Stock Code:8299

Phison Electronics Corp. and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2026 and 2025

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

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Independent Auditors' Review Report

To the Board of Directors of Phison Electronics Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Phison Electronics Corp. and its subsidiaries ("the Group") as of September 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2026 and 2025, changes in equity and cash flows for the nine months ended September 30, 2026 and 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard ("IASs") 34, "Interim Financial Reporting", endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, of the consolidated financial statements for the third quarter of 2026, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion of the Consolidated Financial Statements in the Third Quarter of 2026

As stated in Note 6(7), certain of the Group's other investments accounted for using the equity method of $12,500,842 thousand as of September 30, 2026, and its equity in net earnings on certain of these investee companies of $1,803,596 thousand and $8,145,593 thousand for the three months and nine months ended September 30, 2026, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

KPMG, a Taiwan partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Qualified Conclusion and Unqualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain equity accounted investee companies described in the Basis for Qualified Conclusion of the Consolidated Financial Statements in the Third Quarter 2026 paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2026 and 2025, and of its consolidated financial performance for the three months and nine months ended September 30, 2026 and 2025 as well as its consolidated cash flows for the nine months ended September 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
November 6, 2026

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Phison Electronics Corp. and subsidiaries

Consolidated Balance Sheets

September 30, 2026, December 31, 2025, and September 30, 2025

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2026		December 31, 2025		September 30, 2025	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(1))	$ 25,647,714	11	16,275,252	19	12,587,543	17
1110	Financial assets at fair value through profit or loss－current (notes 6(2) and 6(14))	2,059,077	1	1,433,838	2	1,115,239	1
1136	Financial assets at amortized cost－current (note 8)	61,418	-	41,094	-	41,094	-
1170	Accounts receivable, net (note 6(4))	58,728,398	25	11,788,601	14	10,132,075	14
1180	Accounts receivable－related parties, net (notes 6(4) and 7)	2,056,402	1	1,900,459	2	1,595,696	2
1200	Other receivables (notes 6(5), 6(7) and 7)	2,798,633	1	596,329	1	577,599	1
1220	Tax assets	81,306	-	23,236	-	12,572	-
130X	Inventories (note 6(6))	111,773,512	47	35,608,709	41	31,527,041	43
1410	Prepayments	4,408,863	2	807,167	1	131,330	-
1479	Other current assets	7,352	-	4,991	-	2,226	-
		207,622,675	88	68,479,676	80	57,722,415	78
	Non-current assets:						
1510	Financial assets at fair value through profit or loss－non-current (notes 6(2) and 6(14))	183,980	-	179,808	-	192,191	-
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(3))	1,051,199	-	990,969	1	364,142	1
1550	Investments accounted for using the equity method (note 6(7))	13,326,535	6	4,719,750	6	3,955,739	5
1600	Property, plant and equipment (notes 6(8) and 8)	11,336,492	5	8,424,354	10	8,476,521	12
1755	Right-of-use assets (note 6(9))	110,251	-	101,353	-	116,430	-
1780	Intangible assets (note 6(10))	418,763	-	323,460	-	350,324	1
1840	Deferred tax assets	658,978	-	628,814	1	745,350	1
1900	Other non-current assets (note 9(2))	2,528,630	1	1,907,425	2	1,804,250	2
		29,614,828	12	17,275,933	20	16,004,947	22
	Total assets	**$ 237,237,503**	**100**	**85,755,609**	**100**	**73,727,362**	**100**

		September 30, 2026		December 31, 2025		September 30, 2025	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(11))	$ -	-	2,350,964	3	2,080,680	3
2120	Financial liabilities at fair value through profit or loss－current (notes 6(2) and 6(14))	2,787,512	1	116	-	-	-
2130	Contract liabilities－current (notes 6(20) and 7)	1,543,665	1	423,858	1	431,875	1
2170	Accounts payable	8,792,182	4	6,825,339	8	5,879,538	8
2180	Accounts payable－related parties (note 7)	7,496,941	3	2,052,579	3	732,985	1
2200	Other payables (note 6(12))	53,802,212	23	10,575,446	12	7,546,817	10
2230	Taxes payable	12,889,868	5	944,876	1	531,624	1
2280	Lease liabilities－current (note 6(9))	50,931	-	76,835	-	103,659	-
2320	Long-term borrowings, current portion (note 6(14))	-	-	1,103,896	1	-	-
2399	Other current liabilities (notes 6(13) and 7)	3,361,903	1	941,439	1	362,981	-
		90,725,214	38	25,295,348	30	17,670,159	24
	Non-current liabilities:						
2500	Financial liabilities at fair value through profit or loss－non-current (notes 6(2) and 6(14))	877,038	-	-	-	6,000	-
2530	Bonds payable (note 6(14))	25,646,345	11	-	-	5,682,023	8
2570	Deferred tax liabilities	233,578	-	167,759	-	92,252	-
2580	Lease liabilities－non-current (note 6(9))	81,636	-	44,454	-	66,890	-
2640	Net defined benefit liabilities	137,450	-	136,928	-	125,689	-
2645	Guarantee deposits received	17,120	-	3,116	-	4,749	-
		26,993,167	11	352,257	-	5,977,603	8
	Total liabilities	117,718,381	49	25,647,605	30	23,647,762	32
	Equity (notes 6(17) and 6(18)):						
	Equity attributable to the shareholders of the parent company:						
3100	Common shares	2,214,393	1	2,179,614	2	2,081,058	3
3200	Capital surplus	23,265,961	10	19,104,335	22	14,001,723	19
3300	Retained earnings	94,071,511	40	39,151,389	46	34,531,803	47
3400	Other equity interest	(59,925)	-	(338,217)	-	(545,451)	(1)
	Total equity attributable to owners of the parent:	119,491,940	51	60,097,121	70	50,069,133	68
36XX	Non-controlling interests	27,182	-	10,883	-	10,467	-
	Total equity	119,519,122	51	60,108,004	70	50,079,600	68
	Total liabilities and equity	**$ 237,237,503**	**100**	**85,755,609**	**100**	**73,727,362**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Phison Electronics Corp. and subsidiaries

Consolidated Statements of Comprehensive Income

For the three and nine months ended September 30, 2026 and 2025

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

		For the three months ended September 30,				For the nine months ended September 30,			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue** (notes 6(20) and 7)	$ 86,076,332	100	18,136,797	100	194,931,541	100	49,865,433	100
5000	**Operating costs** (notes 6(6), 6(21) and 7)	34,558,358	40	12,222,792	68	73,724,012	38	34,414,090	69
	Gross profit from operations	51,517,974	60	5,914,005	32	121,207,529	62	15,451,343	31
5910	Unrealized profit or loss on transactions with associates (note 7)	(131,081)	-	(36,418)	-	(368,383)	-	(93,865)	-
5950	**Realized gross profit**	51,386,893	60	5,877,587	32	120,839,146	62	15,357,478	31
	Operating expenses (notes 6(21) and 7)**:**								
6100	Marketing expenses	1,504,036	2	374,207	2	3,568,982	2	1,091,972	2
6200	General and administrative expenses	1,554,018	2	310,133	2	3,966,040	2	763,707	2
6300	Research and development expenses	15,287,840	18	3,706,841	20	39,057,144	20	8,521,111	17
6450	Expected credit losses (note 6(4))	142,790	-	62,119	-	137,797	-	48,685	-
	Total operating expenses	18,488,684	22	4,453,300	24	46,729,963	24	10,425,475	21
	Net operating income	32,898,209	38	1,424,287	8	74,109,183	38	4,932,003	10
	Non-operating income and expenses:								
7010	Other income (notes 6(22) and 7)	105,352	-	53,320	-	217,789	-	110,596	-
7020	Other gains and losses (note 6(7) and 6(22))	923,190	1	836,436	4	2,257,269	1	(244,510)	-
7050	Finance costs (notes 6(22) and 7)	(265,842)	-	(49,898)	-	(695,880)	-	(118,026)	-
7100	Interest income (note 6(22))	140,473	-	50,586	-	425,197	-	208,320	-
7060	Shares of profit of associates accounted for using the equity method (note 6(7))	2,174,319	3	340,630	2	8,634,852	5	118,572	-
		3,077,492	4	1,231,074	6	10,839,227	6	74,952	-
7900	**Profit before tax**	35,975,701	42	2,655,361	14	84,948,410	44	5,006,955	10
7950	**Income tax expenses** (note 6(16))	5,427,635	7	428,761	2	13,006,296	7	895,010	2
8200	**Net profit for the period**	30,548,066	35	2,226,600	12	71,942,114	37	4,111,945	8
8300	**Other comprehensive income (loss):**								
8310	**Items that will not be reclassified subsequently to profit or loss**								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(23))	21,524	-	6,497	-	12,203	-	(46,315)	-
8320	Shares of other comprehensive income of associates accounted for using the equity method	(50,833)	-	52,615	-	94,274	-	22,943	-
	Total items that will not be reclassified subsequently to profit or loss	(29,309)	-	59,112	-	106,477	-	(23,372)	-
8360	**Items that may be reclassified subsequently to profit or loss**								
8361	Exchange differences on translation of foreign financial statements	13,556	-	183,348	1	220,358	-	(289,804)	-
8399	Income tax related to items that may be reclassified subsequently (note 6(16))	(2,621)	-	(36,652)	-	(44,042)	-	57,918	-
	Total items that may be reclassified subsequently to profit or loss	10,935	-	146,696	1	176,316	-	(231,886)	-
8300	**Other comprehensive income**	(18,374)	-	205,808	1	282,793	-	(255,258)	-
8500	**Total comprehensive income**	**$ 30,529,692**	**35**	**2,432,408**	**13**	**72,224,907**	**37**	**3,856,687**	**8**
	Net profit attributable to:								
8610	Shareholders of the parent company	$ 30,546,361	35	2,225,486	12	71,937,589	37	4,110,630	8
8620	Non-controlling interests	1,705	-	1,114	-	4,525	-	1,315	-
		$ 30,548,066	**35**	**2,226,600**	**12**	**71,942,114**	**37**	**4,111,945**	**8**
	Total comprehensive income attributable to:								
8710	Shareholders of the parent company	$ 30,527,541	35	2,431,207	13	72,220,233	37	3,855,586	8
8720	Non-controlling interests	2,151	-	1,201	-	4,674	-	1,101	-
		$ 30,529,692	**35**	**2,432,408**	**13**	**72,224,907**	**37**	**3,856,687**	**8**
	Earnings per share (New Taiwan Dollars) (note 6(19))**:**								
9750	Basic earnings per share	**$ 138.00**		**10.75**		**325.49**		**19.90**	
9850	Diluted earnings per share	**$ 123.51**		**10.01**		**297.17**		**18.69**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Phison Electronics Corp. and subsidiaries

