current year, in accordance with the framework of the Task Force on Climate-related Financial Disclosures recommendations, the Company identified transition risks including greenhouse gas emissions caps and carbon fees, as well as increased operating costs incurred in achieving carbon reduction targets. <u>Physical risks identified include water</u>
		(3) No significant differences

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
Promoted Items	Summary Description	
	Yes	
	No	
		restrictions/water outages, power restrictions/power outages, and heavy rainfall/flooding. Please refer to the Company's website at www.phison.com/ESG/Resource Center/2024 ESG Report/6.1 Climate Strategy (P56-P58) .
(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	(4) The Company conducts an annual greenhouse gas inventory in accordance with ISO 14064-1 standards. The scope of the inventory covers the use of all plants and leased offices of the Company, excluding facilities and locations that have not yet been in formal operation for one full year, unused facilities and sites, and outsourced management areas. For 2024, the Company set a greenhouse gas emission intensity target of ≤ 0.320 metric tons per million in revenue, which has been successfully achieved.

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies																														
Promoted Items	Summary Description																															
Yes	No																															
		<table border="1"> <thead> <tr> <th colspan="6">Unit: tons CO₂e</th> </tr> <tr> <th>Year</th> <th>Category 1</th> <th>Category 2</th> <th>Category 3-6</th> <th>Category 2 Emission Intensity (metric tons / million in revenue)</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>228.3663</td> <td>15,447.9343</td> <td>4,905.0443</td> <td>0.325</td> <td>20,581.345</td> </tr> <tr> <td>2024</td> <td>344.3885</td> <td>16,441.4106</td> <td>5,366.8295</td> <td>0.285</td> <td>22,152.629</td> </tr> </tbody> </table> <p>The target for water consumption per capita for the current year was a 9% reduction compared with 2018, and the annual target has been achieved.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Water Withdrawal (metric tons)</th> <th>Water Withdrawal Intensity (Water Withdrawal / million in revenue)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Unit: tons CO ₂ e						Year	Category 1	Category 2	Category 3-6	Category 2 Emission Intensity (metric tons / million in revenue)	Total	2023	228.3663	15,447.9343	4,905.0443	0.325	20,581.345	2024	344.3885	16,441.4106	5,366.8295	0.285	22,152.629	Year	Water Withdrawal (metric tons)	Water Withdrawal Intensity (Water Withdrawal / million in revenue)			
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Promoted Items	Yes	No	Status of Execution	Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies															
			<p data-bbox="418 622 442 822">Summary Description</p> <table border="1" data-bbox="623 301 676 1113"> <tr> <td data-bbox="623 941 647 1113">2023</td> <td data-bbox="623 742 647 941">108,935</td> <td data-bbox="623 622 647 742">2,259</td> </tr> <tr> <td data-bbox="647 941 676 1113">2024</td> <td data-bbox="647 742 676 941">101,567</td> <td data-bbox="647 622 676 742">1,723</td> </tr> </table> <p data-bbox="715 319 847 1113">As the Company's Plant V has recently obtained approval for its Waste Disposal Plan, the change is expected to exceed the materiality threshold (3%) compared with the base year. Therefore, no waste reduction target was set for 2024. The Company will re-establish the waste reduction base year and reduction targets in 2025.</p> <table border="1" data-bbox="883 372 1001 1104"> <thead> <tr> <th data-bbox="883 924 922 1104">Year</th> <th data-bbox="883 680 922 924">Waste Generation (metric tons)</th> <th data-bbox="883 372 922 680">Waste Intensity (metric tons / million in revenue)</th> </tr> </thead> <tbody> <tr> <td data-bbox="922 924 948 1104">2023</td> <td data-bbox="922 742 948 924">395.37</td> <td data-bbox="922 486 948 680">0.0082</td> </tr> <tr> <td data-bbox="948 924 975 1104">2024</td> <td data-bbox="948 742 975 924">445.66</td> <td data-bbox="948 486 975 680">0.0076</td> </tr> </tbody> </table> <p data-bbox="1040 354 1094 1121">Please refer to our website www.phison.com/ESG/Resource Center/2024 ESG Report/Sustainability Management Indicators (P10-11)6. Environmental Protection (P54-P64).</p>	2023	108,935	2,259	2024	101,567	1,723	Year	Waste Generation (metric tons)	Waste Intensity (metric tons / million in revenue)	2023	395.37	0.0082	2024	445.66	0.0076	
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2024	445.66	0.0076																	

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	
<p>4. social agenda</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	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 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</p>	(1) No significant differences

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
Promoted Items	Summary Description	
benefits), and appropriately reflect the operating performance or results in the employee remuneration?	<p>Yes</p> <p>No</p>	<p>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. 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 2024, the proportion of female employees was 23.52%; the proportion of female supervisors was 17.72%; and the proportion of women in senior management was 15.87%. Please refer to the Company's website at www.phison.com/ESG/Resource Center/2024 ESG Report/7.1 Employee Structure (P70) & 7.2.2 Salaries & Benefits (P73-P75).</p>

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
Promoted Items	<p data-bbox="418 560 444 820">Summary Description</p>	
Yes		
No		
<p data-bbox="632 848 800 1072">(3) Has the company provided a safe and healthy working environment for employees, and regularly implements safety and health education for employees?</p>	<p data-bbox="632 848 826 1107">V</p>	<p data-bbox="632 848 826 1107">(3) No significant differences</p>
<p data-bbox="944 848 1085 1072">(3) The Company conducts regular annual identification, assessment, and control of workplace hazards, implements automated inspections, and provides employees with personal protective equipment. Every six months, accredited occupational environment monitoring institutions are commissioned to conduct workplace environmental monitoring. In accordance with the Occupational Safety and Health Act, the Company provides safety and health training as well as hazard awareness education to both new and current employees. Additionally, contracted occupational health physicians visit the facilities to provide employee health education and guidance. 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 data-bbox="1027 848 1085 1107">In 2024, there were no fatalities or property losses due to fire, and no major occupational accidents occurred. The total number of employee injury incidents was 21, involving 21</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>employees (0.53% of the workforce at the end of 2024). All 21 incidents were commuting-related traffic accidents, of which 6 employees sustained minor injuries and 15 employees experienced temporary total disability. Relevant improvement measures included inviting local police authorities to conduct traffic safety education at the facilities and performing motorcycle tire tread inspections.</p> <p>The Company continues to promote a variety of health awareness programs and employee assistance initiatives. In cases of major or epidemic diseases, internal emails are used to inform employees about precautions and response measures to enhance prevention awareness and preparedness. In 2024, the Company held 3 health screening sessions and 12 health lectures, with a total participation of 1,025 employee-attendances in health promotion activities.</p> <p>Please refer to the Company's website at www.phison.com/ ESG/Resource Center/2024 ESG Report/7.4 Occupational Safety and Health (P88-P93).</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																
(4) Has the company established effective career development training programs for its employees?	V	<p>(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-developing training and subsidies for obtaining certifications. In 2024, the average training hours per employee reached 18.93 hours, with a course satisfaction score of 95.27.</p> <table border="1"> <thead> <tr> <th>Course Category</th> <th>New employee orientation</th> <th>On-the-job/professional training</th> <th>Quality training</th> <th>Auxiliary skills training</th> <th>Occupational health and safety training</th> <th>Leadership-level training</th> <th>Automotive systems training</th> </tr> </thead> <tbody> <tr> <td>Training Participants</td> <td>All new employees company-wide</td> <td>All current employees company-wide</td> <td>Employees in work-related departments</td> <td>All current employees company-wide</td> <td>All current employees company-wide</td> <td>Junior, middle, and senior-level managers</td> <td>Employees in work-related departments and automotive-standard-related departments</td> </tr> </tbody> </table>	Course Category	New employee orientation	On-the-job/professional training	Quality training	Auxiliary skills training	Occupational health and safety training	Leadership-level training	Automotive systems training	Training Participants	All new employees company-wide	All current employees company-wide	Employees in work-related departments	All current employees company-wide	All current employees company-wide	Junior, middle, and senior-level managers	Employees in work-related departments and automotive-standard-related departments
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			(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	
		Please refer to the Company's website at www.phison.com/ ESG/Resource Center/2024 ESG Report/4.3 Customer Relationship Management (P47-P48)/6.4.3 Hazardous Substance Management (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. In accordance with the RBA Supplier Management Guidelines, the production control and Purchasing Dept. annually compile the <u>Key Supplier List</u> . The system is categorized based	(6) No significant differences

