SiliconMotion

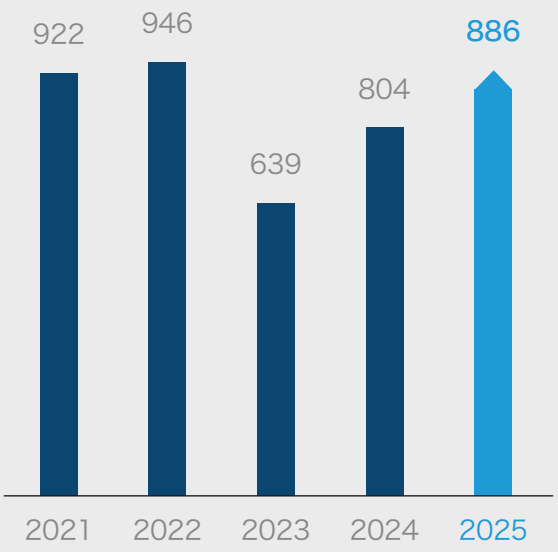
2025

Annual Report



Financial Highlights

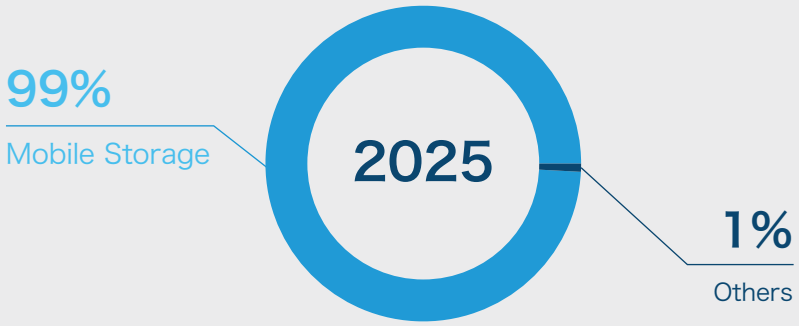
Net Sales (US$ millions)



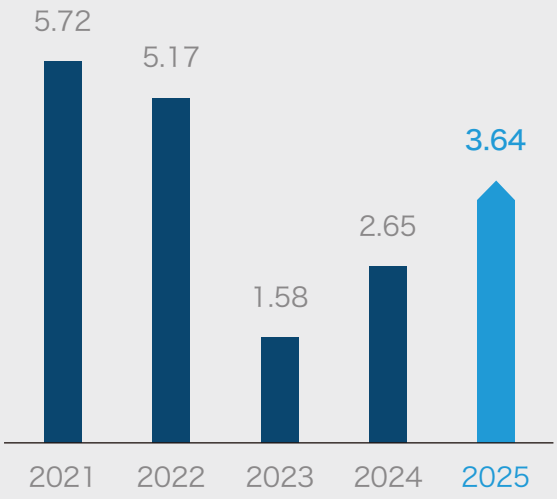
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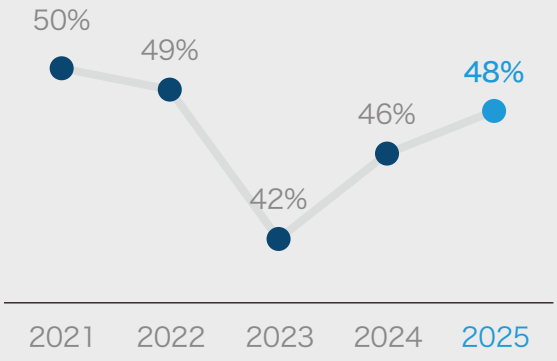
Market Segments (% of Net Sales)



Diluted Earnings per ADS* (US$)



Gross Margin* (% of Net Sales)