Consolidated Statements of Changes in Equity

For the nine months ended September 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the shareholders of the parent company													
	Share capital				Retained earnings				Total other equity interest					
	Common shares	Advance receipts for share capital	Total share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Subtotal of equity attributable to the shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2025	$ 2,053,341	4,837	2,058,178	13,053,610	7,345,209	288,419	26,649,524	34,283,152	32,547	(370,790)	(338,243)	49,056,697	9,366	49,066,063
Net profit for the period	-	-	-	-	-	-	4,110,630	4,110,630	-	-	-	4,110,630	1,315	4,111,945
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	(231,672)	(23,372)	(255,044)	(255,044)	(214)	(255,258)
Total comprehensive income (loss) for the period	-	-	-	-	-	-	4,110,630	4,110,630	(231,672)	(23,372)	(255,044)	3,855,586	1,101	3,856,687
Appropriation and distribution of retained earnings:														
Appropriated legal reserve	-	-	-	-	491,603	-	(491,603)	-	-	-	-	-	-	-
Appropriated special reserve	-	-	-	-	-	462,753	(462,753)	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	(3,814,143)	(3,814,143)	-	-	-	(3,814,143)	-	(3,814,143)
Changes in equity of associates accounted for using the equity method	-	-	-	333,836	-	-	-	-	-	-	-	333,836	-	333,836
Share-based payments-stock options	-	-	-	35,277	-	-	-	-	-	-	-	35,277	-	35,277
Exercise of employee stock options	12,935	9,945	22,880	579,000	-	-	-	-	-	-	-	601,880	-	601,880
Conversion of convertible bonds	2	(2)	-	-	-	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(47,836)	(47,836)	-	47,836	47,836	-	-	-
Balance at September 30, 2025	**$ 2,066,278**	**14,780**	**2,081,058**	**14,001,723**	**7,836,812**	**751,172**	**25,943,819**	**34,531,803**	**(199,125)**	**(346,326)**	**(545,451)**	**50,069,133**	**10,467**	**50,079,600**
Balance at January 1,2026	$ 2,079,733	99,881	2,179,614	19,104,335	7,836,812	751,172	30,563,405	39,151,389	6,583	(344,800)	(338,217)	60,097,121	10,883	60,108,004
Net profit for the period	-	-	-	-	-	-	71,937,589	71,937,589	-	-	-	71,937,589	4,525	71,942,114
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-	-	176,167	106,477	282,644	282,644	149	282,793
Total comprehensive income (loss) for the period	-	-	-	-	-	-	71,937,589	71,937,589	176,167	106,477	282,644	72,220,233	4,674	72,224,907
Appropriation and distribution of retained earnings:														
Appropriated legal reserve	-	-	-	-	4,824,065	-	(4,824,065)	-	-	-	-	-	-	-
Reversed special reserve	-	-	-	-	-	(710,068)	710,068	-	-	-	-	-	-	-
Cash dividends of common shares	-	-	-	-	-	-	(17,021,819)	(17,021,819)	-	-	-	(17,021,819)	-	(17,021,819)
Changes in equity of associates accounted for using the equity method	-	-	-	44,369	-	-	-	-	-	-	-	44,369	-	44,369
Changes in accounted ownership interests of subsidiaries	-	-	-	534	-	-	-	-	-	-	-	534	11	545
Share-based payments-stock options	-	-	-	476,306	-	-	-	-	-	-	-	476,306	-	476,306
Exercise of employee stock options	22,680	(9,110)	13,570	337,888	-	-	-	-	-	-	-	351,458	-	351,458
Conversion of convertible bonds	109,239	(88,030)	21,209	1,089,605	-	-	-	-	-	-	-	1,110,814	-	1,110,814
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	4,352	4,352	-	(4,352)	(4,352)	-	-	-
Due to recognition of equity component of convertible bonds	-	-	-	2,212,924	-	-	-	-	-	-	-	2,212,924	-	2,212,924
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	11,614	11,614
Balance at September 30, 2026	**$ 2,211,652**	**2,741**	**2,214,393**	**23,265,961**	**12,660,877**	**41,104**	**81,369,530**	**94,071,511**	**182,750**	**(242,675)**	**(59,925)**	**119,491,940**	**27,182**	**119,519,122**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Phison Electronics Corp. and subsidiaries

Consolidated Statements of Cash Flows

For the nine months ended September 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Profit before income tax	$ 84,948,410	5,006,955
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	595,698	563,467
Amortization expenses	497,976	472,882
Expected credit losses	137,797	48,685
Net gains on financial assets at fair value through profit or loss	(1,248,998)	(398,090)
Finance costs	695,880	118,026
Net gains on disposal of property, plant and equipment	(34)	-
Interest income	(425,197)	(208,320)
Dividend income	(93,309)	(38,725)
Share-based payments	477,083	35,277
Shares of loss (profit) of associates accounted for using the equity method	(8,634,852)	(118,572)
Gains on disposal of investments accounted for using the equity method	(352,394)	-
Unrealized profit or loss on transactions with associates	368,383	93,865
Unrealized foreign exchange loss (gains)	(171,304)	249,990
Inventory obsolescence loss (reversal gains)	1,654,706	(972,816)
Recognition of refund liabilities	2,402,504	5,723
Gain on lease modification	(100)	-
Total adjustments to reconcile profit (loss)	(4,096,161)	(148,608)
Changes in operating assets and liabilities:		
Accounts receivable (including related parties)	(47,361,478)	(3,625,235)
Other receivables	(1,898,515)	(412,316)
Inventories	(77,819,509)	(5,940,176)
Prepayments	(3,601,696)	356,675
Other current assets	(2,361)	305
Other operating assets	(520)	-
Contract liabilities	1,119,807	263,298
Accounts payable (including related parties)	7,368,845	5,280,395
Other payables	31,299,348	(1,142,101)
Other current liabilities	(26,288)	(232,347)
Net defined benefit liabilities	522	350
Total changes in operating assets and liabilities	(90,921,845)	(5,451,152)
Cash outflow generated from operations	(10,069,596)	(592,805)
Interest paid	(284,653)	(51,678)
Income taxes paid	(1,127,761)	(1,295,729)
Net cash flows used in operating activities	(11,482,010)	(1,940,212)

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Phison Electronics Corp. and subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the nine months ended September 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30,	
	2026	**2025**
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(73,485)	(33,706)
Proceeds from disposal of financial assets at fair value through other comprehensive income	7,355	53,294
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	18,103	-
Acquisition of financial assets at amortized cost	(20,324)	(287)
Acquisition of financial assets at fair value through profit or loss	(30,000)	-
Acquisition of investments accounted for using the equity method	-	(80,000)
Increase in prepayments for investments	-	(24,000)
Proceeds from disposal of financial assets at fair value through profit or loss	418,003	5,438
Proceeds from capital reduction of financial assets at fair value through profit or loss	7,962	-
Acquisition of property, plant and equipment (including prepayments for equipment)	(3,575,433)	(1,276,736)
Proceeds from disposal of property, plant and equipment	1,020	-
Decrease (increase) in refundable deposits	(357,577)	120,531
Acquisition of intangible assets	(593,054)	(422,636)
Interests received	432,083	213,258
Dividends received	397,050	35,697
Net cash flows used in investing activities	(3,368,297)	(1,409,147)
Cash flows from financing activities:		
Increase in short-term borrowings	26,975,407	10,487,252
Decrease in short-term borrowings	(29,320,030)	(9,208,772)
Repayments of long-term borrowings	-	(88,554)
Proceeds from issuing bonds (deducting issuance costs)	31,250,336	-
Increase (decrease) in guarantee deposits received	14,004	(165,535)
Payment of lease liabilities	(51,000)	(48,383)
Cash dividends paid	(5,094,985)	(5,172,125)
Exercise of employee stock options	351,458	601,880
Increase in non-controlling interests	11,614	-
Net cash flows from (used in) financing activities	24,136,804	(3,594,237)
Effect of exchange rate changes on cash and cash equivalents	85,965	(451,023)
Net increase (decrease) in cash and cash equivalents	9,372,462	(7,394,619)
Cash and cash equivalents at beginning of period	16,275,252	19,982,162
Cash and cash equivalents at end of period	**$ 25,647,714**	**12,587,543**

See accompanying notes to consolidated financial statements.

1. Company history

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

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on November 6, 2026.

3. New standards, amendments and interpretations adopted

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2026:

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2027, would not have a significant impact on its consolidated financial statements:

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" and amendments to IFRS 19
- Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"

The Group expects to adopt the following new and amended standards, which effective for annual period beginning on January 1, 2028:

(i) IFRS 18 "Presentation and Disclosure in Financial Statements"

The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.

- A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities.

- Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 " The Fair Value Option for Investments in Associates and Joint Ventures"

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 20 "Regulatory Assets and Regulatory Liabilities"

4. Summary of material accounting policies

(1) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2025. For the related information, please refer to note 4 of the 2025 consolidated financial statements.

(2) Basis of consolidation

Principles of preparation of the consolidated financial statements were the same as those of the consolidated financial statements for the year ended December 31, 2025. For the related information, please refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2025.

A. List of subsidiaries in the consolidated financial statements

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

Name investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			September 30, 2026	December 31, 2025	September 30, 2025	
The Company	Lian Xu Dong Investment Corporation	Investment	100.00	100.00	100.00	
The Company	Phison Electronics Japan Corp.	Sales and service office	100.00	100.00	100.00	
The Company	Emtops Electronics Corporation	Investment	100.00	100.00	100.00	
The Company	Phisontech Electronics Taiwan Corp.	Investment and trade	100.00	100.00	100.00	
The Company	Global Flash Limited	Investment and trade	100.00	100.00	100.00	
The Company	Power Flash (Samoa) Limited	Investment and trade	100.00	100.00	100.00	
The Company	Regis Investment (Samoa) Limited	Investment	100.00	100.00	100.00	
The Company	Nextorage Corporation	R&D, design, manufacture and sales of flash memory application products	98.31	98.31	98.31	Note 1

Name investor	Name of subsidiary	Principal activity	Shareholding (%)			Note
			September 30, 2026	December 31, 2025	September 30, 2025	
The Company	Phison Technology India Private Limited	Design, R&D, import and export of storage devices and electronic components	100.00	100.00	100.00	Note 2
The Company	Great Storage Investment Corporation	Investment	100.00	100.00	100.00	
The Company	Gorich Investment Corporation	Investment	100.00	100.00	100.00	
The Company	Phison Capital Corporation	Investment and management consulting services	100.00	-	-	Note 3
The Company	Phison Electronics Europe GmbH	Marketing business development and technical support in the data storage	100.00	-	-	Note 4
Global Flash Limited	Core Storage Electronic (Samoa) Limited	Investment and trade	100.00	100.00	100.00	
Lian Xu Dong Investment Corporation	Ostek Corporation	Manufacture and trade of electronic components	100.00	100.00	100.00	
Power Flash (Samoa) Limited	Power Flash (HK) Limited	Sales of electronic products	100.00	100.00	100.00	
Power Flash (Samoa) Limited	Power Storage Technology (Shenzhen) Limited	Design, R&D, import and export of storage devices and electronic components	100.00	100.00	100.00	
Power Flash (Samoa) Limited	Power Storage Electronics Limited	Design, R&D, production and sales of integrated circuits, systems and electronics hardware and software, as well as rendering of related services	100.00	100.00	100.00	
Regis Investment (Samoa) Limited	RealYou Investment Limited	Investment	100.00	100.00	100.00	
RealYou Investment Limited	Hefei Ruhan Electronic Technology Limited	Design, R&D and sales of electronic products and technical support service, as well as rendering of related services and investment	100.00	100.00	100.00	

Name investor	Name of subsidiary	Principal activity	Shareholding (%) September 30, 2026	Shareholding (%) December 31, 2025	Shareholding (%) September 30, 2025	Note
Emtops Electronics Corporation	Phison Technology Inc.	Sales of electronic products and service office	100.00	100.00	100.00	
Phisontech Electronics Taiwan Corp.	Super Storage Technology Corporation	Manufacture and trade of electronic components	100.00	100.00	100.00	
Great Storage Investment Corporation	Maistorage Technology Sdn. Bhd.	R&D, design, manufacture, and sales of flash memory controller chips and storage solutions, along with trade, import and export, software development, as well as technical support services	98.57	100.00	100.00	Note 5
Maistorage Technology Sdn. Bhd.	Maistorage Electronics Sdn. Bhd.	Information Technology Services	100.00	-	-	Note 6

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

Note 2: The Company held 2,299,990 shares, while Emtops Electronics Corporation held 10 shares in the subsidiary.

Note 3: For operational needs, the Company set up Phison Capital Corporation in Taiwan in August 2026.

Note 4: For operational needs, the Company set up Phison Electronics Europe GmbH in Germany in August 2026.

Note 5: Due to the issuance of new restricted employee shares by a sub-subsidiary, the Group's ownership interest decreased to 98.57%.

Note 6: Due to local regulatory restrictions, 51% of the equity interest in the investee was held in the name of a third party. Nevertheless, considering the relevant contractual arrangements and other facts and circumstances, the Company still has substantive control over the investee and, in substance, holds the entire shares of the investee.

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

(3) Employee benefits

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

(4) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by the management.

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

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the 2025 consolidated financial statements. For related information, please refer to note 5 of the 2025 consolidated financial statements.