Status of Execution		Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
Promoted Items	Summary Description	
	Yes No	
		<p>on total purchase amount and ongoing transaction amount, with different sustainability requirements established accordingly.</p> <p>In addition, the Company regularly invites 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.</p> <p>Please refer to our website www.phison.com/ESG/Resource Center/2024 ESG Report/5. Responsible Supply Chain (P50-P55).</p>
5. Has the company referred to the internationally accepted reporting standards or guidelines to prepare reports that disclose the company's non-financial information, such as the	V	<p>To ensure the quality and transparency of information disclosure, the Company's 2024 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 for Semiconductors Sustainability Accounting Standard 2018, and the TCFD, and has been verified by the DQS Taiwan Inc., in</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	
<p>reports related to sustainability? Has the previous reports got the confidence or assurance opinions of the third-party verification unit?</p>			<p>accordance with the AA1000AS v3 TYPE II Moderate 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.</p> <p>Please refer to our website www.phison.com/ESG/Resource Center/2024 ESG Report/About this report (P2).</p>
<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 2020, 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>			

Promoted Items	Status of Execution	Circumstances and Reasons for Differences from the Code of Practice for the Sustainable Development of Listed Counter Companies
<p>Yes</p>	<p>No</p> <p>Summary Description</p>	
<p>(1) Environmental protection: For details on the Company's execution of its environmental responsibilities, please refer to the Company's website at www.phison.com/ESG/ResourceCenter/2024 ESG Report/6. Environmental Protection (P56-P67).</p> <p>(2) Community participation, social contribution, social contribution, social services, social welfare and other social responsibility activities: For details of the Company's continuous delivery of kindness, please refer to the Company's website at www.phison.com/ESG/Resource Center/2024 ESG Report/8. Social Participation (P96-P101).</p> <p>(3) <u>Consumer rights:</u> For more information on the Company's customer relationship management, please refer to the Company's website at www.phison.com/ESG/ResourceCenter/2024 ESG Report/4. Innovation & Service (P47-P48).</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
<p>1. Describe the board's and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The Board of Directors of the Company has established a functional committee—the Sustainability and 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 Sustainability and 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 Sustainability and Risk Management Committee each year.</p>
<p>2. Describe how the identified climate risks and opportunities will affect the business, strategy, and finances of the enterprise (short, medium, and long term).</p>	<p>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.</p>
<p>3. Describe the financial impact of extreme weather events and transition actions.</p>	<p>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</p>

Item	Status of Execution
	actively develops low-carbon products. By continuously improving product performance through design, it 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 Sustainability and 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.	<p>The Company has established climate-related risk and opportunity management indicators, including water consumption, greenhouse gas emissions, and the proportion of renewable energy use. An annual ISO 14064-1 greenhouse gas inventory is conducted, and the data are verified by a third-party assurance body. Moving forward, the Company will continue to expand disclosures for Category 3-6 emissions to report a comprehensive view of its carbon footprint.</p> <p>In response to evolving international policies and regulatory requirements, the Company has developed transition strategies at the operational level, setting corresponding management indicators and milestone targets to guide management, address international trends, and balance risk control with opportunity identification:</p> <p>1. Resource Transition</p>

Item	Status of Execution
	<p>(1) Strategy: Enhance product performance from the design stage, use environmentally friendly and durable materials to help end-users save energy and extend product life. Packaging is designed to be lightweight, with priority given to recycled materials.</p> <p>(2) Indicators and Targets: Key climate KPIs have been established for per capita water consumption, greenhouse gas emission intensity, and waste generation, targeting 2028.</p> <p>2. Energy Transition</p> <p>(1) Strategy: Obtain ISO 50001 Energy Management System certification, implement energy-saving projects based on electricity usage hotspots, replace outdated equipment, and promote low-carbon production.</p> <p>(2) Indicators and Targets: Targets have been set for renewable energy usage proportion and carbon reduction goals by 2030.</p>
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 achieve the goal, the source and quantity of carbon reduction credits offset or the quantity of renewable energy certificates (RECs) shall be described.	<p>The Company has established climate-related targets to strengthen its climate risk management capabilities:</p> <p>1. Climate-Related Targets:</p> <p>(1) Per Capita Water Consumption (Domestic Sites): Reduce by 11% from 2018 levels by 2026; reduce by 13% from 2018 levels by 2028.</p> <p>(2) Waste Intensity (Domestic Sites): ≤0.0075 metric tons/million revenue by 2026; ≤0.0073 metric tons/million revenue by 2028.</p> <p>(3) Greenhouse Gas Emission Intensity (Category 1 + Category 2): ≤0.319 metric tons/million revenue by 2026; ≤0.317 metric tons/million revenue by 2028.</p> <p>(4) Renewable Energy Usage (Annual Consumption): 10% of total electricity consumption by 2026; 10% by 2028.</p>

Item	Status of Execution
	<p>Renewable Energy Usage: Since 2021, the Company has been purchasing renewable energy (wind power). To achieve its 2025 and 2030 targets, the Company further procured solar PV energy in 2025. By 2024, renewable energy accounted for 5.56% of total electricity consumption, with projections to reach 10% by 2025 and 20% by 2030. Through continuous procurement of renewable energy, the Company aims to gradually reduce carbon emissions associated with conventional electricity use.</p>
<p>9. Greenhouse gas inventory and confidence situation and Reduction Targets, Strategies and Specific Action Plans</p>	<p>The Company conducts annual self-assessments of greenhouse gas emissions in accordance with ISO 14064-1, followed by third-party verification.</p>

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 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.

In 2024, Category 1 and Category 2 emissions totaled 16,785.799 metric tons of CO₂ equivalent, with a greenhouse gas emission intensity (greenhouse gas emissions per million in revenue) of 0.285. The data cover the use of all plants and leased offices of the Company, excluding facilities and sites that have not yet been in formal operation for a full year, unused facilities and locations, and areas under outsourced management.

2.3.5.1.1.1.2 Greenhouse Gas Verification Information

Year	Confidence Range	Confidence Agency	Confidence Criteria	Confidence Opinion
2023	Covers the use of all factories and leased offices of the Company, but excludes unused facilities and locations that have not been officially operated for one year and the scope of outsourced management.	UCS	ISO 14064-1	A statement of confidence in the situation
2024	The scope covers the use of all plants and leased offices of the Company, excluding facilities and sites that have not been in formal operation for a full year, unused facilities, and areas under outsourced management.	UCS	ISO 14064-1	A statement of confidence in the situation

2.3.5.1.1.2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans

In 2024, Category 1 and Category 2 emissions totaled 16,785.799 metric tons of CO₂ equivalent. The 2024 reduction target for greenhouse gas emission intensity was set at ≤ 0.320 metric tons per million in revenue, which was successfully achieved. In addition, due to the expansion of the inventory boundary and changes in the quantification methodology under ISO 14064-1:2018, the change in greenhouse gas emissions exceeded the materiality threshold. Therefore, the emissions base year was revised from 2023 to 2024 to ensure consistency and reasonableness in data comparison.

Regarding carbon reduction strategies and actions, the Company has implemented various energy-saving projects, replaced outdated equipment, purchased renewable energy, and adopted organizational carbon inventories and product carbon footprint management platforms. These measures enhance overall inventory efficiency and data quality, allowing the Company to better identify emission hotspots.