*GAAP

Letter to Shareholders

Dear Shareholders,

2025 marked a pivotal year for Silicon Motion, as we began transitioning from a consumer-focused NAND flash controller supplier into a broad-based controller and solutions provider serving enterprise, AI/data center, automotive, and consumer markets. Despite a challenging start to the year, we grew revenue by more than 10% year-over-year to US$885.6 million, while steadily improving gross and operating margins to reach non-GAAP earnings per diluted American Depositary Share (ADS) of US$3.55*. This growth was fueled by ongoing market share gains, an expanded addressable market through our enterprise-class boot drive solutions, a broader and deeper product portfolio, and strengthening relationships with suppliers and customers – all of which we believe positions us for sustained long-term growth. We closed out 2025 with fourth-quarter revenue of US$278.5 million, representing an annualized run-rate of over US$1 billion, the highest in our company's history, reflecting strong performance across all major business lines. We expect this momentum to build further in 2026 as we scale our new enterprise businesses across a growing customer base.

Demand for enterprise, data center, and AI applications continues to grow rapidly, and we are expanding our market reach and product portfolio from the data center to the edge. At the edge, we continue to drive revenue and earnings growth through meaningful market share gains with our leading eMMC and UFS portfolio for mobile applications, alongside our best-in-class PCIe SSD controllers for the PC market. We also made our first move into the enterprise market at the end of 2025 with our boot drive product, shipping to our first AI/data center GPU customer in the second half of the year. Further strengthening our position, we introduced and began sampling our QLC- and TLC-based enterprise MonTitan controllers, which we expect to ramp across multiple customers in 2026. Together, these new products and markets position us to deliver high-performance, high-density, cost-effective storage solutions that power the AI revolution at the infrastructure level.

Key 2025 Milestones Include:

- Delivered further top-and-bottom line growth while investing in significant new product offerings including enterprise-class boot drive storage solutions and our MonTitan eSSD controllers, multiple new advanced geometry products and continued expansion of R&D resources to drive long-term growth.
- Launched our enterprise-class boot drive solutions business with the leading global GPU maker.
- Completed our first commercial-grade firmware for our MonTitan enterprise SSD controllers and began commercial qualifications.
- Declared annual dividend of US$2.00 per ADS

For our consumer-centric business, our successes in building significant market share gains are becoming increasingly evident as our eMMC & UFS and PCIe5 SSD controllers have secured a broad range of wins with both NAND and module makers. Both our eMMC & UFS and edge SSD controller businesses grew meaningfully throughout 2025 as we scaled new products across the entire portfolio and momentum with our customers accelerated as we quickly benefited from faster market share gains. As NAND makers are increasingly focusing their internal resources on enterprise opportunities including HBM and DRAM, they are relying on Silicon Motion to support consumer-centric applications with more outsourcing. While overall end-market demand for smartphones and PCs in 2026 is expected to weaken due to rising cost of DRAM and NAND, our accelerating market share gains and new product ramps are expected to drive continued strong growth in our controllers for these markets, outpacing end-market weakness.

Our Ferri automotive business and our enterprise boot drive solutions business both saw rapid acceleration in the second half of the year, driven primarily by increasing automotive design wins and the first sales of our new boot drive solutions. Combined, Ferri and boot drive solutions grew about 20% sequentially in the third quarter and surged more than 125% sequentially in the fourth quarter as new programs began ramping. Our decade of investment in automotive-grade controllers and solutions is starting to pay off, with wins across virtually every major automaker in the world now beginning to scale — and we plan to deepen our footprint with these customers in the years ahead. On the enterprise boot drive side, we are excited about this year's launch with a leading GPU company, but even more excited about what lies ahead in 2026 and beyond as we scale into new platforms with this customer and rapidly expand to others across the data center/AI infrastructure market, as well as into adjacent markets like telecom infrastructure. We are still in the early innings of our enterprise boot drive storage business, and we believe it represents a significant opportunity for top- and bottom-line growth in the years to come.

In 2025, our emerging enterprise-class MonTitan controllers continued to develop and are nearing commercial launch. We continue to work with our six customers to deliver compelling, high-performance, cost-effective storage solutions using TLC and QLC NAND for hyperscalers, storage systems providers, NAND makers and cloud-service providers. MonTitan sets a new benchmark for enterprise storage, combining industry-leading performance, reliability and security in a single controller platform. It gives data center and cloud operators the storage foundation they need to keep pace with the escalating data throughput and compute demands of AI inference — without compromising on the data integrity that mission-critical enterprise workloads require. As AI models grow larger and datasets more voluminous, MonTitan is positioned to be a critical enabler of the next generation of AI infrastructure.