6. Description of significant accounts

Except for the following disclosures, there were no material differences in the disclosures of significant accounts between the interim consolidated financial statements for the current period and the 2025 consolidated financial statements. Please refer to Note 6 of the 2025 consolidated financial statements.

(1) Cash and cash equivalents

	September 30, 2026	December 31, 2025	September 30, 2025
Cash	$ 110	120	120
Demand deposits and check deposits	11,095,678	10,582,712	9,223,587
Cash equivalents－time deposits	14,551,926	5,692,420	3,363,836
	$ 25,647,714	**16,275,252**	**12,587,543**

Please refer to note 6(23) for fair value sensitivity analysis and interest rate risk on the financial assets and liabilities of the Group.

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

	September 30, 2026	December 31, 2025	September 30, 2025
Financial assets at fair value through profit or loss－current:			
Beneficiary certificates－open-end funds	$ 177,492	145,499	114,974
Domestic listed stock	1,850,385	1,278,704	971,465
Derivative instruments－convertible bonds (note 6(14))	31,200	9,635	28,800
	$ 2,059,077	**1,433,838**	**1,115,239**

		September 30, 2026	December 31, 2025	September 30, 2025
Financial assets at fair value through profit or loss－non-current:				
Domestic private equity funds	$	-	-	1,831
Domestic unlisted stocks		108,870	119,833	127,547
Foreign unlisted stocks		57,360	59,975	62,813
Derivative instruments-convertible bonds (note 6(14))		17,750	-	-
	$	**183,980**	**179,808**	**192,191**
Financial liability at fair value through profit or loss－current				
Derivative instruments-convertible bonds (note 6(14))	**$**	**2,787,512**	**116**	**-**
Financial liability at fair value through profit or loss－non-current:				
Derivative instruments-convertible bonds (note 6(14))	**$**	**877,038**	**-**	**6,000**

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

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

		September 30, 2026	December 31, 2025	September 30, 2025
Domestic unlisted stocks	$	356,099	289,770	297,712
Foreign unlisted stocks		695,100	701,199	66,430
	$	**1,051,199**	**990,969**	**364,142**

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

The Group disposed of its foreign unlisted equity securities for $7,355 thousand and $53,294 thousand in the third quarters of 2026 and 2025, respectively, resulting in a disposal gain of $4,352 thousand and a disposal loss of $47,836 thousand, respectively, which were reclassified from other comprehensive income to retained earnings.

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

	September 30, 2026	December 31, 2025	September 30, 2025
Accounts receivable	$ 58,894,631	11,819,918	10,245,032
Accounts receivable－related parties	2,062,097	1,902,171	1,597,133
	60,956,728	13,722,089	11,842,165
Less: loss allowance	(171,928)	(33,029)	(114,394)
	$ 60,784,800	**13,689,060**	**11,727,771**

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

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

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

	September 30, 2026		
	Gross carrying amount	Weighted-average loss rate (%)	Loss allowance
Current	$ 47,978,028	0.02	9,548
1~60 days past due	12,216,636	0.70	85,204
61~90 days past due	723,774	8.54	61,810
91~120 days past due	28,214	18.75	5,290
More than 151 days past due	10,076	100.00	10,076
	$ 60,956,728		**171,928**

	December 31, 2025		
	Gross carrying amount	Weighted-average loss rate (%)	Loss allowance
Current	$ 13,237,100	0.09	11,768
1~60 days past due	474,915	2.36	11,187
More than 151 days past due	10,074	100.00	10,074
	$ 13,722,089		**33,029**

	September 30, 2025		
	Gross carrying amount	Weighted-average loss rate (%)	Loss allowance
Current	$ 11,168,336	0.09	9,846
1~60 days past due	364,190	3.85	14,019
61~90 days past due	299,655	26.90	80,601
91~120 days past due	145	61.38	89
More than 151 days past due	9,839	100.00	9,839
	$ 11,842,165		**114,394**

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

	For the nine months ended September 30,	
	2026	2025
Balance, beginning of the period	$ 33,029	65,726
Impairment losses recognized	137,797	48,685
Effect of movements in exchange rates	1,102	(17)
Balance, end of the period	**$ 171,928**	**114,394**

None of the accounts receivable mentioned above were pledged as collateral, where in the average credit term of 30~90 days is similar with the practice in the industry, without including any finance elements.

(5) Other receivables

	September 30, 2026	December 31, 2025	September 30, 2025
Tax refunds receivable	$ 2,503,762	519,638	499,376
Receivable from capital reduction	160,971	-	4,509
Dividend receivable	56,391	-	3,028
Others	77,509	76,691	70,686
Less: loss allowance	-	-	-
	$ 2,798,633	**596,329**	**577,599**

(6) Inventories

	September 30, 2026	December 31, 2025	September 30, 2025
Raw materials	$ 77,391,391	20,944,841	17,665,948
Work in process	21,404,874	5,996,394	7,369,172
Semi-finished goods	11,573,482	8,211,132	5,963,605
Finished goods	1,403,765	456,342	528,316
	$ 111,773,512	**35,608,709**	**31,527,041**

The costs of inventories recognized as costs of goods sold for the three months and nine months ended September 30, 2026 and 2025were $34,558,358 thousand, $12,222,792 thousand, $73,724,012 thousand and $34,414,090 thousand, respectively.

The cost of goods sold related to inventories includes gains on the reversal of previously recognized inventory write-downs and obsolescence losses, and losses on inventory write-downs and obsolescence resulting from a decrease in net realizable value, as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Inventory valuation and obsolescence losses (reversal gains)	**$ 291,589**	**(184,224)**	**1,654,706**	**(972,816)**

None of the inventories mentioned above were pledged as collateral.

(7) Investments accounted for using the equity method

There was no individually significant associate of the Group. The summary of the amounts recognized by the Group was included in the consolidated financial statements as follows:

	September 30, 2026	December 31, 2025	September 30, 2025
Carrying amounts of associates that were not individually material	**$ 13,326,535**	**4,719,750**	**3,955,739**

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
The shares of profit or loss of associates attributable to the Group	**$ 2,174,319**	**340,630**	**8,634,852**	**118,572**

During the third quarter of 2026, the Group received cash dividends of $453,441 thousand from its investees accounted for using the equity method, which were recorded as a reduction in investments accounted for using the equity method. As of September 30, 2026, the dividends of $56,391 thousand, recognized as other receivables, has yet to be collected.

As of September 30, 2026, Hefei Xinpeng Technology Co., Ltd. conducted a capital reduction, accounted for as a disposal of investments accounted for using the equity method, and returned the entire proceeds of $160,971 thousand, which has yet to be collected and was recognized as other receivables, to its shareholders, resulting in a gain on disposal of $352,394 thousand, recognized as other gains and losses.

For the nine-month periods ended September 30, 2026 and 2025, the equity transactions, such as capital increases for cash, conducted by the investees, which resulted in changes in the Group' s ownership interests in such investees, prompted the Group to recognize the capital surplus arising from changes in ownership interests in associates of NT$44,369 thousand and NT$333,836 thousand, respectively.

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

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

A portion of the Group's investments accounted for using the equity method and its share of profit or loss and other comprehensive income for the third quarter of 2026 were calculated based on financial statements that have not been reviewed by independent auditors.

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

(8) Property, plant and equipment

	Land	Buildings	Mechanical and testing equipment	Office and other equipment	Construction in progress	Total
Cost:						
Balance at January 1, 2026	$ 3,089,838	5,276,115	1,705,133	479,720	405,520	10,956,326
Additions for the period	1,617,847	471,934	710,325	72,036	542,139	3,414,281
Disposal for the period	-	-	(351,889)	(77,625)	-	(429,514)
Reclassification	-	-	18,429	22,189	(2,600)	38,018
Effects of movements in exchange rates	3	146	3,318	2,359	1	5,827
Balance at September 30, 2026	**$ 4,707,688**	**5,748,195**	**2,085,316**	**498,679**	**945,060**	**13,984,938**
Balance at January 1, 2025	$ 2,149,256	5,258,794	1,700,762	478,325	405,000	9,992,137
Additions for the period	940,594	17,282	207,459	45,767	-	1,211,102
Disposal for the period	-	-	(306,695)	(56,155)	-	(362,850)
Reclassification	-	-	38,285	-	-	38,285
Effects of movements in exchange rates	(6)	(272)	(7,094)	(3,984)	-	(11,356)
Balance at September 30, 2025	**$ 3,089,844**	**5,275,804**	**1,632,717**	**463,953**	**405,000**	**10,867,318**

	Land	Buildings	Mechanical and testing equipment	Office and other equipment	Construction in progress	Total
Depreciation:						
Balance at January 1, 2026	$ -	1,197,473	1,024,566	309,933	-	2,531,972
Depreciation for the period	-	125,573	326,223	90,532	-	542,328
Disposal for the period	-	-	(351,814)	(76,714)	-	(428,528)
Effects of movements in exchange rates	-	38	1,555	1,081	-	2,674
Balance at September 30, 2026	**$ -**	**1,323,084**	**1,000,530**	**324,832**	**-**	**2,648,446**
Balance at January 1, 2025	$ -	1,035,565	965,447	246,115	-	2,247,127
Depreciation for the period	-	121,318	298,275	92,891	-	512,484
Disposal for the period	-	-	(306,695)	(56,155)	-	(362,850)
Effects of movements in exchange rates	-	(54)	(3,527)	(2,383)	-	(5,964)
Balance at September 30, 2025	**$ -**	**1,156,829**	**953,500**	**280,468**	**-**	**2,390,797**
Carrying amounts:						
Balance at January 1, 2026	**$ 3,089,838**	**4,078,642**	**680,567**	**169,787**	**405,520**	**8,424,354**
Balance at September 30, 2026	**$ 4,707,688**	**4,425,111**	**1,084,786**	**173,847**	**945,060**	**11,336,492**
Balance at January 1, 2025	**$ 2,149,256**	**4,223,229**	**735,315**	**232,210**	**405,000**	**7,745,010**
Balance at September 30, 2025	**$ 3,089,844**	**4,118,975**	**679,217**	**183,485**	**405,000**	**8,476,521**

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

(9) Lease arrangements

A. Right-of-use assets

	Buildings	Transportation equipment	Total
Carrying amounts:			
Balance at January 1, 2026	**$ 100,242**	**1,111**	**101,353**
Balance at September 30, 2026	**$ 109,642**	**609**	**110,251**
Balance at January 1, 2025	**$ 156,220**	**1,491**	**157,711**
Balance at September 30, 2025	**$ 115,133**	**1,297**	**116,430**

There were no significant addition, disposal, or recognition and reversal of impairment losses of right-of-use assets of the Group for the nine months ended September 30, 2026 and 2025. Please refer to note 6(9) of the 2025 consolidated financial statements for other related information.

B. Lease liabilities

	September 30, 2026	December 31, 2025	September 30, 2025
Current	**$ 50,931**	**76,835**	**103,659**
Non-current	**$ 81,636**	**44,454**	**66,890**

For maturity analysis, please refer to note 6(23) “Financial instruments”.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Interest expenses relating to lease liabilities	$ 1,842	2,079	4,256	6,428
Expenses relating to short-term lease	$ 2,678	1,779	6,501	5,413
Expenses relating to lease of low-value assets, excluding short-term lease of low-value assets	$ 450	452	1,344	1,133

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

	For the nine months ended September 30,	
	2026	2025
Total cash outflow for leases	$ 63,101	61,357

C. Other information about leases

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

(10) Intangible assets

	Computer Software	Technology License Fees	Total
Carrying amounts:			
Balance at January 1, 2026	$ 154,981	168,479	323,460
Balance at September 30, 2026	$ 285,213	133,550	418,763
Balance at January 1, 2025	$ 184,330	216,497	400,827
Balance at September 30, 2025	$ 176,735	173,589	350,324

There were no significant addition or disposal of intangible assets of the Group for the nine months ended September 30, 2026 and 2025. Please refer to note 12 for the amounts of amortization for the period and note 6(10) of the 2025 consolidated financial statements for the other related information.