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 “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
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) 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) No major deviation

Evaluation Item	Implementation Status		Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons	
	Yes	No		
(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 “Sustainability and Risk Management 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 7, 2025.	(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		Abstract Illustration	Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
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 “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” 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 7, 2025, 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 “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” 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, and new hires is as follows:</p> <p>In 2025, the Company conducted internal and external training programs related to ethical business practices, including compliance with ethical business regulations, anti-corruption, insider trading, accounting standards, and internal controls. A total of 4,088 participant-attendances were recorded (accumulating 8,017 person-times and 3,005 training 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 7, 2025.</p> <p>(3) 2025 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 2025 and up to date.</p>				

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>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.</p>				

2.3.7 Other Important Information Regarding Corporate Governance

Advanced Training of Directors in 2025

Title	Name	Date of Assumed	Date of Further Training		Sponsoring Organization Course	Course	Training Hours	Training Hours in 2024
			From	To				
Legal person Representative director	Wee Kuan Gan	2023/05/31	2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	6
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
Director	Tzung Horng Kuang	2023/05/31	2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	6
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
Director	Jiunn Yeong Yang	2023/05/31	2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	6
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
Legal person Representative director	Chiu An Chuang	2023/5/31	2025/6/4	2025/6/4	Taiwan Corporate Governance Association	Latest ESG Regulations, Trends, Impacts, and Countermeasures	3.0	10
			2025/11/18	2025/11/18	Securities and Futures Institute (SFI)	The Capabilities and Limits of AI: Corporate Survival	2.0	

Title	Name	Date of Assumed	Date of Further Training		Sponsoring Organization Course	Course	Training Hours	Training Hours in 2024
			From	To				
						Strategies in the AI Wave		
			2025/11/18	2025/11/18	Securities and Futures Institute (SFI)	Digital Asset Development Trends and Information Security Risks	2.0	
			2025/11/18	2025/11/18	Securities and Futures Institute (SFI)	Anti-Money Laundering and Fraud Prevention Measures	3.0	
Legal person Representative director	Hiroshi Miyauchi	2023/05/31	2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	6
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
Director	Chih Jen Hsu	2024/5/27	2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	6
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
Independent Director	Huei Ming Wang	2023/05/31	2028/8/13	2025/8/13	National Federation of CPA Associations, Republic of China	Latest Tax Regulations and Practical Interpretations for the First Half of 2025	7.0	13
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	How can the board of directors ensure the sustainable operation of the enterprise— Starting from the	3.0	

Title	Name	Date of Assumed	Date of Further Training		Sponsoring Organization	Course	Training Hours	Training Hours in 2024
			From	To				
						discovery and training of talents		
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
Independent Director	Chen Wei Wang	2023/05/31	2025/9/24	2025/9/24	Taiwan Corporate Governance Association	Challenges and Mindsets under the New Global Tax Order	3.0	12
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	3.0	
			2025/11/12	2025/11/12	Taiwan Corporate Governance Association	Latest Developments in Insider Trading Practice	3.0	
Independent Director	Yu Lun Huang	2023/05/31	2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Insider Trading Prevention: Legal Framework and Case Studies	3.0	6
			2025/11/7	2025/11/7	Taiwan Corporate Governance Association	Trade Secrets and the National Security Law: Key Amendments and Practical Case Analysis	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
2025.05.27	Approval of the Company's 2024 Business Report and Financial Statements	The resolution outcome has been adhered to.
	Approval of the Company's 2024 earning distribution	The record dates for the ex-dividend date for shareholders' cash dividend for the first half of 2024 and the second half of 2024 have been set as January 14, 2025 and July 7, 2025, respectively, and have been distributed on February 7, 2025 and July 31, 2025. (Cash dividends per share of NT\$13.12356282 and NT\$11.95899874.)
	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 6, 2026 Board Directors Meeting and will be reported to the 2026 shareholders' meeting.
	Approval of partial amendment to the Company's "Articles of Incorporation"	The resolution has been passed and operated according to the "Articles of Incorporation" ,which was approved by the Ministry of Economic Affairs for registration on July 2, 2025 and published on the Company's website

2.3.9.2 Important Resolutions by Board Meetings

Date of the Meeting	Resolution
2025.05.15	The subsidiary of the Company, Core Storage Electronic (Samoa) Limited, plans to invest Shenzhen Quanxing Technology Co., Ltd. in Mainland China
	Phison plans to participate in the land bidding case entrusted to CBRE LIMITED TAIWAN BRANCH (H.K.)
	The Company plans to lease a portion of the land with the land No. 1542-1 in Guang 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
	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
2025.07.14	Revising partial articles of company's “Production cycle”
	The Company proposed to issue the third Domestic Unsecured Convertible Bonds (the “Bonds”)
	The Company proposed to revise the Issuance and Conversion Procedures of the Second Domestic Unsecured Convertible Corporate Bonds issued on 23th, January, 2024 to the Securities and Futures Bureau of the Financial Supervisory Commission
	The credit line of banks for the Company
	The credit line of foreign exchange and derivatives for the Company
2025.07.30	Regular performance evaluation of the Company's Directors and Managers, Managerial performance incentive bonus, and remuneration to Directors and Managers for 2024
	The results of the compilation of the 2024 ESG report (in Chinese and English)
2025.08.14	2025 financial statements and business report for the second quarter
	2025 profit distribution statement for the first half
	2025 cash dividend for profit distribution for the first half
	Application for the conversion of employee stock options into common shares for the fiscal year 2022
2025.09.03	Capital expenditure proposal for the construction of a new warehouse on Zhonghua Road land

Date of the Meeting	Resolution
2025.11.07	To enhance management efficiency and centralize resources, the Company proposes to merge the “Corporate Sustainable Development Committee” and the “Risk Management Committee” into the “Sustainability and Risk Management Committee”
	Financial statements for the third quarter of 2025
	The credit line of banks for the Company
	The credit line of foreign exchange and derivatives for the Company
	Application for the conversion of employee stock options into common shares for the fiscal year 2022
	The proposal of the “2026 Annual Audit Plan”
	Revising partial articles of “Authorizing Table”
	Revising partial articles of the Company's “Purchase and Payment Cycle”
	Revising partial articles of the Company's “Labor and Wage Cycle”
	The Company proposes to establish a liaison office in Korea to discuss and deliberate on this matter
2025.12.22	The Company proposes to establish “Regulations Governing the Stock Operation Management of Phison Electronics Corporation”
	Proposal to establish a new Zhubei Branch Office (tentative name) and apply to the Hsinchu Science Park Bureau, National Science and Technology Council, for investment and residency in the Hsinchu Biomedical Science Park
2026.02.05	The performance evaluation for managerial officers as well as the proposal for the Year-End and Performance Incentive Bonus for managerial officers
	Due to “HOSIN Global Electronics Co., Ltd.”, the investee company of the Company's subsidiaries of Core Storage Electronic (Samoa) Limited and RealYou Investment Limited, has submitted the application to the Hong Kong Stock Exchange for an initial public offering of H shares and listing on the Main Board of the Hong Kong Stock Exchange, propose to authorize the authorized persons to provide and sign relevant documents and handle related matters
	Revising partial articles of “Labor and Wage Cycle”
	The proposal of the “2025 Annual Audit Plan”
	The credit line of banks for the Company

Date of the Meeting	Resolution
	The Company proposes to establish “Policy for Credit Approval and Accounts Receivable Management”
	The Company proposes to establish “Policy for the Provision of Allowance for Accounts Receivable and Inventory Valuation Allowance”
2026.03.06	2025 remuneration distribution for employees and directors
	2025 financial statements and business report
	2025 profit distribution statement
	2025 cash dividend for profit distribution for the second half
	2025 operation plan of the Company
	Proposal for the remuneration of the CPA and the evaluation of the independence and competence of the CPA
	The credit line of banks for the Company
	The credit line of foreign exchange and derivatives for the Company
	The Company proposed to apply for a three-year syndicated loan facility in a not exceeding principal amount of NT\$15 billion (subject to adjustment within a 25% range based on the syndication) with First Commercial Bank and Taipei Fubon Commercial Bank, together act as Mandated Lead Arrangers, and other financial institutions
	The Company proposes to issue “Regulation of the 2026 Employee Stock Option Plan”
	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
	The Company decides the private placement of common shares in the 2025 regular meeting of shareholders and plans not to handle offering and issuance
	The Company handling the private common shares
	Amendment to part of the Articles of “Articles of Incorporation”
Re-Election of the Company’s nine Directors (including three independent directors) for the Eleventh Term	
Proposal for convening the 2026 annual shareholders’ meeting	

Date of the Meeting	Resolution
2026.04.08	The Company proposes to issue First Issuance of Unsecured Overseas Convertible Bonds
	The Board of Directors of the Company nominates and reviews the list of candidates for the nine directors (including three independent directors) of the Eleventh term of the Board of Directors for re-election at the Annual Shareholders' Meeting of 2026
	Release of the New Directors from Non-Competition Restrictions

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	An Chih Cheng	2025.01.01~ 2025.12.31	7,300	2,850	10,150	[Note]
	Chum Yuan, Wu					