While early 2025 was hampered by broader market weakness, we delivered steady sequential improvement throughout the year, ultimately achieving over 10% revenue year-over-year growth to US$885.6 million despite the challenging environment. We also expanded gross margin by more than 200 basis points for the year, ending with full-year margins of 48.3%. Even as we continued investing in new products across our consumer portfolio and rapidly emerging enterprise businesses, we steadily improved operating margin throughout the year, with our fourth-quarter non-GAAP operating margin reaching 19.3%*. We believe these investments will deliver exceptional returns in 2026 and beyond, and we plan to keep investing—both to drive further market share gains in our existing businesses and to significantly expand our emerging MonTitan and boot drive storage opportunities.

As we enter 2026, we believe our expanding product portfolio and growing market share position us to capture meaningful new opportunities. Our position as one of the few merchant controller makers with direct relationships spanning every NAND manufacturer represents a structural advantage that we expect to become increasingly valuable as we continue to diversify our business. Controller outsourcing is on the rise, as NAND makers redirect resources toward DRAM and HBM technologies—making Silicon Motion an increasingly critical partner. Our expansion into enterprise markets with MonTitan and boot drives is opening up multiple large new markets with compelling revenue and margin potential, while demand for our Ferri automotive products continues to grow, supported by our leading certifications and product breadth. As our business becomes increasingly diversified, it's also becoming more resilient to end-market fluctuations, positioning us for growth even amid volatility. We intend to seize the many opportunities across each of our markets to drive significant, sustainable growth in the years ahead.

Finally, we remain grateful to our employees, whose focus and dedication have enabled us to deliver the best service and support to our growing list of customers, across a far broader set of markets. We also thank our shareholders for their continued support as we invest in and scale our enterprise business, and we remain committed to delivering higher top- and bottom-line results in the years ahead.

Sincerely,



Wallace Kou
President and Chief Executive Officer

* Please refer to our disclosures in the Form 6-K filed with the U.S. Securities and Exchange Commission on February 4, 2026, for reconciliation of GAAP to Non-GAAP earnings.

Safe Harbor Statement:
This letter contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "intend," "plan," "anticipate," "believe," "estimate," "predict," "potential," "continue," or the negative of these terms or other comparable terminology. Although such statements are based on our own information and information from other sources we believe to be reliable, you should not place undue reliance on them. These statements involve risks and uncertainties, and actual market trends or our actual results of operations, financial condition or business prospects may differ materially from those expressed or implied in these forward-looking statements for a variety of reasons. Potential risks and uncertainties include, but are not limited to, the unpredictable volume and timing of customer orders, which are not fixed by contract but vary on a purchase order basis; the loss of one or more key customers or the significant reduction, postponement, rescheduling or cancellation of orders from one or more customers; general economic conditions or conditions in the semiconductor or consumer electronics markets; the impact of inflation on our business and customers' businesses and any effect this has on economic activity in the markets in which we operate; the functionalities and performance of our information technology ("IT") systems, which are subject to cybersecurity threats and which support our critical operational activities, and any breaches of our IT systems or those of our customers, suppliers, partners and providers of third-party licensed technology; the effects on our business and our customers' business taking into account the ongoing U.S.-China tariffs and trade disputes; other factors beyond our control such as natural disasters, terrorism, civil unrest, war, including conflicts in the Middle East, threats to the Strait of Hormuz and global energy supply routes, and the ongoing Russia-Ukraine War, and pandemics, epidemics and other health emergencies; the continuing tensions between Taiwan and China, including enhanced military activities; decreases in the overall average selling prices of our products; changes in the relative sales mix of our products; supply chain disruptions that have affected us and our industry as well as other industries on a global basis; the payment, or non-payment, of cash dividends in the future at the discretion of our Board of Directors and any announced planned increases in such dividends; changes in our cost of finished goods; the availability, pricing, and timeliness of delivery of other components and raw materials used in the products we sell given the current raw material supply shortages being experienced in our industry; our customers' sales outlook, purchasing patterns, and inventory adjustments based on consumer demands and general economic conditions; any potential impairment charges that may be incurred related to businesses previously acquired or divested in the future; the risk that the anticipated benefits from our PCIe 5 controller products, including higher average selling prices, may not be maintained or may be less than expected; the risk that our anticipated market share gains across our product lines and penetration of enterprise end markets may not materialize as expected or on the anticipated timeline; our ability to successfully develop, introduce, and sell new or enhanced products in a timely manner; and the timing of new product announcements or introductions by us or by our competitors. For additional discussion of these risks and uncertainties and other factors, please see the documents we file from time to time with the U.S. Securities and Exchange Commission, including our Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission on April 30, 2026. Other than as required under the securities laws, we do not intend, and do not undertake any obligation to, update or revise any forward-looking statements, which apply only as of the date of this news release.