None of intangible assets mentioned above were pledged as collateral.

(11) Short-term borrowings

	September 30, 2026	December 31, 2025	September 30, 2025
Unsecured bank loans	$ -	2,350,964	2,080,680
Unused credit facilities	$ 37,527,250	13,829,186	14,245,980
Range of interest rates at the end of period (%)	-	4.07~4.57	1.73~4.72

Considering its operating conditions, the Group prepaid its short-term borrowings in full in July 2026.

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

(12) Other payables

	September 30, 2026	December 31, 2025	September 30, 2025
Salaries and bonus payable	$ 37,114,894	7,944,350	5,068,604
Dividends payable (note 6(17))	13,269,915	1,343,283	1,343,283
Others	3,417,403	1,287,813	1,134,930
	$ 53,802,212	**10,575,446**	**7,546,817**

(13) Other current liabilities

	September 30, 2026	December 31, 2025	September 30, 2025
Refund liabilities	$ 2,832,992	659,344	242,683
Others	528,911	282,095	120,298
	$ 3,361,903	**941,439**	**362,981**

(14) Bonds payable

A. 2nd domestic unsecured convertible bonds

Based on a resolution decided during its board meeting held on November 7, 2023, and with the approval of the FSC on December 28, 2023, the Company issued its 2nd domestic unsecured convertible bonds, with a period of 5 years (from January 23, 2024 to 2029), at a face value of $6,000,000 thousand and 0% coupon rate, totaling $6,060,000 thousand, which is at 101% of the face value, in order to expand its business scale and replenish its working capital as follows:

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

	September 30, 2026	December 31, 2025	September 30, 2025
Total convertible corporate bonds issued	$ 6,000,000	6,000,000	6,000,000
Unamortized discounted corporate bonds payable	-	(56,904)	(317,977)
Less: current portion	-	(1,103,896)	-
Accumulative converted amount	(6,000,000)	(4,839,200)	-
Bonds payable at the end of period	**$ -**	**-**	**5,682,023**

	September 30, 2026	December 31, 2025	September 30, 2025
Embedded derivative instruments–call options, included in financial assets at fair value through profit or loss–current	$ -	9,635	28,800
Embedded derivative instruments–put options, included in financial liability at fair value through profit or loss–current and non-current	$ -	116	6,000
Embedded derivative instruments–equity component–conversion options, included in capital surplus–stock options	$ -	96,733	499,996

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Embedded derivative instruments–net gains and losses of call and put options remeasured at fair value, included in other gains and losses	$ -	42,600	(16,527)	54,600
Interest expense	$ -	23,751	-	70,953

The conversion price per share at the time of issuance of NTD 588 was calculated by multiplying the closing price of the Company's ordinary shares traded on Taipei Exchange at five business days before the reference date (January 15, 2024) of NTD 491, at the conversion premium rate of 119.66%; and the number of convertible shares of the bonds should be calculated by dividing the issued face value of the bonds by the conversion price. However, due to the distribution of cash dividends to shareholders after the issuance of corporate bonds, the conversion price had been adjusted in accordance with the article related to anti-dilution in the terms of issuance and conversion as follows:

(Amount in Dollars)

Ex-dividend date	Conversion price before adjustment	Conversion price after adjustment
July 15, 2024	588.0	579.7
January 14, 2025	579.7	563.3
July 7, 2025	563.3	550.5
December 22, 2025	550.5	547.3

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

The bondholder should use the reference date to exercise the put options of the convertible bonds in advance after the date the convertible bonds had been issued for three years (January 23, 2027). Thereafter, the bondholder could request for the Group to buy back the bonds in cash, at the face value. Upon accepting the request, the Group should repurchase the bonds in cash in eight business days after the reference date.

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

B. 3rd domestic unsecured convertible bonds

Based on a resolution made during its board meeting held on July 14, 2025, and with the approval of the FSC on November 26, 2025, the Company issued its 3rd domestic unsecured convertible bonds, with a period of 5 years (from February 6, 2026 to 2031), at a face value of $6,000,000 thousand and 0% coupon rate, totaling $6,060,000 thousand, which is at 101% of the face value, in order to expand its business scale and replenish its working capital as follows:

The details of 3rd domestic unsecured convertible bonds were as follows:

	September 30, 2026
Total convertible corporate bonds issued	$ 6,000,000
Unamortized discounted corporate bonds payable	(781,226)
Bonds payable at the end of period	**$ 5,218,774**
Embedded derivative instruments–call options, included in financial assets at fair value through profit or loss–current	**$ 31,200**
Embedded derivative instruments–put options, included in financial liability at fair value through profit or loss– non-current	**$ 78,600**
Embedded derivative instruments–equity component–conversion options, included in capital surplus–stock options	**$ 892,622**

	For the three months ended September 30, 2026	For the nine months ended September 30, 2026
Embedded derivative instruments–net gains and losses of call and put options remeasured at fair value, included in other gains and losses	**$ (13,800)**	**5,773**
Interest expense	**$ 41,831**	**110,807**

The conversion price per share at the time of issuance of NTD 2,488 was calculated by multiplying the closing price of the Company's ordinary shares traded on Taipei Exchange at five business days before the reference date (January 29, 2026) of NTD 1,895, at the conversion premium rate of 115.185%; and the number of convertible shares of the bonds should be calculated by dividing the issued face value of the bonds by the conversion price. However, due to the distribution of cash dividends to shareholders after the issuance of corporate bonds, the conversion price had been adjusted in accordance with the article related to anti-dilution in the terms of issuance and conversion as follows:

(Amount in Dollars)

Ex-dividend date	Conversion price before adjustment	Conversion price after adjustment
July 6, 2026	2,488.0	2,468.8

If the closing price of the Company's ordinary shares at the brokerage firm's business premises exceeds the conversion price by 30% (or more) for 30 consecutive business days, or when the outstanding balance of the convertible corporate bonds is less than 10% of the total amount of the original issuance between the day after the expiration of three months from the date of issuance (May 7, 2026) and 40 days prior to the expiration of the issuance period (December 28, 2030), the Company may repurchase the convertible bonds of the bondholders in cash, at face value, within five business days after the reference date of the bond called.

The bondholder should use the reference date to exercise the put options of the convertible bonds in advance, after the date that the convertible bonds had been issued for three years (February 6, 2029). Thereafter, the bondholder could request for the Company to buy back the bonds in cash, at the face value. Upon accepting the request, the Company should repurchase the bonds in cash in eight business days after the reference date.

The convertible bonds mentioned above included the liability and equity components. The equity component is included in capital surplus - stock options, with the liability component's original effective interest rate of 3.22%.

C. 1st overseas unsecured convertible bonds

Based on a resolution decided during its board meeting held on April 8, 2026, and with the approval of the FSC on May 13, 2026, the Company issued its 1st overseas unsecured convertible bonds on the Singapore Exchange Limited on May 26, 2026, with a period of 5 years (from May 26, 2026 to 2031), totaling US$800,000 thousand, comprising US$400,000 thousand of Series A bonds and US$400,000 thousand of Series B bonds, with 0% coupon rate.

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

	September 30, 2026
Total convertible corporate bonds issued	$ 25,394,000
Unamortized discounted corporate bonds payable	(4,966,429)
Bonds payable at the end of period	**$ 20,427,571**
Embedded derivative instruments–call options, included in financial assets at fair value through profit or loss– non-current	**$ 17,750**

	September 30, 2026
Embedded derivative instruments–put options, included in financial liability at fair value through profit or loss– non-current	$ 798,438
Embedded derivative instruments–liability component–conversion options, included in financial liability at fair value through profit or loss– current	$ 2,787,512
Embedded derivative instruments–equity component–conversion options, included in capital surplus–stock options	$ 1,320,302

	For the three months ended September 30, 2026	For the nine months ended September 30, 2026
Embedded derivative instruments–net gains and losses of call and put options remeasured at fair value, included in other gains and losses	$ 361,483	248,983
Interest expense	$ 213,289	306,061

The conversion price at issuance was determined based on the closing price of NT$2,735 per share of the Company's ordinary shares traded on the Taipei Exchange on May 18, 2026, which served as the reference price. The conversion prices for Series A and Series B were set by applying conversion premiums of 125% and 130% to the reference price. Hence, the conversion prices at the time of issuance were established at NT$3,418.75 and NT$3,555.50 per share, respectively.

The number of convertible shares of the bonds should be calculated by multiplying the issued face value of the bonds by the USD to NTD exchange rate determined on the pricing date (US$1 = NTD 31.6350) and dividing the result by the conversion price. However, after the issuance of the bonds, the conversion price was adjusted in accordance with the article related to anti-dilution in the terms of issuance and conversion.

The holders of the convertible bonds (including Series A and Series B) may, from the day following the third month after the issuance date (August 27, 2026) until (1) 10 days prior to the maturity date (May 16, 2031), or (2) the fifth business day preceding the date on which the bondholders exercise their put option or the Company exercises its call option (excluding the maturity date), request the conversion of their bonds into the Company's ordinary shares at any time in accordance with applicable laws and regulations and the indenture.

From the day following the second anniversary and the third anniversary of the issuance dates for Series A and Series B (May 26, 2028 and May 26, 2029), respectively, until the maturity date (May 26, 2031), the Company may redeem all or part of the bonds at the applicable early redemption price if either of the following conditions is met: (a) the closing price of the Company's ordinary shares at the places of business of securities firms exceeds 130% of the amount obtained by multiplying the applicable early redemption price by the then-effective conversion price and divided by the face value of the bonds for at least 20 trading days within a period of 30 consecutive trading days; or (b) more than 90% of the bonds have already been redeemed, converted, or repurchased and cancelled.

The Company shall provide its bondholders with a put option on the second anniversary and third anniversary of the issuance dates of Series A and Series B (May 26, 2028 and May 26, 2029), respectively, as the put option record dates. The bondholders may require the Company to redeem all or part of their bonds at the face value, plus compensation interest calculated at an annual interest rate of -0.25%, compounded on a semi-annual basis.

The convertible bonds mentioned above included the liability and equity components. The equity component is included in capital surplus - stock options, with the liability component's original effective interest rates of 2.63% and 6.92% for Series A and Series B, respectively.

(15) Employee benefits

A. Defined benefit plans

The management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since the previous fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2025 and 2024.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Pension	$ 1,533	1,473	4,599	4,420

B. Defined contribution plans

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Pension	$ 94,239	83,186	273,992	244,655

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Pension	$ 2,503	2,374	9,656	7,567

(16) Income tax

A. The income tax expense of the Group was calculated by using the profit before tax for the interim reporting period, multiplied by the best estimated measurement of the expected effective tax rate by the management throughout the year.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Current tax expenses				
Current period	$ 5,427,635	428,761	13,006,296	895,010

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Exchange differences on translation of foreign financial statements	$ 2,621	36,652	44,042	(57,918)

D. Examination and approval

Except for FY2022, the Company's income tax returns through FY2024 have been assessed by the tax authorities. Moreover, the income tax return for the FY2025 has not yet been assessed.

Except for Gorich Investment Corporation, which was newly incorporated in 2025, the income tax returns, through FY2024, of all other domestic subsidiaries have been assessed and finalized by the tax authorities.

(17) Equity

A. Common shares

As of September 30, 2026, December 31 and September 30, 2025, the Company's authorized common shares amounted to $3,600,000 thousand, $3,000,000 thousand and $3,000,000 thousand, respectively, of which $350,000 thousand, $290,000 thousand and $290,000 thousand, respectively, shall be reserved for employee share options. Thereafter, the actual registered common shares issued amounted to $2,211,652 thousand, $2,079,733 thousand and $2,066,278 thousand, respectively, with par value of NTD10 per share.

As of September 30, 2026, December 31 and September 30, 2025, due to the exercise of conversion rights on convertible corporate bonds and employee stock options to issue new shares, the registration procedures for the amounts of $2,741 thousand, $99,881 thousand and $14,780 thousand, respectively, recognized as advance receipts for share capital, have yet to be completed.