[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	2025		As of April 30, 2026	
		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	(48,000)	-	(12,000)	-
Director	Cheng He Investment Co., Ltd.	100,000	-	-	-
Director	Tzung Horng Kuang	(18,000)	-	-	-
Director	Jiunn Yeong Yang	-	-	-	-
Director	Cheng Shuo Investment Limited	40,000	-	25,000	300,000
Representative of Cheng Shuo Investment Limited	Chiu An Chuang	-	-	-	-
Director /Vice Technical President	Chih Jen Hsu	-	-	-	-
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	-	300,000	(102,000)	(500,000) 500,000
President	Chung Hsun Ma	(20,000)	-	-	-
Vice President	Kuo Yi Cheng	35,000	-	-	100,000
Vice President	Chiang Han Hsu	13,000	-	-	-
Head of Finance and Accounting Department (Director)	Pao Feng Chen	(3,000)	-	-	-
Senior Special Asst. & COO	Zhi Chyang Yu	-	-	(23,000)	-

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, managers and shareholders holding more than 10% of the shares	Shares	Trading Price
Khein Seng Pua	Donation	2026.01.13	○ He Pua	Child	34,000	NA
			○ Shiang Pua	Child	34,000	
			○ Li Pua	Child	34,000	

2.7.3 Shares Pledge with Related Parties: None.

2.8 Relationship among the Top Ten Shareholders

March 29, 2026

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 Corporation by First Bank	19,821,112	8.97	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
Norges Bank-fund mgr Neuberger Berman Europe Limited	6,703,504	3.03	N/A	N/A	N/A	N/A	None	None	None
Khein Seng Pua	5,760,972	2.61	906,262	0.41	5,019,144	2.27	Cheng He Investment Co., Ltd.	Chairman	None
Jiunn Yeong Yang	4,549,114	2.06	0	0.00	0	0.00	None	None	None
Government of Singapore	4,127,000	1.87	N/A	N/A	N/A	N/A	None	None	None
Labor Pension Fund (The New Fund)	3,871,293	1.75	N/A	N/A	N/A	N/A	None	None	None
Mizuho Securities Co., Ltd.	3,242,090	1.47	N/A	N/A	N/A	N/A	None	None	None
Morgan Stanley & Co. International Plc	2,628,054	1.19	N/A	N/A	N/A	N/A	None	None	None
Cheng He Investment Co., Ltd.	2,503,000	1.13	N/A	N/A	N/A	N/A	Khein Seng Pua	Chairman of the Company	None
Responsible person: Khein Seng Pua	5,760,972	2.61	906,262	0.41	5,019,144	2.27	Cheng He Investment Co., Ltd.	Chairman	None
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,471,894	1.12	N/A	N/A	N/A	N/A	None	None	None

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

December 31, 2025, Unit: share, %

Name of the Investment Company	Name of the Reinvested Company	By Company		By Company, Directors, 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	28.62	0	0.00	2,785,000	28.62
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 Investment Corporation	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, 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	Gorich Investment Corporation	28,000,000	100.00	0	0.00	28,000,000	100.00
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
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	Power Storage Electronics 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
Great Storage Investment Corporation	Maistorage Technology Sdn. Bhd.	100,000,000	100.00	0	0.00	100,000,000	100.00
RealYou Investment	Hefei Ruhan	[Note 3]	100.00	0	0.00	[Note 3]	100.00

Name of the Investment Company	Name of be Reinvested Company	By Company		By Company, Directors, 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 (%)
Limited	Electronic Technology Limited						
Hefei Ruhan Electronic Technology Limited	Hefei Xinpeng Technology Co., Ltd.	[Note 4]	23.75	0	0.00	[Note 4]	23.75
RealYou Investment Limited	HOSIN Global Electronics Co., Ltd. (SZ)	50,000,000	10.69	0	0.00	50,000,000	10.69
Core Storage Electronic (Samoa) Limited	Hosin Global Electronics Co., Ltd.(SZ)	55,271,874	11.81	1,000,000	0.21	56,271,874	12.02

[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.

The background features several overlapping circles in shades of orange, teal, and dark blue. There are also various geometric shapes like triangles, diamonds, and a plus sign scattered across the page. A central circular area contains a photograph of stacks of coins and a line graph with upward-pointing arrows.

Capital Overview

Chapter 3

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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
2025.05	10	300,000,000	3,000,000,000	206,552,828	2,065,528,280	Capital increased by employee stock option: NT\$7,350,000 元	None	This capital increase was approved by the Ministry of Economic Affairs on 2025.05.29 with Letter No. Shan 11430068340

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.)
2025.09	10	300,000,000	3,000,000,000	206,627,828	2,066,278,280	Capital increased by employee stock option: NT\$750,000	None	This capital increase was approved by the Ministry of Economic Affairs on 2025.09.01 with Letter No. Shan 11430139830
2025.12	10	300,000,000	3,000,000,000	207,973,328	2,079,733,280	Capital increased by employee stock option: NT\$13,455,000	None	This capital increase was approved by the Ministry of Economic Affairs on 2025.12.18 with Letter No. Shan 11430202900
2026.03	10	300,000,000	3,000,000,000	217,834,373	2,178,343,730	Capital increased by employee stock option: 10,580,000 domestic unsecured convertible corporate bonds: NT 88,030,450	None	This capital increase was approved by the Ministry of Economic Affairs on 2026.03.24 with Letter No. Shan 11530035730

3.1.1.2 Stock class

March 29, 2026; Unit: shares

Stock class	Authorized capital			Remark
	Outstanding shares	Unissued shares	Total	
Common stock	221,085,747	78,914,253	300,000,000	TPEX shares

3.1.1.3 Information for Shelf Registration: None.

3.1.2 List of Major Shareholders

March 29, 2026

Major shareholder's name	Shares	Current shareholding (shares)	Percentage (%)
Trusted Investment Account of Kioxia Corporation by First Bank		19,821,112	8.97
Norges Bank-fund mgr Neuberger Berman Europe Limited		6,703,504	3.03
Khein Seng Pua		5,760,972	2.61
Jiunn Yeong Yang		4,549,114	2.06
Government of Singapore		4,127,000	1.87
Labor Pension Fund (The New Fund)		3,871,293	1.75
Mizuho Securities Co., Ltd.		3,242,090	1.47
Morgan Stanley & Co. International Plc		2,628,054	1.19
Cheng He Investment Co., Ltd.		2,503,000	1.13
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		2,471,894	1.12

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 2025 is as follows:

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

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

Note 2: The 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 220,700,247 outstanding shares as of January 31, 2026, and the proposed cash dividend per share is NT\$17. 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 a given year, it shall allocate 8% to 19% of such profit as employees compensation, of which the allocation to non-executive employees shall not be less than 1% and allocation no more than 1.5% as directors' compensations, but the Company shall reserve a portion of profit to make up for accumulated losses, if any. Employee's remuneration may be distributed in shares or cash, and 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 2025.

(1) The basis for estimating the remuneration to employees and directors in 2025:

Remuneration to employees and directors is based on the Company's profit of NT\$11,148,787 thousand in 2025 (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 8.97% of the profit for 2025) and remuneration to directors amounted to NT\$36,000 thousand (accounting for 0.32% of the profit for 2025) 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 6, 2026, the board of directors of the Company passed the resolution on the distribution of remuneration to employees and directors for 2025 to distribute NT\$1,000,000 thousand as remuneration to employees and NT\$36,000 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 2024 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	1,000,000,000	1,000,000,000	0	None
Remunerations to the Directors	35,000,000	35,000,000	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 second domestic unsecured convertible corporate bonds	The third domestic unsecured convertible corporate bonds
Date of issuance (treatment)	January 23, 2024	February 6, 2026
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 101% of face value	Issued at 101% of face value
Total amount	NT\$ 6,000,000,000	NT\$ 6,000,000,000
Interest rate	Nominal interest rate 0%	Nominal interest rate 0%
Term	Five years ; Expiry date : January 23, 2029	Five years ; Expiry date : February 6, 2031
Guarantor	None	None
Trustee	Taipei Fubon Commercial Bank Co., Ltd.	Bank SinoPac Company Limited
Underwriter	KGI Securities Co. LTD.	KGI Securities Co. LTD.
Certified Lawyer	Aequitas Law Firm Lawyer Li Ru Chang Chien	Aequitas Law Firm Lawyer Li Ru Chang Chien
CPA	KPMG Chien Hui Lu, Wan Yuan Yu	KPMG An Chih Cheng, Chum Yuan, Wu
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 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.	Unless the bondholder has converted the bonds into the common stock of the Company in accordance with Article 10 of the Regulations for the Issuance and Conversion of the Third Domestic Unsecured Convertible 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 The second batch of unsecured convertible corporate bonds in China has been fully converted into common stock.		NT\$ 6,000,000,000
Terms on Redemption or Prepayment	Please refer to the Company's Regulations on Issuance and Conversion of Second Domestic Unsecured Convertible Corporate Bond. Furthermore, the Company has exercised its bond redemption right and terminated over-the-counter trading on January 23, 2026.		Please refer to the Company's Regulations for the Issuance and Conversion of the Third 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)	The Company announced that it would exercise its redemption right in accordance with Article 18 (1) of the Regulations on Issuance and Conversion of Second Domestic Unsecured Convertible Corporate Bond on November 18, 2025. Except for some bondholders who had applied for conversion into common stock before the announcement date, all other unconverted corporate bonds had applied for conversion into common stock before January 26, 2026.	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 Second Domestic Unsecured Convertible Corporate Bond	Please refer to the Company's Regulations on Issuance and Conversion of Third 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	Since the timing of bondholders exercising their conversion rights varies, the potential dilution of existing shareholders' equity occurs gradually, and the dilution effect is therefore limited. Furthermore, the Company has exercised its bond redemption		Since the timing of bondholders exercising their conversion rights varies, the potential dilution of existing shareholders' equity occurs gradually, and the dilution effect is therefore limited.

	rights and terminated the over-the-counter trading of the bonds on January 23, 2026, so no significant impact on existing shareholders' equity is expected.	
Name of the custodian institution for the exchange subject	N/A	N/A

Information of Corporate Bond for Conversion

Corporate Bond Class		The second domestic unsecured convertible corporate bonds		The third domestic unsecured convertible corporate bonds
Year		2025	2026 As of January 22 (Note)	2026 As of April 30, 2026
Item				
Market price of the corporate bond for conversion	Highest	NT\$ 270.00	NT\$ 374.00	NT\$ 136.00
	Lowest	NT\$ 102.00	NT\$ 260.00	NT\$ 111.10
	Average	NT\$ 163.44	NT\$ 291.66	NT\$ 120.21
Conversion price		From December 22, 2025, the Conversion price has been adjusted from NT\$550.5 to NT\$ 547.3.		NT\$ 2,488
Date of issuance and Conversion price at issuance		Date of issuance on January 23, 2024, Conversion price at issuance: NT\$ 588		Date of issuance on February 6, 2026, Conversion price at issuance: NT\$ 2,488
The way of performing the conversion obligations		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.		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.

Note : The second domestic unsecured convertible bonds were terminated from over-the-counter trading on January 23, 2026.

3.3 Status of Preferred Stocks: None.

3.4 Status of Global Depository 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	2022 Employee stock option certificate	2023 Employee stock option certificate	2025 Employee stock option certificate
Date of effective registration and Total number of units	July 27, 2022 6,000,000 units	December 12, 2023 6,000,000 units	April 11, 2025 2,000,000 units
Date of issuance	September 7, 2022	August 27, 2025	August 27, 2025
Subscription Duration	4 years	5 years	4 years
Units Issued	6,000,000 units	6,000,000 units	2,000,000 units
Number of units still available	0 units	0 units	0 units
Ratio of subscription shares to total issued and outstanding shares (%)	2.71%	2.71%	0.90%
Subscription period	September 7, 2024 ~ September 6, 2026	August 27, 2027 ~ August 26, 2030	August 27, 2027 ~ August 26, 2029
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. Three years after the employee stock option was issued, 100% of the option can be traded. 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. Three years after the employee stock option was issued, 75% of the option can be traded. Four years after the employee stock option was issued, 100% of the option can be traded. The option is restricted when the preceding term	Two years after the employee stock option was issued, 50% of the option can be traded. Three years after the employee stock option was issued, 100% of the option can be traded. The option is restricted when the preceding term overlaps with the book closure date.

Type of employee stock option certificate	2022 Employee stock option certificate	2023 Employee stock option certificate	2025 Employee stock option certificate
		overlaps with the book closure date.	
Converted shares	5,379,500 units	0 units	0 units
Exercised amount	NT\$ 1,421,113,500	NT\$ 0	NT\$ 0
Number of shares yet to be converted	354,500 units	5,861,000 units	1,987,000 units
Subscription price per share for unsubscribed shares	NT\$ 259.40	NT\$ 481.70	NT\$ 481.70
Proportion of unexecuted subscription quantity in total shares issued (%)	0.16%	2.65%	0.90%
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	700,000	0.32%	51,000	260.90	13,305,900	0.02%	649,000	259.40 481.70	283,946,600	0.29%
	Vice President	Wee Kuan Gan										
	President	Chung Hsun Ma										
	Vice President	Kuo Yi Cheng										
	Vice President	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	829,000	0.37%	377,000	259.40 260.90 267.00 274.80	99,206,450	0.17%	452,000	259.40 481.70	217,283,800	0.20%
	Technical Director	Wei Lin										
	Senior Special Asst.	Yu Ming Kang										
	Senior Special Asst.	Ning Xue Chang										
	Senior Director & CIO	Shu Hua Chiu										
	Senior Director	Zhi Ming Chen										
	Director	Zhi Gang Ye										
	Director	Jia Bin Su										
	Director	Pei Ru Lin										
	Deputy Director	Yu Wei Kuo										
	Deputy Director	Wen Long Cheng										

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\$ 259.40. The Company established "Measures for Issuance and Subscription of Employee Stock Option Certificate in 2023" and "Measures for Issuance and Subscription of Employee Stock Option Certificate in 2025". The first issuance date of employee stock option was August 27, 2025, with the original issuance price at NT\$484.50, the subscription price upon calculation and adjustment in accordance with the issuance regulations at NT\$ 481.70.

Note 2: The calculation is based on the total number of issued shares of the Company as of March 29, 2026: 221,085,747 share.

3.6 Status of New Restricted Employee Shares Issuance: In 2025 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 2025 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 third domestic unsecured convertible corporate bonds in 2026, and the execution of the capital utilization plan is as follows:

(I) Content:

1. Document approval number of the competent authority: Official Letter No.1140353590 from the Financial Supervisory Commission (FSC) dated September 10, 2025.
2. Total funds required for the project: NT\$6,060,000 thousand.
3. Source of funds: Issuance of third domestic unsecured convertible corporate 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
			2026
			First quarter
Repletion of working capital	First quarter of 2026	6,060,000	6,060,000
Estimated potential benefits	The NT\$6,060,000 thousand expected to be raised from the issuance of the third 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 2.195% for one-year loans obtained from banks, it is estimated that the Company's interest expense will be reduced by approximately NT\$110,848 thousand in 2026 and interest expense be reduced by approximately NT\$133,017 thousand 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 2026 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 2026.
		Actual	6,060,000	
	Progress	Scheduled	100.00%	
		Actual	100.00%	

The Company has completed the fund raising and issuance of the third domestic unsecured convertible corporate bonds in the first quarter of 2026, 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 February 2026, the Company has issued the third 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 first quarter of 2026. 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.