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

(Unit: Shares in Thousands)

	For the nine months ended September 30,	
	2026	**2025**
Balance, beginning of the period	217,961	205,817
Bonds converted	2,121	-
Employee share options exercised	1,357	2,288
Balance, end of the period	**221,439**	**208,105**

B. Capital surplus

	September 30, 2026	**December 31, 2025**	**September 30, 2025**
Additional paid-in capital	$ 16,629,116	14,756,829	9,448,218
Changes in equities of associates accounted for using the equity method	1,987,930	1,943,561	1,752,478
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	148,673	148,673	148,673
Changes in ownerships interest in subsidiaries	2,478	1,944	1,944
Employee share options	665,558	537,340	531,241
Due to recognition of equity component of convertible bonds	2,212,924	96,733	499,996
Transaction of treasury stocks	1,516,724	1,516,724	1,516,724
Expired employee stock options	102,558	102,531	102,449
	$ 23,265,961	**19,104,335**	**14,001,723**

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

C. Retained earnings and dividend policy

In accordance with the Company' s Articles of Incorporation (the " Articles"), earnings distribution or offsetting of losses may be proposed semi-annually.

Under the dividend policy as set forth in the Articles, when the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, estimating reserved remunerations to employees and directors, setting aside 10% of the remaining profit as legal reserve until the accumulated legal capital reserve equals to the paid-in capital, then retaining or reversing a special reserve in accordance with the laws and regulations; thereafter any remaining profit, together with the beginning balance of undistributed retained earnings, shall be used by the Company's Board as the basis for proposing a distribution plan. When the aforementioned earnings, legal reserves, and capital reserves are distributed in cash, it will first have to be approved by a majority vote of the Company's Board during its meeting, attended by over two-thirds of its directors, thereafter, to be reported at the shareholders' meeting; while stock distribution shall be resolved at the shareholders' meeting.

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

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

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

The appropriation of earnings and cash dividends per share for the first half of 2026 were as follows:

	First half of 2026
Resolution date of the Company's Board of Directors	August 13, 2026
Legal reserve	$ 4,139,558
Special reserve appropriated (reversed)	(297,113)
Cash dividends to shareholders	13,269,915
Cash dividends per share (NTD)	60

The amount of legal reserve and special reserve for the first half of 2026 will be submitted to the shareholders' meeting for approval in the following year.

The appropriation of 2025 earnings was as follows:

	Second half of 2025	First half of 2025
Resolution dates of the Company's Board of Directors	March 6, 2026	August 14, 2025
Cash dividends to shareholders	$ 3,751,904	1,343,081
Cash dividends per share (NTD) (Note)	16.96425749	6.22831640
Approval dates of the Company's shareholders' meeting	May 27, 2026	May 27, 2026
Legal reserve	$ 684,507	183,731
Special reserve appropriated (reversed)	(412,955)	412,929

The appropriation of 2024 earnings was as follows:

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

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

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

D. Other equity (net of tax)

(a) Exchange differences on translation of foreign financial statements

	For the nine months ended September 30,	
	2026	2025
Balance at January 1	$ 6,583	32,547
Foreign exchange differences (net of tax)	176,167	(231,672)
Balance at September 30	**$ 182,750**	**(199,125)**

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

	For the nine months ended September 30,	
	2026	**2025**
Balance at January 1	$ (344,800)	(370,790)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income (net of tax)	106,477	(23,372)
Disposal for the period	(4,352)	47,836
Balance at September 30	**$ (242,675)**	**(346,326)**

E. Non-controlling interests (net of tax)

	For the nine months ended September 30,	
	2026	**2025**
Balance at January 1	$ 10,883	9,366
Net income	4,525	1,315
Change in equity of subsidiaries accounted for using the equity method	11	-
Change in non-controlling interests	11,614	-
Exchange differences on translation of foreign financial statements (net of tax)	149	(214)
Balance at September 30	**$ 27,182**	**10,467**

(18) Share-based payment

A. Restricted employee shares

On May 20, 2026, the board of directors of Maistorage Technology Sdn. Bhd. (Maistorage) resolved to issue 1,450,000 restricted employee shares, which were granted only to its full-time employees who met certain conditions. The grant date was July 1, 2026, and the fair value per share at the grant date was MYR 1.1, which was determined using the income approach.

Qualified employees granted for the aforementioned restricted employee shares were entitled to subscribe for the allocated shares at MYR 1.03 per share. The shares were vested upon the employees' completion of three years of continuous service with Maistorage from the subscription date, with the vesting period which may be adjusted based on actual circumstances and the relevant provisions of the compensation plan.

After subscribing for the shares and prior to satisfying the vesting conditions, employees are required to transfer all such shares to a special purpose company established by the Company for the employee remuneration plan to hold on their behalf. The shares may not be sold, pledged, transferred, gifted or otherwise disposed of. During the holding period, the voting rights attached to such shares are exercised by the special purpose company in accordance with applicable laws and regulations. If an employee fails to satisfy the vesting conditions, the unvested shares will be recovered by the Company and may be reallocated to other eligible employees in accordance with the remuneration plan.

For the nine months ended September 30, 2026, the Group recognized compensation costs of $777 thousand.

Information related to restricted employee shares was as follows:

(Unit: Shares in Thousands)

	For the nine months ended September 30, 2026
Balance at beginning of period	$ -
Granted during the period	1,450
Balance at end of period	**$ 1,450**

B. Employee share options

As of September 30, 2026, with the approval of the FSC, the Company issued its employee share options, with a duration of 4 to 5 years, and each unit can be exercised to purchase one share of the Company, as follows:

Type	Authorization date	Issue date	Issued units (in thousands)	Grant Period	Exercise price per share (TWD)	Adjusted exercise price per share (TWD)
2026 Second employee share options	August 12, 2026	August 24, 2026	5,000	service period between 2~3 years	2,135.00	2,135.00
2025 First employee share options	April 11, 2025	August 27, 2025	2,000	service period between 2~3 years	484.50	478.00
2023 First employee share options	December 12, 2023	August 27, 2025	6,000	service period between 2~4 years	484.50	478.00
2022 First employee share options	July 27, 2022	September 7, 2022	6,000	service period between 2~3 years	293.50	257.40

The estimated fair values of the options granted were calculated at the date of grant using the Black-Scholes option pricing model. The Group recognized compensation cost of $476,306 thousand and $35,277 thousand for the nine months ended September 30, 2026 and 2025, respectively. The weighted-average assumptions used in the valuation were as follows:

	2026 2nd	2025 1st	2023 1st	2022 1st
Grant-date share prices (NTD)	$ 2,135.00	484.50	484.50	293.50
Exercise prices (NTD)	2,135.00	484.50	484.50	293.50
Expected volatility (%)	44.47~46.65	39.58~39.74	39.03~40.18	38.77~39.50
Expected dividend yield (%)	-	-	-	-
Expected life (year)	4	4	5	4
Risk free interest rates (%)	1.71~1.74	1.22~1.25	1.25~1.31	1.05~1.11
Fair value per option (NTD)	$ 720.53	142.28	155.13	84.61

Information related to employee share options was as follows:

A. 2026 Second employee share options

	For the nine months ended September 30, 2026	
Employee share options	**Number of Options (In Thousands of Units)**	**Weighted-average exercise price (NTD)**
Outstanding at January 1	-	$ -
Granted during the period	5,000	2,135.00
Exercised during the period	-	-
Forfeited during the period	(2)	-
Outstanding at September 30	**4,998**	2,135.00
Exercisable at September 30	**-**	

As of September 30, 2026, the weighted-average remaining contractual life for outstanding option was 3.92 years.

B. 2025 First employee share options

	For the nine months ended September 30,			
	2026		2025	
Employee share options	Number of Options (In Thousands of Units)	Weighted-average exercise price (NTD)	Number of Options (In Thousands of Units)	Weighted-average exercise price (NTD)
Outstanding at January 1	1,990	$ 481.70	-	$ -
Granted during the period	-	-	2,000	484.50
Exercised during the period	-	-	-	-
Forfeited during the period	(16)	-	(10)	-
Outstanding at September 30	**1,974**	478.00	**1,990**	484.50
Exercisable at September 30	**-**		**-**	

As of September 30, 2026 and 2025, the weighted-average remaining contractual lives for outstanding options were 2.92 and 3.92 years.

C. 2023 First employee share options

	For the nine months ended September 30,			
	2026		2025	
Employee share options	Number of Options (In Thousands of Units)	Weighted-average exercise price (NTD)	Number of Options (In Thousands of Units)	Weighted-average exercise price (NTD)
Outstanding at January 1	5,874	$ 481.70	-	$ -
Granted during the period	-	-	6,000	484.50
Exercised during the period	-	-	-	-
Forfeited during the period	(23)	-	(121)	-
Outstanding at September 30	**5,851**	478.00	**5,879**	484.50
Exercisable at September 30	**-**		**-**	

As of September 30, 2026 and 2025, the weighted-average remaining contractual lives for outstanding options were 3.92 and 4.92 years.

D. 2022 First employee share options

	For the nine months ended September 30,			
	2026		2025	
Employee share options	Number of Options (In Thousands of Units)	Weighted-average exercise price (NTD)	Number of Options (In Thousands of Units)	Weighted-average exercise price (NTD)
Outstanding at January 1	1,485	$ 259.40	4,735	$ 274.80
Granted during the period	-	-	-	-
Exercised during the period	(1,484)	259.03	(2,156)	263.19
Forfeited during the period	(1)	-	(36)	-
Outstanding at September 30	**-**	-	**2,543**	260.90
Exercisable at September 30	**-**		**2,543**	

All employee share options issued under this plan expired in September 2026.

(19) Earnings per share

A. Basic earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Net profit attributable to ordinary shareholders of the Company	**$ 30,546,361**	**2,225,486**	**71,937,589**	**4,110,630**
Weighted-average number of shares outstanding during the year (in thousands of shares)	**221,355**	**206,952**	**221,014**	**206,551**
Basic earnings per share (NTD)	**$ 138.00**	**10.75**	**325.49**	**19.90**

B. Diluted earnings per share

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Net profit attributable to ordinary shareholders of the Company	$ 30,546,361	2,225,486	71,937,589	4,110,630
Effects of dilutive potential ordinary shares				
Convertible bonds	(92,563)	(18,849)	178,639	16,353
Net profit attributable to ordinary shareholders of the Company	**$ 30,453,798**	**2,206,637**	**72,116,228**	**4,126,983**

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Weighted average number of shares outstanding during the year (in thousands of shares)	221,355	206,952	221,014	206,551
Effect of dilutive potential ordinary shares (in thousands of shares)				
Employee share options	9,497	1,936	9,843	2,084
Employees' remunerations	6,027	590	6,160	1,456
Effects of conversion of convertible bonds	9,690	10,899	5,656	10,735
	246,569	**220,377**	**242,673**	**220,826**
Diluted earnings per share (NTD)	**$ 123.51**	**10.01**	**297.17**	**18.69**

(20) Revenue from contracts with customers

A. The details of revenue were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	**2025**	**2026**	**2025**
Primary geographical markets:				
Asia	$ 41,687,688	14,147,501	113,781,306	38,737,411
America	43,450,406	3,620,356	78,896,329	10,067,453
Europe	936,641	361,940	2,228,306	1,045,461
Others	1,597	7,000	25,600	15,108
	$ 86,076,332	**18,136,797**	**194,931,541**	**49,865,433**
Major product categories:				
Flash memory module products	$ 77,667,917	12,718,016	173,384,945	34,901,977
Controllers	4,168,177	4,085,117	12,165,125	9,862,621
Integrated Circuit	3,526,039	785,871	7,439,884	2,953,468
Others	714,199	547,793	1,941,587	2,147,367
	$ 86,076,332	**18,136,797**	**194,931,541**	**49,865,433**

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

B. Contract balances

	September 30, 2026	December 31, 2025	September 30, 2025
Contract liabilities	**$ 1,543,665**	**423,858**	**431,875**

For details on accounts receivable (including related parties) and allowance for impairment, please refer to note 6(4).