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 corporate 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
	Amount paid	Scheduled	Actual	
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



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	2025	
	Net operating revenue	Proportion of operating revenue (%)
Flash memory module products	52,619,444	72.41
Controllers	13,993,650	19.26
Integrated circuit	3,382,981	4.66
Others	2,668,016	3.67
Total	72,664,091	100.00

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

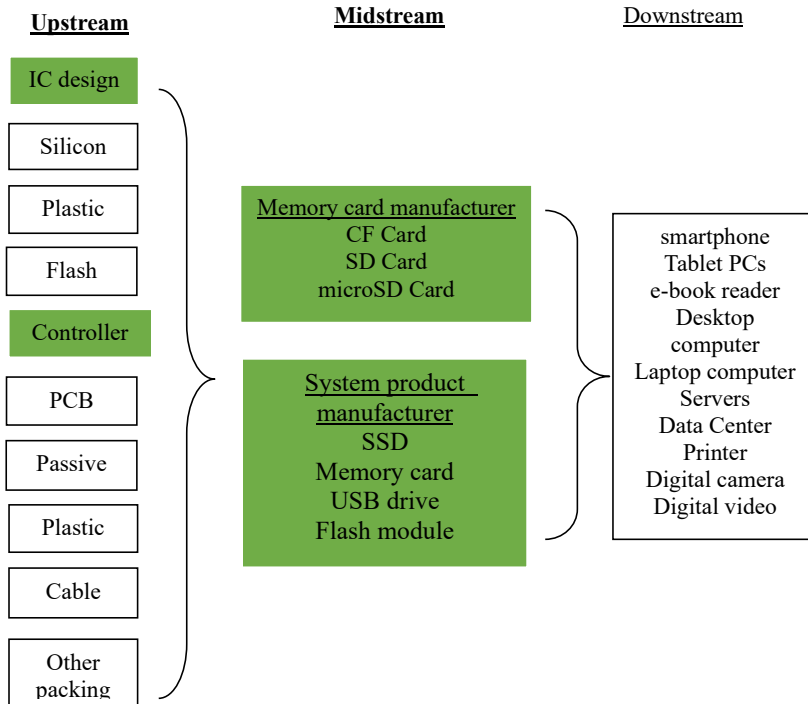
development of UFS controllers and integration solutions. In addition to expanding the market share of eMMC, the Group will also increase the penetration rate of storage media for premium handheld devices.

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
	2025
R&D expenses(A)	13,775,492
Net operating revenue(B)	72,664,091
Percentage of R&D expenditures to net operating revenue(A/B)	18.96%

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"> ➤ 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. ➤ 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. ➤ 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. ➤ 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. ➤ 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. ➤ 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
2024	<ul style="list-style-type: none"> ➤ World's First PCIe 5.0 DRAM-Less Client SSD Controller – E31T. ➤ World's First Single-Chip (SoC) Native USB 4.0 Controller – U21. ➤ UFS 3.1 PS8325 – Designed for High-End Smartphones, Featuring TSMC 12nm Process and Dual-Channel Architecture. ➤ UFS 3.1 PS8329 – Targeting the High-Value Mid-Range Smartphone Market with 22nm Process Technology. ➤ UFS 4.0 PS8361 – Aimed at Flagship Smartphones, Featuring TSMC 12nm Process and Quad-Channel Architecture. ➤ PASCARI – Enterprise SSD Brand Designed for Server and Enterprise Applications. ➤ First 128TB Ultra-High-Capacity Enterprise SSD – D205V.
2025	<ul style="list-style-type: none"> ➤ The world's first flagship PCIe 5.0 SSD controller, E28 ➤ The world's first PCIe 5.0 DRAM-less client SSD controller, E31T

Year	R&D results
	<ul style="list-style-type: none"> ➤ The world’s first single-chip (SoC) native USB 4.0 controller, U21 ➤ The world’s first SSD controller PS5022 to achieve ISO 26262 ASIL-B automotive certification ➤ High-performance UFS 4.1 controllers PS8361 and PS8363 targeting flagship smartphones ➤ UFS 3.1 controller PS8329, built on a 22nm process, targeting high-value mid-range smartphones ➤ The world’s highest-capacity 128TB enterprise SSD, D205V

(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 171 patent applications pending, with 2,162 patents approved, in various countries as of March 31, 2026.

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	2024	2025
	Operating revenue	Operating revenue
Asia	46,118,060	57,241,376
America	11,383,430	13,882,453
Europe	1,325,219	1,517,290
Australia	41,431	21,510
Others	67,373	1,462
Total	58,935,513	72,664,091

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.

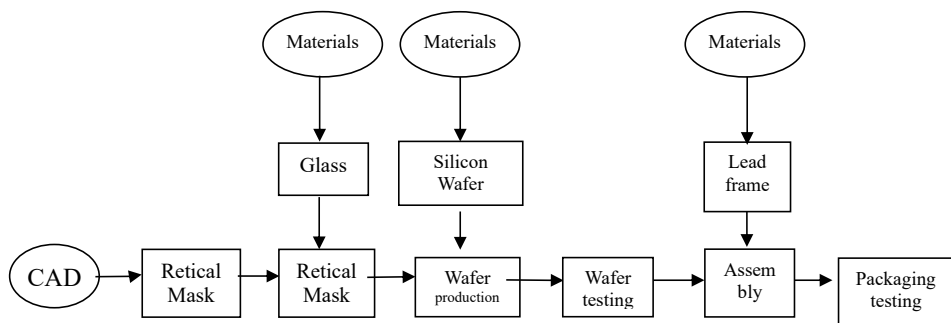
4.2.2 Important Uses of the Main Products and the Production Process

4.2.2.1 Key Applications of Main Products

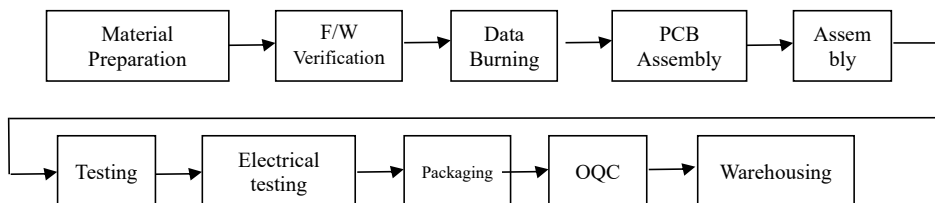
Product Category	Uses
NAND system module products	These are the storage devices with flash memory (USB drive, flash memory card, SSD, and embedded memory). Since USB interfaces, cameras, cell phones, laptop computers, industrial automation system, automotive electronics, and cloud server become more 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	Normal
Power management chip, High-speed chip	United Microelectronics Corporation, GlobalFoundries Inc.	Normal
Double Data Rate (DDR), System Products, Housings, Electronic Materials	SK Hynix, Micron Technology, Inc., 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: NTS thousand

2024				2025			
Name	Amount	Percentage (%)	Relation with issuer	Name	Amount	Percentage (%)	Relation with issuer
Kioxia Taiwan Corporation	13,589,653	38.97	Yes	Kioxia Taiwan Corporation	14,131,433	28.33	Yes
Vendor A	4,323,093	12.40	None	Vendor A	6,557,699	13.15	None
Vendor B	2,793,240	8.01	None	Vendor B	5,457,778	10.94	None
Other	14,163,156	40.62	-	Other	23,734,161	47.58	-
Net purchase	34,869,142	100.00	-	Net purchase	49,881,071	100.00	-

Explanations for the increase or decrease:

- (1) Kioxia Taiwan: In 2024 and 2025, the Company's purchase amounts from KIOXIA Taiwan were NT\$13,589,653 thousand and NT\$14,131,433 thousand, accounting for 38.97% and 28.33% of total annual purchases, respectively. The decline in proportion

in 2025, despite an increase in absolute purchase amount, is due to a surge in market demand for flash memory modules driven by the rapid growth of AI computing power and storage capacity requirements. The Company actively procured flash memory from various manufacturers and distributors. As total net purchases increased from NT\$34,869,142 thousand in 2024 to NT\$49,881,071 thousand in 2025, KIOXIA Taiwan's share of total purchases decreased to 28.33% from 38.97%.

- (2) Vendor A: In 2025, the Company's purchases from Supplier A amounted to NT\$6,557,699 thousand, up from NT\$4,323,093 thousand in 2024. The increase was primarily driven by the rapid growth in AI computing power, which sharply increased demand for storage capacity and, in turn, boosted the market for flash memory modules. The Company actively procured flash memory from various manufacturers and distributors. As a result, Supplier A's share of total purchases rose to 13.15% in 2025 from 12.40% in 2024.
- (3) Vendor B: In 2025, the Company's purchases from Supplier B totaled NT\$5,457,778 thousand, compared with NT\$2,793,240 thousand in 2024. This increase was mainly due to the rapid growth in AI computing power, which drove a sharp rise in demand for storage capacity and boosted the market for flash memory modules. The Company actively increased procurement from various manufacturers and distributors. Consequently, Supplier B's share of total purchases rose to 10.94% in 2025 from 8.01% in 2024.

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

2024				2025			
Name	Amount	Percentage (%)	Relation with issuer	Name	Amount	Percentage (%)	Relation with issuer
Net sales	58,935,513	100.00	-	Net sales	72,664,091	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 2024 and 2025.

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		2024	2025	As of March 31, 2026
Number of employees	Supervisor	892	951	953
	Production line staff	375	443	559
	General employees	3,530	3,519	3,544
	Total	4,797	4,913	5,056
Average age		34.78	35.43	35.37
Average year of services		5.18	5.83	5.86
Academic distribution ratio(%)	PhD	0.71	0.73	0.71
	Master	63.14	61.57	60.70
	University	30.71	31.86	32.22
	High school	5.17	5.66	6.27
	Below high school	0.27	0.18	0.10

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 2024 and 2025, the total expenditures of educational training are NT\$4,075,078 and NT\$3,959,693, respectively. The training courses are classified into seven categories, and the status of each category and implementation is as follows:

Category	2024				2025			
	Times	Number of trained people-time	Accumulated hours	Total expense (NT\$)	Times	Number of trained people-time	Accumulated hours	Total expense (NT\$)
Professional Skills	252	16,566	28,743.10	484,014	202	8,300	10,648.10	245,026
Quality	80	4,411	6,649.70	127,801	42	1,587	2,652.67	71,270
Auxiliary Skills	8	240	1,157.50	1,349,000	8	199	651.50	1,219,473
Health and Security	91	20,042	9,373.10	292,840	110	18,237	9,628.93	264,096
Management	45	1,706	9,603.00	1,770,660	63	2,967	14,196.50	2,153,468
Self-inspiration	31	34,977	19,091.00	20,763	35	41,129	29,329.67	6,360
Language	5	5	1,060.00	30,000	0	0	0	0
Total	512	77,947	75,677.40	4,075,078	460	72,419	67,107.37	3,959,693

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.

Specific Management Measures: Information Security Protection and Controls

The Company has established a comprehensive information security defense framework based on international standards, covering five key areas: Identify, Protect, Detect, Respond, and Recover, to safeguard critical assets and ensure operational resilience:

Identify	Conduct risk assessments and manage assets, including identity and access management, system patch management, and penetration testing.
Protect	Strengthen defense depth for critical resources, including firewalls, email protection systems, intrusion detection systems, WAF, and antivirus software. Conduct company-wide information security awareness campaigns and training, and implement social engineering drills.
Detect	Establish real-time monitoring and alert systems, including endpoint protection and NDR.
Respond	Maintain an information security response team responsible for handling security incidents, including incident investigation, digital forensics, and recommending corrective actions. Incident reporting and handling follow established procedures and protocols.
Recover	Develop data backup and recovery plans to restore normal operations in the shortest time possible if information security incidents affect business 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
Capacity Reservation Agreement	X Company	Dated from 2021/9/22	To Secure capacity	Compliance with the terms and conditions of the Capacity Reservation Agreement
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
Behind-the-Meter (BTM) Industrial Energy Storage Service Cooperation Agreement (Including Land Lease)	Apollo Group Energy Co., Ltd.	A period of 20 years starting from the date the energy storage system is fully constructed and operational	The Land shall be leased to Apollo Group Energy Co., Ltd. for the construction of an energy storage system (the "ESS"). Upon completion of the ESS installation, Apollo Group Energy Co., Ltd. shall be responsible for its operation while providing Behind-the-Meter (BTM) energy storage services to the company.	Compliance with the terms and conditions of this Agreement
Industrial Behind-the-Meter (BTM) Energy Storage Service Cooperation and Land Lease Agreement	Apollo Sustainable Power Co., Ltd.	A period of 20 years starting from the date the energy storage system is fully constructed and operational	Super Storage Technology Corporation a sub-subsidiary of the company, shall lease its land to Apollo Sustainable Power Co., Ltd. for the construction of an energy storage system (ESS). Upon completion of the ESS installation, Apollo Sustainable Power Co., Ltd. shall be responsible for the operation of the system while providing Behind-the-Meter (BTM) energy storage services to Super Storage Technology Corporation	Compliance with the terms and conditions of this 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	2025.12.31	2024.12.31	Difference	
				Amount	%
Cash and cash equivalents		16,275,252	19,982,162	(3,706,910)	(18.55)
Financial assets at fair value through profit or loss-current		1,433,838	743,512	690,326	92.85
Accounts receivable		13,689,060	8,010,891	5,678,169	70.88
Inventories		35,608,709	24,614,049	10,994,660	44.67
Other current assets		1,472,817	690,217	782,600	113.38
Financial assets at fair value through profit or loss - non-current		179,808	219,544	(39,736)	(18.10)
Financial assets at fair value through other comprehensive income - non-current		990,969	431,750	559,219	129.52
Investment accounted for using the equity method		4,719,750	3,717,895	1,001,855	26.95
Property, plant, and equipment		8,424,354	7,745,010	679,344	8.77
Other non-current assets		2,961,052	3,184,137	(223,085)	(7.01)
Total assets		85,755,609	69,339,167	16,416,442	23.68
Short-term borrowings		2,350,964	813,068	1,537,896	189.15
Accounts payable		8,877,918	1,309,205	7,568,713	578.12
Other current liabilities		14,066,466	12,097,250	1,969,216	16.28
Bonds payable		0	5,611,070	(5,611,070)	(100.00)
Other non-current liabilities		352,257	442,511	(90,254)	(20.40)
Total liabilities		25,647,605	20,273,104	5,374,501	26.51
Common Shares		2,179,614	2,058,178	121,436	5.90
Capital surplus		19,104,335	13,053,610	6,050,725	46.35
Retained earnings		39,151,389	34,283,152	4,868,237	14.20
Other equity interest		(338,217)	(338,243)	26	0.01
Total equity attributable to shareholders of the parent company		60,097,121	49,056,697	11,040,424	22.51
Non-controlling Interests		10,883	9,366	1,517	16.20
Total equity		60,108,004	49,066,063	11,041,941	22.50
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 financial assets at fair value through profit or loss – current was mainly attributable to the recognition of valuation gains on publicly issued shares.					
(2) The increase in accounts receivable was primarily due to higher net sales driven by the continued rise in data storage demand resulting from AI applications in the fourth quarter.					
(3) The increase in inventories was mainly due to increased customer orders and additional inventory preparation based on anticipated market demand.					
(4) The increase in other current assets was primarily attributable to increases in VAT refund receivables and prepayments.					
(5) The increase in financial assets at fair value through other comprehensive income – non-current was mainly due to additional investments.					
(6) The increase in investments accounted for using the equity method was primarily due to additional investments and the recognition of investment income.					

- (7) The increase in short-term borrowings was mainly due to the Company increasing its USD-denominated bank borrowings as a hedge against exchange rate fluctuations.
- (8) The increase in accounts payable was mainly due to increased purchases at the end of the period.
- (9) The decrease in corporate bonds payable was mainly due to the conversion of the Company's second domestic unsecured convertible corporate bonds.
- (10) The decrease in other non-current liabilities was primarily attributable to decreases in long-term borrowings and financial liabilities at fair value through profit or loss – non-current.
- (11) The increase in capital surplus was mainly due to the conversion of the Company's second domestic unsecured convertible corporate bonds and employees' exercise of stock options.