(21) Remunerations to employees and directors

On May 27, 2025, the Company resolved at its shareholders' meeting to amend its Articles of Incorporation, which article19 states, that if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, 8% to 19% the remaining profit before income tax (in form of stock or cash), shall be appropriated as employee remuneration (of which, a minimum of 1% shall be reserved specifically for frontline employees). Moreover, a maximum of 1.5% of the remainder shall be appropriated as directors' remuneration.

Under the Articles of Incorporation prior to the amendment, if the Company incurs profit for the year, the profit should first be used to offset against any accumulated deficits. Thereafter, 8% to 19% the remaining profit before income tax (in form of stock or cash), shall be appropriated as employee remuneration, and a maximum of 1.5% shall be appropriated as directors' remuneration.

The following are the remunerations to employees (including the minimum of 1% specifically to those frontline employees) and directors for the three months and nine months ended September 30, 2026 and 2025:

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Employee remunerations	$ 2,289,328	416,600	12,958,676	710,865
Directors' remunerations	$ 16,510	11,312	54,000	20,000

The 2025 remunerations to employees and directors, which have been approved by the Company's Board of Directors on March 6, 2026, was as follows:

	2025	
	Cash	Share
Employee remunerations	$ 1,000,000	-
Directors' remunerations	36,000	-

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

There were no differences between the estimated and the actual amounts of remunerations to employees and directors for the year ended December 31, 2025.

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

(22) Non-operating income and expenses

A. Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Interest income from bank deposits	$ 124,298	50,130	404,227	207,261
Others	16,175	456	20,970	1,059
	$ 140,473	**50,586**	**425,197**	**208,320**

B. Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Dividend income	$ 44,127	30,777	93,309	38,725
Rent income	13,034	6,457	21,025	22,143
Others	48,191	16,086	103,455	49,728
	$ 105,352	**53,320**	**217,789**	**110,596**

C. Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Gains on financial assets and liabilities at fair value through profit or loss	$ 444,565	297,745	1,248,998	398,090
Net foreign exchange gains (losses)	126,165	538,707	670,853	(642,583)
Gains on disposal of investments accounted for using the equity method (note 6(7))	352,394	-	352,394	-
Others	66	(16)	(14,976)	(17)
	$ 923,190	**836,436**	**2,257,269**	**(244,510)**

D. Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
Interests on convertible bonds	$ 255,120	23,751	416,868	70,953
Interests on bank loans	8,834	24,055	274,707	40,617
Interests on lease liabilities	1,842	2,079	4,256	6,428
Others	46	13	49	28
	$ 265,842	**49,898**	**695,880**	**118,026**

(23) Financial instruments

A. Categories of financial instruments

		September 30, 2026	December 31, 2025	September 30, 2025
Financial assets				
Financial assets at FVTPL (current and non-current)	$	2,243,057	1,613,646	1,307,430
Financial assets at amortized cost (Note 1)		91,605,947	32,462,461	26,689,279
Financial assets at FVTOCI		1,051,199	990,969	364,142
	$	**94,900,203**	**35,067,076**	**28,360,851**
Financial liabilities				
Financial liabilities at FVTPL (current and non-current)	$	3,664,550	116	6,000
Financial liabilities at amortized cost (Note 2)		95,754,800	22,911,340	21,926,792
Total	**$**	**99,419,350**	**22,911,456**	**21,932,792**

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

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

B. Financial risk management objectives and policies

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

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

C. Market risk

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

(a) Foreign currency risk

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

(i) Exposure to foreign currency risk

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

	September 30, 2026			December 31, 2025			September 30, 2025		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets									
Monetary items									
USD	2,060,350	31.850	65,622,133	637,533	31.430	20,037,655	584,497	30.445	17,795,012
Non-Monetary items									
CNY	2,632,865	4.748	12,500,842	938,125	4.496	4,217,808	785,705	4.271	3,355,748
Financial liabilities									
Monetary items									
USD	995,654	31.850	31,711,568	339,173	31.430	10,660,202	214,129	30.445	6,519,165

(ii) Sensitivity analysis

The Group's exposure to foreign currency risk primarily arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties), financial assets at fair value through profit or loss, short-term borrowings, accounts payable (including related parties), Financial liabilities at fair value through profit or loss, and bonds payable, that are denominated in USD. A weakening (strengthening) of 5% of the NTD against the USD as of September 30, 2026 and 2025, would have increased or decreased the net profit before income tax by $1,695,528 thousand and $563,792 thousand, respectively. The analysis was performed on the same basis for comparative periods.

(iii) Foreign exchange gains and losses on monetary items

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2026	2025	2026	2025
$	126,165	538,707	670,853	(642,583)

(b) Interest rate risk

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

If interest rates had been 0.25% basis point higher and all other variables were held constant, the Group's net profit before income tax for the nine months ended September 30, 2026 and 2025 would have increased by $20,409 thousand and $17,181 thousand, respectively, due to the impact of variable interest rate cash and cash equivalents.

(c) Other price risk

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

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

If equity prices had been 10% higher or lower, the net profit before income tax for the nine months ended September 30, 2026 and 2025 would have increased or decreased by $219,411 thousand and $127,680 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL. If equity prices had been 10% higher or lower, the other comprehensive income before income tax during the periods would have increased or decreased by $105,120 thousand and $36,414 thousand, respectively, as a result of the changes in fair value of financial assets at FVOCI.

D. Concentration of credit risk

(a) Accounts receivable

The major customers of the Group are in the electronics industry and the Group usually grants credit limits to its customers in accordance with credit policy. Therefore, the Group is exposed to credit risk. However, the Group mostly sells products to its customers with good reputation and continuously monitors their financial situation to monitor the significant loss from credit risk. As of September 30, 2026, December 31 and September 30, 2025, 66%, 33% and 40%, respectively, of accounts receivable (including related parties) were from top five customers; hence, there was no significant concentration of credit risk. In addition, the Group periodically reviews the recoverable amounts of accounts receivable to ensure that an adequate allowance is recognized for possible irrecoverable amounts. In this regard, the management believes there is no expected material credit risk.

(b) Cash and cash equivalents

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

(c) Receivables and debt securities

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

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

E. Liquidity risk

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

	Carrying amount	Cash flow of contract	Within 1 year	1-5 years	Over 5 years
September 30, 2026					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 70,108,455	(70,108,455)	(70,091,335)	(15,004)	(2,116)
Lease liabilities (current and non-current)	132,567	(181,956)	(57,727)	(66,092)	(58,137)
Fixed interest rate liabilities	25,646,345	(31,394,000)	-	(31,394,000)	-
	$ 95,887,367	**(101,684,411)**	**(70,149,062)**	**(31,475,096)**	**(60,253)**
December 31, 2025					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 19,456,480	(19,456,480)	(19,453,364)	(1,120)	(1,996)
Lease liabilities (current and non-current)	121,289	(127,404)	(78,914)	(48,490)	-
Floating interest rate liabilities	361,445	(362,133)	(362,133)	-	-
Fixed interest rate liabilities	3,093,415	(3,160,660)	(3,160,660)	-	-
	$ 23,032,629	**(23,106,677)**	**(23,055,071)**	**(49,610)**	**(1,996)**
September 30, 2025					
Non-derivative financial liabilities					
Non-interest bearing liabilities	$ 14,164,089	(14,164,089)	(14,159,340)	(2,753)	(1,996)
Lease liabilities (current and non-current)	170,549	(178,200)	(105,702)	(71,277)	(1,221)
Fixed interest rate liabilities	7,762,703	(8,573,989)	(2,573,989)	(6,000,000)	-
	$ 22,097,341	**(22,916,278)**	**(16,839,031)**	**(6,074,030)**	**(3,217)**

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

F. Fair value of financial instruments

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

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

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

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

Fair value hierarchy

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

	September 30, 2026			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 1,850,385	-	-	1,850,385
Domestic unlisted stocks	-	-	108,870	108,870
Foreign unlisted stocks	-	-	57,360	57,360
Beneficiary certificates－open-end funds	177,492	-	-	177,492
Derivative instruments－convertible bonds	-	48,950	-	48,950
	$ 2,027,877	**48,950**	**166,230**	**2,243,057**
Financial liabilities at fair value through profit or loss				
Derivative instruments－convertible bonds	**$ -**	**3,664,550**	**-**	**3,664,550**
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	$ -	-	356,099	356,099
Foreign unlisted stocks	-	-	695,100	695,100
	$ -	**-**	**1,051,199**	**1,051,199**

	December 31, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 1,278,704	-	-	1,278,704
Domestic unlisted stocks	-	-	119,833	119,833
Foreign unlisted stocks	-	-	59,975	59,975
Beneficiary certificates－open-end funds	145,499	-	-	145,499
Derivative instruments－convertible bonds	-	9,635	-	9,635
	$ 1,424,203	**9,635**	**179,808**	**1,613,646**
Financial liabilities at fair value through profit or loss				
Derivative instruments–convertible bonds	**$ -**	**116**	**-**	**116**
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	$ -	-	289,770	289,770
Foreign unlisted stocks	-	-	701,199	701,199
	$ -	**-**	**990,969**	**990,969**

	September 30, 2025			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
Domestic listed stocks	$ 971,465	-	-	971,465
Domestic unlisted stocks	-	-	127,547	127,547
Foreign unlisted stocks	-	-	62,813	62,813
Domestic private equity funds	-	-	1,831	1,831
Beneficiary certificates－open-end funds	114,974	-	-	114,974
Derivative instruments－convertible bonds	-	28,800	-	28,800
	$ 1,086,439	**28,800**	**192,191**	**1,307,430**
Financial liabilities at fair value through profit or loss				
Derivative instruments – convertible bonds	**$ -**	**6,000**	**-**	**6,000**
Financial assets at fair value through other comprehensive income				
Domestic unlisted stocks	$ -	-	297,712	297,712
Foreign unlisted stocks	-	-	66,430	66,430
	$ -	**-**	**364,142**	**364,142**

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2026 and 2025.

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

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	
	Private equity funds	Equity instruments	Equity instruments	Total
January 1, 2026	$ -	179,808	990,969	1,170,777
Recognized in profit or loss	-	(5,616)	-	(5,616)
Recognized in other comprehensive income	-	-	12,203	12,203
Additions for the period	-	-	73,485	73,485
Disposal and proceeds from capital reduction	-	(7,962)	(25,458)	(33,420)
September 30, 2026	**$ -**	**166,230**	**1,051,199**	**1,217,429**
January 1, 2025	$ 4,296	215,248	431,750	651,294
Recognized in profit or loss	(2,465)	(22,084)	-	(24,549)
Recognized in other comprehensive income	-	-	(46,315)	(46,315)
Additions for the period	-	-	33,706	33,706
Disposal and proceeds from capital reduction	-	(2,804)	(54,999)	(57,803)
September 30, 2025	**$ 1,831**	**190,360**	**364,142**	**556,333**

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income－equity investments without an active market	Market approach	· Discount for lack of marketability (September 30, 2026: 14.29%~30.00%, December 31, 2025: 17.06%~30.00% and September 30, 2025: 17.98%~30.00%)	· The higher the discount for lack of marketability, the lower the fair value

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income－equity investments without an active market	Income approach	· Sustainable revenue growth rate (September 30, 2026: 2.00%, December 31, 2025: 2.00% and September 30, 2025: 2.10%) · Weighted-average cost of capital (September 30, 2026: 12.68%, December 31, 2025: 6.13%~12.68% and September 30, 2025: 5.83%~11.59%) · Discount for lack of marketability (September 30, 2026, December 31, 2025 and September 30, 2025: 15%) · Discount for non-controlling interest (September 30, 2026, December 31, 2025 and September 30, 2025: 15%)	· The higher the sustainable revenue growth rate, the higher the fair value · The higher the weighted-average cost of capital, the lower the fair value · The higher the discount for lack of marketability, the lower the fair value · The higher the discount for non-controlling interest, the lower the fair value
Financial assets at fair value through profit or loss－equity investments without an active market and private equity funds	Asset-based approach	· Net Asset Value · Discount for lack of marketability (September 30, 2026, December 31, 2025 and September 30, 2025: 10%) · Discount for non-controlling interest (September 30, 2026, December 31, 2025 and September 30, 2025: 10%)	Not applicable

(24) Capital management

The management believes that the Group' s objectives, policies, and processes of capital management, have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2025. Also, the management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2025. Please refer to Note 6(25) of the 2025 consolidated financial statements for related information.

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

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

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

	January 1, 2026	Cash flows	Foreign exchange movement and others	September 30, 2026
Short-term borrowings	$ 2,350,964	(2,344,623)	(6,341)	-
Bonds payable (including current portion)	1,103,896	31,250,336	(6,707,887)	25,646,345
Lease liabilities (current and non-current)	121,289	(51,000)	62,278	132,567
Guarantee deposits received (non-current)	3,116	14,004	-	17,120
Total liabilities from financing activities	**$ 3,579,265**	**28,868,717**	**(6,651,950)**	**25,796,032**

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

7. Related-party transactions

(1) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Microtops Design Corporation	Associate
HOSIN Electronics Co., LTD.	Associate

Name of related party	Relationship with the Group
HOSIN Global Electronics Co., LTD.	HOSIN Electronics Co., LTD.'s subsidiary
Hefei Core Storage Electronic Limited	HOSIN Electronics Co., LTD.'s subsidiary
Hefei Kaimeng Technology Co., Ltd.	HOSIN Electronics Co., LTD.'s second-tier subsidiary
Xiamen Hongxinchuang Electronics Co., Ltd.	HOSIN Electronics Co., LTD.'s subsidiary
Shanghai Hongxinyu Microelectronics Technology Co., Ltd.	HOSIN Electronics Co., LTD.'s subsidiary
Hefei Xinpeng Technology Co., Ltd.(Hefei Xinpeng)	As a result of the changes in equity interests on September 30, 2026, Hefei Xinpeng became a non-related party of the Group thereafter.
Hefei Datang Storage Technology Co., Ltd.	Hefei Xinpeng's subsidiary
ProGrade Digital, Inc.	Associate
Kioxia Corporation (KIC)	The Company's director
Kioxia Taiwan Corporation	KIC's subsidiary
Kioxia Asia, Limited	KIC's subsidiary
Solid State Storage Technology Corporation (including Hsinchu Science Park Branch)	KIC's subsidiary
Miphi Semiconductors Private Limited	Associate
United Power Research Technology Corp.	Effective July 1, 2026, the Company's directors and key management personnel ceased to have significant influence over the entity. Hence, the entity became a non-related party of the Company thereafter.
Apollo Power CO., Ltd.	Other related parties

(2) Except for those reported in Note 6(7) to the consolidated financial statements, the summary of significant related-party transactions is as follows:

A. Operating revenues

	For the three months ended September 30,		For the nine months ended September 30,	
Related Party Category	**2026**	**2025**	**2026**	**2025**
Associates	$ 2,731,770	1,489,146	7,226,898	4,344,423
Other related parties	500,449	402,378	1,216,019	867,126
	$ 3,232,219	**1,891,524**	**8,442,917**	**5,211,549**

There were no differences in the credit terms (which ranged from T/T in advance to EOM 90 days) offered to related parties and non-related parties. Moreover, there were no significant differences between the sales price and credit terms offered to related parties and third parties.

As of September 30, 2026 and 2025, the unrealized profits arising from sales to related parties amounted to $368,383 thousand and $93,865 thousand, respectively, recorded as deductions from investments accounted for using the equity method.

B. Purchase of goods

Related Party Category/ Name	For the three months ended September 30, 2026	For the three months ended September 30, 2025	For the nine months ended September 30, 2026	For the nine months ended September 30, 2025
Other related parties－Kioxia Taiwan Corporation	**$ 12,687,052**	**2,979,188**	**41,622,981**	**9,768,374**

There were no significant differences in the purchase price and payment terms, which ranged from T/T in advance to EOM 30 days and T/T in advance to EOM 90 days, offered to related parties and non-related parties, respectively.

C. Receivable from related parties

Related Party Category	September 30, 2026	December 31, 2025	September 30, 2025
Associates－HOSIN Global Electronics Co., LTD.	$ 1,493,823	1,235,326	1,216,686
Associates	142,122	173,697	84,048
Other related parties	426,152	493,148	296,399
	2,062,097	1,902,171	1,597,133
Less: Loss allowance	(5,695)	(1,712)	(1,437)
	$ 2,056,402	**1,900,459**	**1,595,696**

The outstanding accounts receivable from related parties were unsecured.

D. Payables to related parties

Related Party Category/ Name	September 30, 2026	December 31, 2025	September 30, 2025
Other related parties－Kioxia Taiwan Corporation	**$ 7,496,941**	**2,052,579**	**732,985**

E. Contract liabilities, other receivables and other payables

Account Name	Related Party Category	September 30, 2026	December 31, 2025	September 30, 2025
Contract liabilities－current	Associates	**$ 3,610**	**120**	**13,528**
Other receivables	Associates	$ 71	81	81
	Other related parties	-	16	15
		$ 71	**97**	**96**

Account Name	Related Party Category	September 30, 2026	December 31, 2025	September 30, 2025
Other payables, included in other current liabilities	Associates	$ -	952	922
	Other related parties	2,465	603	338
		$ 2,465	**1,555**	**1,260**

F. Other transactions

Account Name	Related Party Category	For the three months ended September 30, 2026	For the three months ended September 30, 2025	For the nine months ended September 30, 2026	For the nine months ended September 30, 2025
Operating costs	Other related parties	**$ 365**	**409**	**902**	**1,257**
Operating and non-operating expenses	Associates	$ -	1,134	1	4,653
	Other related parties	4,999	493	6,185	923
		$ 4,999	**1,627**	**6,186**	**5,576**
Non-operating incomes	Other related parties	$ -	1,518	2,942	4,424
	Associates	201	231	655	694
		$ 201	**1,749**	**3,597**	**5,118**

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

(3) Key management personnel compensation

	For the three months ended September 30, 2026	For the three months ended September 30, 2025	For the nine months ended September 30, 2026	For the nine months ended September 30, 2025
Short-term employee benefits	$ 1,326,152	121,608	3,058,445	210,259
Post-employment benefits	345	376	1,193	1,182
Share-based payments	15,543	2,826	31,853	2,826
	$ 1,342,040	**124,810**	**3,091,491**	**214,267**

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

Please refer to note 6(18) for further explanations related to share-based payment.

8. Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2026	December 31, 2025	September 30, 2025
Property, plant and equipment	As collateral for credit facilities	$ 469,952	479,542	482,739
Pledged time deposits (recognized as financial assets at amortized cost — current)	As collateral for the tariff of imported raw materials	61,418	41,094	41,094
		$ 531,370	**520,636**	**523,833**

9. Commitments and contingencies

(1) Significant commitments

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

September 30, 2026	December 31, 2025	September 30, 2025
$ 620,000	**320,000**	**320,000**

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

September 30, 2026	December 31, 2025	September 30, 2025
$ 387,000	**407,150**	**152,225**

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

September 30, 2026	December 31, 2025	September 30, 2025
$ 1,000	**1,000**	**1,000**

(2) Purchase commitment

The Group entered into a long-term purchase agreement with a supplier, with the relative purchase quantity and price of wafers specified in the agreement. As of September 30, 2026, the Group has paid the guaranteed deposit of US $56,000 thousand, recognized as other non-current assets.

10. Losses due to major disasters: None.

11. Subsequent events

The resolutions approved by the Company's Board of Directors on November 6, 2026, were as follows:

(1) The Company plans to repurchase 2,000 thousand shares of its issued shares of common shares to transfer to its employees at a price not to exceed $2,280 per share for the period from November 6, 2026 to January 5, 2027, in accordance with the Securities and Exchange Act.

(2) The Company plans to enter into a long-term supply agreement with a supplier, wherein the Company will purchase dynamic random-access memory (DRAM) from the supplier during a specified period at mutually agreed prices and quantities. Furthermore, the Company will pledge a certificate of deposit amounting to US $31,320 thousand to the supplier as performance security.

12. Other

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

By function / By item	For the three months ended September 30,					
	2026			2025		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits						
Salary	224,511	16,394,716	16,619,227	201,297	2,890,324	3,091,621
Labor and health insurance	22,518	169,319	191,837	19,814	132,064	151,878
Pension	8,409	89,866	98,275	8,163	78,870	87,033
Others	14,343	98,397	112,740	10,993	61,575	72,568
Depreciation	35,654	176,476	212,130	36,521	152,744	189,265
Amortization	692	179,057	179,749	465	157,548	158,013

By function / By item	For the nine months ended September 30,					
	2026			2025		
	Classified as operating cost	Classified as operating expenses	Total	Classified as operating cost	Classified as operating expenses	Total
Employee benefits						
Salary	666,668	40,758,161	41,424,829	595,712	6,778,791	7,374,503
Labor and health insurance	67,636	496,994	564,630	59,574	410,244	469,818
Pension	25,107	263,140	288,247	24,055	232,587	256,642
Others	40,933	270,673	311,606	30,884	172,853	203,737
Depreciation	106,873	488,825	595,698	122,582	440,885	563,467
Amortization	1,926	496,050	497,976	1,363	471,519	472,882

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

A. Mr. K.S. Pua should be removed from his position as the Company's chairman of the board ("Removal Action");

B. The Company, its board of directors, and other co-defendants, must compensate for the damage amounting to NT$ 685,570 thousand on behalf of certain investors ("Class Action").

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

On January 15, 2025, the Taiwan High Court ruled that Mr. K.S. Pua's position as a director of the Company should be terminated. Dissatisfied with the court's ruling, the Company and Mr. K.S. Pua filed an appeal to the Supreme Court. On November 24, 2025, the Supreme Court remanded the litigation to the Taiwan High Court for reconsideration. The case is currently in progress. Nevertheless, as Mr. K.S. Pua had already resigned from his positions on November 18, 2021 as a director and as the chairman of the Company. The ultimate outcome of this case is not expected to have any impact on the Group's business operation.

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

13. Addition disclosures

(1) Information on significant transactions:

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

A. Loans to other parties: None.

B. Guarantees and endorsements for other parties: None.

C. Material securities held as of September 30, 2026 (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 2.

E. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: Please refer to Table 3.

F. Business relationships and significant intercompany transactions: Please refer to Table 4.

(2) For information on investees (excluding information on investees in Mainland China), please refer to Table 5.

(3) Information on investment in Mainland China:

A. For the names of investees in Mainland China, the main businesses and products, and other information, please refer to Table 6.

B. For limitation on investment in Mainland China, please refer to Table 6.

C. Significant transactions:

For the nine months ended September 30, 2026, the significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

14. Segment information

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

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

Phison Electronics Corp. and Subsidiaries

Significant securities held at the reporting date (excluding investment in subsidiaries, associates and joint ventures)

September 30, 2026

Table 1 (Shares/Units in Thousands / Amounts in Thousands)

Name of Holder	Type and Name of Marketable Securities	Relationship with Company	Account Title	Ending Balance				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
	Common shares							
The Company	Apacer Technology Inc.	-	Financial assets at fair value through profit or loss－current	8,820	1,781,556	6.80	1,781,556	
	AppWorks Fund IV L.P.L	-	Financial assets at fair value through other comprehensive income－non-current	161,250	116,910	6.68	116,910	
Core Storage Electronic (Samoa) Limited	Shenzhen Quanxing Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income－non-current	15,323	625,002	12.76	625,002	

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

Phison Electronics Corp. and Subsidiaries

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

For the nine months ended September 30, 2026

Table 2 (Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sales	Amount	Percentage of Total Purchases/ Sales (%)	Payment Terms	Unit Prices	Payment Terms	Ending Balance	Percentage of Total Notes/Accounts Receivable (Payable) (%)	
The Company	Kioxia Taiwan Corporation	The subsidiary of KIC	Purchase	41,622,981	29	Net 30 days after monthly closing	None	None	(7,496,941)	(46)	
	Super Storage Technology Corporation	Sub-subsidiary	Processing cost	444,378	1	Net 30 days after monthly closing	None	None	(64,426)	-	Note 2
	Kioxia Corporation	The Company's director	Sales	(1,127,066)	(1)	Net 60 days after monthly closing	None	None	371,284	1	
	HOSIN Global Electronics Co., LTD.	The subsidiary of HOSIN Electronics Co., LTD.	Sales	(6,163,956)	(3)	TT in advance to Net 45 days after monthly closing	None	None	1,493,524	2	
	Miphi Semiconductors Private Limited	Associate	Sales	(847,085)	-	Net 45 days after receipt date	None	None	126,503	-	
	Nextorage Corporation	Subsidiary	Sales	(894,068)	-	Net 30 to 60 days after monthly closing	None	None	18,152	-	Note 2
	Power Storage Electronics Limited	Sub-subsidiary	Sales	(2,723,684)	(1)	Net 30 to 90 days after monthly closing	None	None	780,772	1	Note 2
	Phison Technology Inc.	Sub-subsidiary	Sales	(7,418,858)	(4)	Net 45 days after monthly closing	None	None	5,747,209	9	Note 2
	ProGrade Digital, Inc.	Associate	Sales	(161,175)	-	Net 30 days after receipt date	None	None	1,077	-	

Note 1: The sales and purchase price to related parties were similar to those offered to non-related parties.
Note 2: The inter-company transactions and balance had been eliminated in the consolidated financial statements.