5.2 Operating Results Analysis

5.2.1 Comparison Analysis of Operating Results

Consolidated Statements of Comprehensive Income

Unit: NT\$ thousand

Item	Year	2025 (Consolidated)		2024 (Consolidated)		2025
		Amount	%	Amount	%	Growth rate
Operating revenue		72,664,091	100.00	58,935,513	100.00	23.29
Operating costs		47,806,393	65.79	39,836,751	67.59	20.01
Realized gross profit		24,857,698	34.21	19,098,762	32.41	30.15
Marketing expenses		1,647,034	2.27	1,694,467	2.88	(2.80)
General and Administrative expenses		1,201,423	1.65	1,279,995	2.17	(6.14)
R&D expenses		13,775,492	18.96	12,585,639	21.35	9.45
Expected credit loss (reversal gain)		(32,712)	(0.05)	5,577	0.01	(686.55)
Total operating expenses		16,591,237	22.83	15,565,678	26.41	6.59
Net operating income		8,266,461	11.38	3,533,084	6.00	133.97
Non-operating income and expenses		1,939,356	2.67	6,215,982	10.55	(68.80)
Profit before tax		10,205,817	14.05	9,749,066	16.55	4.69
Income tax expenses		1,464,642	2.02	1,795,067	3.05	(18.41)
Net profit for the year		8,741,175	12.03	7,953,999	13.50	9.90
Other comprehensive income		(57,252)	(0.08)	20,579	0.03	(378.21)
Total comprehensive income		8,683,923	11.95	7,974,578	13.53	8.90
Net profit for the period attributable to shareholders of the parent company		8,739,178	12.03	7,953,206	13.50	9.88
Comprehensive income (loss) for the period attributable to shareholders of the parent company		8,682,406	11.95	7,973,842	13.53	8.89
Earnings per share (NT\$)		41.98		38.95		7.78

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 operating revenue and operating costs was mainly attributable to higher shipment volumes.
- (2) The change in expected credit loss was due to the reversal of expected credit losses as accounts receivable were collected satisfactorily in 2025.
- (3) The increase in net operating income was primarily attributable to the increase in gross profit.
- (4) The decrease in non-operating income and expenses, net was mainly due to a decrease in gains on disposal of investments accounted for using the equity method and an increase in foreign exchange losses.
- (5) The decrease in other comprehensive income was mainly attributable to valuation adjustments on investments in equity instruments measured at fair value through other comprehensive income.

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	5,758,936	(6,317,728)	6,416,744	2,238,073	3,421,847
Reason	<p>1. Unfavorable price variance: Mainly due to an increased sales proportion of embedded flash memory module products with lower selling prices in 2025, resulting in a decrease in the average unit selling price compared with 2024.</p> <p>2. Favorable cost variance: Mainly due to the higher sales proportion of embedded flash memory module products with lower selling prices in 2025, which led to a decrease in the average unit cost compared with 2024.</p> <p>3. Favorable sales mix variance: Mainly attributable to increases in both the sales volume and sales revenue of flash memory module products and controller ICs.</p> <p>4. Favorable volume variance: Mainly due to the increase in sales volume of flash memory module products and controller ICs.</p>				

5.3 Analysis of Cash Flow

5.3.1 Cash Flow Analysis for Recent Year

Unit: NT\$ thousand

Item \ Year	2024	2025	Increase (Decrease) Amount	Increasing (Decreasing) Percentage%
Operating activities	2,094,093	1,597,542	(496,551)	(23.71)
Investing activities	3,903,140	(1,908,272)	(5,811,412)	(148.89)
Financing activities	(672,816)	(3,108,669)	(2,435,853)	(362.04)
<p>Analysis of the reasons for changes of 20% or more in the percentage of increase or decrease:</p> <p>1. Decrease in net cash inflow from operating activities: Mainly due to the increase in inventories in 2025, which resulted in an increase in accounts payable.</p> <p>2. Increase in net cash outflow from investing activities: Mainly attributable to increased acquisitions of property, plant and equipment in 2025.</p> <p>3. Increase in net cash outflow from financing activities: Mainly due to an increase in cash dividends distributed by the Company in 2025.</p>				

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
16,275,252	(7,706,943)	6,229,907	14,798,216	N/A	N/A
<p>1. Analysis of the cash 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: Mainly related to the issuance of convertible bonds, long- and short-term bank borrowings, capital increases from the exercise of employee stock options, and the distribution of cash dividends to shareholders.</p> <p>2. Remedy action for estimated cash inadequacy: Not applicable.</p>					

5.4 2025 Major Capital Expenditures and Impact on Financial and Business: None.

5.5 2025 Investment Policy, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for 2026

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.

In 2025, the Company recognized investment income of NT\$757,320 thousand from investments accounted for using the equity method in its consolidated financial statements. Going forward, the Company's equity-method investments will continue to be guided by the principle of long-term strategic investment, subject to ongoing prudent assessment.

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 2024 and 2025 are NT\$273,410 thousand and NT\$147,949 thousand respectively, accounting for 0.46%% and 0.20% 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.

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 2025, the foreign exchange losses is NT\$82,649 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 2025 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 2025 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 2026:
 - (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 2026 is

approximately NT\$ 180 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.

4. The Company has established an information security management framework and implemented related information security protection measures. However, given the rapidly evolving nature of global cyberattack techniques and the existence of advanced persistent threats (APTs), the risk that the Company's operating systems may be subject to unauthorized intrusion cannot be completely eliminated. In addition, with the rapid development of AI technologies, attackers may leverage AI to develop highly sophisticated malware or automated phishing attacks, posing further challenges to existing defense mechanisms. The Company continuously reviews and evaluates its information security policies and procedures to ensure their appropriateness and effectiveness and allocates resources to strengthen remediation and improvement measures.

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 2025 to the printing date of the annual report.

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

From 2025 to the date of publication of this annual report, the Company has had no plans for plant expansion, except for the capital expenditure project for the construction of a new warehouse facility on Zhonghua Road, which was approved by the Board of Directors on September 3, 2025, and is expected to be implemented in phases starting in the first quarter of 2027. Nevertheless, the Company will continue to prudently assess and plan major investment projects and requirements—such as the acquisition of land or buildings or the construction of new facilities—based on the actual operational needs of the Company and its domestic and overseas subsidiaries.

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 A 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 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. The Company appealed this case to Supreme Court. On November 24, 2025, Supreme Court declared the original judgment vacated and remanded the case to Taiwan High Court. 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:

“Sustainability and Risk Management Committee”

To enhance management efficiency and better allocate resources, the Company resolved at a Board of Directors meeting in November 2025 to merge the existing Corporate Sustainability Management Committee and Risk Management Committee into the Sustainability and Risk Management Committee.

The Company’s Sustainability and Risk Management Committee is a functional committee under the Board of Directors and consists of three members (with at least a majority of the members being independent directors). The committee reports its operational status to the Board of Directors once a year. The Sustainability and Risk Management Committee is responsible for overseeing the Company’s sustainability development matters and risk management activities. An Executive Secretariat has been established under the committee to promote and coordinate the Company’s risk management activities in accordance with Phison Electronics’ THE PRINCIPLE OF RISK MANAGEMENT POLICY AND PROCEDURE.

Structure and Responsibilities of the Sustainability and Risk Management Committee

1. Board of Directors

The Board of Directors is responsible for approving the Organizational Charter of the Sustainability and Risk Management Committee and the Risk Management Policies and Procedures. It also promotes sustainability-related initiatives and oversees various existing and potential risks faced by the Company, while allocating appropriate resources to ensure the effective implementation of related plans.

2. Sustainability and Risk Management Committee

The Sustainability and Risk Management Committee is responsible for overseeing sustainability-related matters and risk management activities. The committee consists of at least three members, one of whom serves as the convener, and at least a majority of the members must be independent directors. An Executive Secretariat is established under the committee. The committee's responsibilities include:

Reviewing the Company's sustainability development policies.

Reviewing the Company's risk management policies.

Supervising the planning, promotion, and implementation results of the Company's sustainability initiatives.

Supervising the planning, promotion, and implementation results of the Company's risk initiatives.

3. Executive Secretariat

The Executive Secretariat is responsible for promoting, executing, and coordinating the Company's sustainability projects and risk management activities. Its duties include organizing meetings of the Sustainability and Risk Management Committee, assisting the committee in formulating relevant policies and procedures, communicating sustainability and risk trends with various operating units, and collecting and consolidating sustainability and risk management reports from all operating units.

4. Operating Units

Each operating unit is responsible for the actual implementation of sustainability and risk management plans within its respective functions. This includes improving sustainability performance, identifying risks, conducting risk analysis and risk assessment, implementing risk response and control measures, and performing self-monitoring. Operating units shall regularly report the status of risk management implementation for various risks to the Sustainability and Risk Management Committee, or provide such reports upon request by the Committee.

Sustainability and Risk Management Committee Members

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

Implementation Status of the year

In 2025, the Sustainability and Risk Management Committee convened one meeting, with an average attendance rate of 100% among committee members. The reported topics included preparations for alignment with IFRS S1/S2, information security management, supply chain de-risking, supply chain information security management, a five-year results report on public welfare projects, the implementation project of a carbon management platform, and sustainability rating performance. Following the annual meeting, the committee also reported its annual operational status and achievements to the Board of Directors.

5.7 Other Major Events: None.

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)

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

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