Phison Electronics Corp. and Subsidiaries

Receivables from Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

September 30, 2026

Table 3 (Amounts in Thousands)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts	Note
					Amount	Action Taken			
The Company	HOSIN Global Electronics Co., LTD.	The subsidiary of HOSIN Electronics Co., LTD.	1,493,524	6.03	-	-	371,956	299	
	Kioxia Corporation	The Company's director	371,284	3.50	-	-	302,388	74	
	Power Storage Electronics Limited	Sub-subsidiary	780,772	6.72	-	-	37,062	-	Note 2
	Miphi Semiconductors Private Limited	Associate	126,503	7.70	28,214	Enhanced collecting	2,677	5,311	
	Phison Technology Inc.	Sub-subsidiary	5,747,209	3.34	-	-	1,102,073	-	Note 2

Note 1: Information as of October 30, 2026.
Note 2: The aforementioned inter-company transactions and balance have been eliminated in the consolidated financial statements.

Phison Electronics Corp. and Subsidiaries

Business relationships and significant intercompany transactions

For the nine months ended September 30, 2026

Table 4 (Amounts in Thousands)

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (%)
0	The Company	Super Storage Technology Corporation	1	Processing cost	444,378	General trading terms	0.23
		Phison Technology Inc.	1	Sales	7,418,858	General trading terms	3.81
			1	Accounts receivable	5,747,209	General trading terms	2.42
			1	Marketing expenses	499,082	General trading terms	0.26
			1	Other payables	124,505	General trading terms	0.05
		Nextorage Corporation	1	Sales	894,068	General trading terms	0.46
		Power Storage Technology(Shenzhen) Limited	1	Marketing expenses	111,420	General trading terms	0.06
		Power Storage Electronics Limited	1	Sales	2,723,684	General trading terms	1.40
			1	Accounts receivable	780,772	General trading terms	0.33
			1	Technical support services expenses	128,944	General trading terms	0.07
		Maistorage Technology Sdn.Bhd.	1	Technical support services expenses	206,066	General trading terms	0.11

Note 1: 1. Parent Company to its subsidiaries

Note 2: The amounts of significant transactions should exceed $100,000 thousand.

Phison Electronics Corp. and Subsidiaries

Information on Investees (Excluding Information on Investees in Mainland China)

For the nine months ended September 30, 2026

Table 5

(Amounts in Thousands)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2026			Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Note
				September 30, 2026	December 31, 2025	Shares	Percentage of Ownership (%)	Carrying Value			
The Company	Global Flash Limited	Samoa	Investment and trade	726,307	726,307	22,100,000	100.00	8,781,568	4,349,445	4,349,445	Subsidiary and note 2
	Regis Investment (Samoa) Limited	Samoa	Investment	655,995	655,995	21,900,000	100.00	6,720,175	4,618,256	4,618,256	Subsidiary and note 2
	Phisontech Electronics Taiwan Corp.	Taiwan	Investment and trade	581,363	581,363	55,000,000	100.00	853,621	5,390	5,390	Subsidiary and note 2
	Lian Xu Dong Investment Corporation	Taiwan	Investment	650,000	650,000	65,000,000	100.00	507,176	43,311	43,311	Subsidiary and note 2
	EpoStar Electronics (BVI) Corporation	British Virgin Islands	Investment	79,531	79,531	6,288,523	30.51	293,381	(17,204)	(5,249)	Investee accounted for using the equity method
	Emtops Electronics Corporation	Taiwan	Investment	580,000	380,000	58,000,000	100.00	535,706	(19,782)	(19,782)	Subsidiary and note 2
	Nextorage Corporation	Japan	R&D, design, manufacture and sales of flash memory application products	211,170	211,170	11,797	98.31	881,187	242,701	238,595	Subsidiary and note 2
	Power Flash (Samoa) Limited	Samoa	Investment and trade	433,960	433,960	13,800,000	100.00	565,477	98,827	98,827	Subsidiary and note 2
	ProGrade Digital, Inc.	USA	Flash memory related products and market development	83,439	83,439	2,785,000	28.62	166,379	47,327	13,545	Investee accounted for using the equity method

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2026			Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Note
				September 30, 2026	December 31, 2025	Shares	Percentage of Ownership (%)	Carrying Value			
The Company	Phison Electronics Japan Corp.	Japan	Sales and service office	59,508	59,508	2,000	100.00	28,556	372	372	Subsidiary and note 2
	Phison Technology India Private Limited	India	Design, R&D, import and export of storage devices and electronic components	8,768	8,768	2,299,990	100.00	11,656	837	837	Subsidiary and note 2
	Microtops Design Corporation	Taiwan	Development and design of flash memory controllers and related products	22,638	22,638	2,263,800	49.00	31,019	3,746	1,836	Investee accounted for using the equity method
	Great Storage Investment Corporation	Taiwan	Investment	750,000	750,000	75,000,000	100.00	870,642	61,463	61,463	Subsidiary and note 2
	Gorich Investment Corporation	Taiwan	Investment	280,000	280,000	28,000,000	100.00	285,457	2,991	2,991	Subsidiary and note 2
	Phison Capital Corporation	Taiwan	Investment and management consulting services	600,000	-	60,000,000	100.00	599,927	(73)	(73)	Subsidiary and note 2
	Phison Electronics Europe GmbH	Germany	Marketing, business development and technical support in the data storage	1,856	-	50,000	100.00	1,215	(605)	(605)	Subsidiary and note 2
								21,133,142		9,409,159	
Lian Xu Dong Investment Corporation	Ostek Corporation	Taiwan	Manufacture and trade of electronic components	9,000	9,000	900,000	100.00	30,505	1,768	Note 1	Sub-subsidiary and note 2
Emtops Electronics Corporation	Phison Technology Inc.	USA	Sales of electronic products and business service office	90,419	90,419	3,000,000	100.00	161,182	(105,059)	Note 1	Sub-subsidiary and note 2
	Phison Technology India Private Limited	India	Design, R&D, import and export of storage devices and electronic components	-	-	10	-	-	837	Note 1	Sub-subsidiary and note 2

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2026			Net Income (Losses) of Investee	Share of Profits/ Losses of Investee	Note
				September 30, 2026	December 31, 2025	Shares	Percentage of Ownership (%)	Carrying Value			
Emtops Electronics Corporation	Miphi Semiconductors Private Limited	India	Development, design, sales and technical service of flash memory related application products and software.	274,673	143,721	74,700,000	45.00	305,047	186,627	Note 1	Investee accounted for using the equity method
Phisontech Electronics Taiwan Corp.	Super Storage Technology Corporation	Taiwan	Manufacture and trade of electronic components	452,954	452,954	34,842,595	100.00	853,621	4,289	Note 1	Sub-subsidiary and note 2
Global Flash Limited	Core Storage Electronic (Samoa) Limited	Samoa	Investment and trade	636,593	636,593	19,150,000	100.00	8,957,203	4,346,207	Note 1	Sub-subsidiary and note 2
Power Flash (Samoa) Limited	Power Flash (HK) Limited	Hong Kong	Sales and trade of electronic products	10,504	98,754	200,000	100.00	25,745	889	Note 1	Sub-subsidiary and note 2
Regis Investment (Samoa) Limited	RealYou Investment Limited	Hong Kong	Investment	654,726	654,726	21,850,000	100.00	6,928,980	4,618,240	Note 1	Sub-subsidiary and note 2
Great Storage Investment Corporation	Maistorage Technology Sdn. Bhd.	Malaysia	R&D, design, manufacture, and sales of flash memory controller chips and storage solutions, along with trade, import and export, software development, and technical support services	709,459	709,459	100,000,000	98.57	828,893	61,626	Note 1	Sub-subsidiary and note 2
Maistorage Technology Sdn. Bhd.	Maistorage Electronics Sdn. Bhd.	Malaysia	Information technology services	77	-	10,000.0	100.00	75	-	Note 1	Sub-subsidiary and note 2
Maistorage Technology Sdn. Bhd.	Cognify AI Sdn. Bhd.	Malaysia	Information technology services	30,330	-	4,000,000.0	40.00	29,867	(2,219)	Note 1	Investee accounted for using the equity method

Note 1: The shares of profit or loss of the investee company were not disclosed herein as such amounts were already included in the shares of profit or loss of the investor company.

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

Phison Electronics Corp. and Subsidiaries

Information on Investment in Mainland China

For the nine months ended September 30, 2026

Table 6 (Amounts in Thousands)

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2026	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2026	Net Income (Losses) of the Investee	Percentage of Ownership (%)	Investment Income (Losses) (Note 2)	Book Value	Accumulated Remittance of Earnings in as of September 30, 2026	Note
					Outflow	Inflow							
Hefei Ruhan Electronic Technology Limited	Design, R&D, sales of electronics products and technical support service, as well as rendering of related services and investment	182,825	2(1)	182,825	-	-	182,825	747,766	100.00	747,766	744,012	-	Note 5
Hefei Xinpeng Technology Co., Ltd.	R&D, production and sales of electronic products and technical service, as well as rendering of related services and investment	476,856	2(1)	-	-	-	-	965,727	-	395,445	-	-	Note 6
HOSIN Electronics Co., LTD.	R&D and sales of electronic products and technical service, as well as rendering of related services	2,072,062	2(1) and 2(2)	442,780	-	-	442,780	36,199,333	22.50	8,145,593	12,500,842	2,068,111	
Power Storage Technology (Shenzhen) Limited	Design, R&D, import and export of storage devices and electronic components	43,520	2(3)	43,520	-	-	43,520	3,255	100.00	3,255	58,776	-	Note 5
Power Storage Electronics Limited	Design, R&D, production and sales of integrated circuits, systems and electronics hardware and software, as well as rendering of related services	267,720	2(3)	267,720	-	-	267,720	91,079	100.00	91,079	356,114	-	Note 5

(2) Limitation on investment in Mainland China

Accumulated Investment in Mainland China as of September 30, 2026	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on Investment (Note 4)
936,845	1,909,733	71,711,473

Note 1: Method of investment.

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

Note 2: The financial statements were reviewed and other calculations were performed by the parent company's auditors based on the materiality criteria for the Group's components.

Note 3: The investment amount approved by the Department of Investment Review, MOEA, includes the investment in Shenzhen Quanxing Technology Co., Ltd., and the amount related to the reinvestment in businesses in Mainland China as disclosed under Note 13(3)1.

Note 4: In accordance with the Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China amended on August 29, 2008, the limitation on investment in Mainland China shall not exceed 60% of the Company's net worth.

Note 5: The aforementioned inter-company transactions and balance have been eliminated in the consolidated financial statements.

Note 6: Please refer to Note 6(7) for the related transactions.