About Silicon Motion

Silicon Motion Technology Corporation is the global leader in developing NAND flash controllers for SSDs and other solid state storage devices. We have over 20 years of experience developing specialized processor ICs that manage NAND components and deliver market leading, high-performance storage solutions widely used in data centers, PCs, smartphones and commercial and industrial applications. We have one of the broadest portfolios of controller intellectual properties developed from our deep understanding of NAND characteristics, which enables us to design both unique, highly optimized configurable IC plus related firmware controller platforms and complete turnkey controller solutions. More NAND flash components, including current and up-coming generations of 3D flash produced by Kioxia, Micron, Samsung, SK Hynix and its subsidiary Solidigm, Sandisk and YMTC, are supported by Silicon Motion controllers than any other company. Our customers include NAND flash makers, storage device module makers, hyperscalers and leading OEMs.

We are the world's leading supplier of SSD controllers used in servers, PCs and other client devices and leading merchant supplier of eMMC/UFS embedded storage controllers used in smartphones, IoT devices and other applications. Our MonTitan Platform family of enterprise SSD controllers provides high-performance, high capacity SSDs supporting the latest generations of TLC and QLC NAND.

We also leverage our controller expertise to supply customized small single-chip form factor SSDs for enterprise, industrial, commercial and automotive applications.

We market our controllers for PCs and eMMC/UFS under the "SiliconMotion" brand and its logo, "FerriSSD, "Ferri-UFS" and "Ferri-eMMC" for storage solutions, and "MonTitan" for enterprise SSD controllers.

We were founded in 1995 in San Jose, California and now operate from corporate offices in Hong Kong, Taiwan and the US.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report: N/A

For the transition period from _____ to _____

Commission file number: 000-51380

Silicon Motion Technology Corporation

(Exact name of Registrant as specified in its charter)

Cayman Islands
(Jurisdiction of incorporation or organization)
Flat C, 19/F, Wing Cheong Commercial Building
Nos 19-25 Jervois Street, Hong Kong Island
Hong Kong
Tel: +852 2307 4768
(Address of principal executive offices)

Jason Tsai, Chief Financial Officer
Tel: +1 408 519 7200 / Fax: +1 408 519 7101
690 N. McCarthy Blvd., Suite 200
Milpitas, California 95035, USA
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary shares, US$0.01 par value per share *	**SIMO**	**Nasdaq Global Select Market**
American Depositary Shares, each representing four ordinary shares		

*** Not for trading, but only in connection with the listing on the Nasdaq Global Select Market of American Depositary Shares, or ADSs, each representing four ordinary shares.**

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities registered or to be registered pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 134,244,840 ordinary shares, US$0.01 par value per share, as of December 31, 2025.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Emerging growth company	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	☒	International Financial Reporting Standards as issued by the International Accounting Standards Board	☐
		Other	☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. ☐ Item 17 ☐ Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ☐ No ☒

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EXPLANATORY NOTE

Unless otherwise indicated, references in this annual report on Form 20-F (this "annual report") to:

- "ADRs" are to the American depositary receipts that evidence our ADSs;
- "ADSs" are to our American depositary shares, each of which represents four of our ordinary shares;
- "CAGR" is to compound annual growth rate;
- "China" or "PRC" are to the People's Republic of China, excluding the special administrative regions of Hong Kong and Macau;
- "Korea" is to the Republic of Korea, or South Korea;
- "Nasdaq" is to the Nasdaq Global Select Stock Market;
- "NT dollar," "NT dollars" or "NT$" are to New Taiwan dollars, the legal currency of Taiwan;
- "ROC" or "Taiwan" are to the Republic of China, the official name of Taiwan;
- "SEC" is to the U.S. Securities and Exchange Commission;
- "shares" or "ordinary shares" are to our ordinary shares, US$0.01 par value per share;
- "U.S. GAAP" is to generally accepted accounting principles in the United States;
- "U.S. dollar," "U.S. dollars" or "US$" are to United States dollars, the legal currency of the United
- States; and
- "we," "us," "our company," the "Company," "our," "SMTC" and "Silicon Motion" are to Silicon Motion Technology Corporation and its subsidiaries.

"Silicon Motion" and its logo (a three-dimensional cube depiction of the letters "SM"), "NANDSustain," "NANDXtend," "SSDLifeGuard," "SSDLifeSaver," "TurboMLC," "FerriSSD," "Ferri-eMMC," "Ferri-UFS," the Ferri logo, the powered by SiliconMotion logo, "InstantView," "MonTitan," the MonTitan logo, the Shannon Systems logo, "PCIe-RAID," "Bigtera," the Bigtera logo, "VirtualStor," "CloudStor," and "StorVisor" are our trademarks or registered trademarks. We may also refer to trademarks of other corporations and organizations in this annual report.

Unless otherwise indicated, our financial information presented in this annual report has been prepared in accordance with U.S. GAAP.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. These forward-looking statements include statements regarding our financial position; our expectations concerning future operations, margins, profitability, liquidity and capital resources; our business strategy and other plans and objectives for future operations; the outcome of arbitration related to the Transaction (as defined under Item 4, "Information on the Company"); and all other statements that are not historical facts. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "intends," "plans," "anticipates," "believes," "thinks," "estimates," "seeks," "predicts," "potential," and similar expressions. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties, including, but are not limited to, those identified under "Risk Factors" and elsewhere in this annual report that could cause actual results and performance to be materially different from those described or implied in these forward-looking statements. Given these factors, risks and uncertainties, you should not place undue reliance on these forward-looking statements. Also, these forward-looking statements represent our estimates and assumptions only as of the date of this annual report. Except as required by law, we assume no obligation to update these forward-looking statements, even if new information becomes available in the future.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business, operations and financial results are subject to various risks and uncertainties, including those described below, that could adversely affect our business, financial condition, results of operations and cash flows and lead to a decline in the trading price of our ADSs. You should carefully consider the risks described below before making an investment decision. The risks described below do not identify all risks that we face. Our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. You should also refer to the other information set forth in this annual report, including in our consolidated financial statements.

Summary of Risk Factors

Below is a summary of the principal risks we face, followed by a more detailed description of the risk factors being set forth in summary fashion.

Risks Related to our Business

- Our results of operations are subject to substantial quarterly and annual fluctuations due to several factors that could adversely affect our business and the price of our ADSs.
- We are subject to the cyclical nature of the semiconductor industry, which has been subject to significant fluctuations.
- Our profitability depends on our ability to respond to rapid technological changes in the semiconductor industry.
- The demand for our products depends in part on the market conditions for the end-use applications of our products. Fluctuations in demand for our products or a market decline in any of these industries could have a material adverse effect on our results of operations.

- We depend on a few large customers for a significant portion of our revenues and a loss of some of these customers would result in the loss of a significant portion of our revenues.
- Our international operations involve inherent risks, which could result in harm to our business and materially impair our future growth, including factors such as government trade restrictions, entity list restrictions, sanctions, tariffs and quotas.
- NAND industry cyclicality could adversely affect our growth and profitability.
- If we fail to accurately anticipate and respond to market trends or fail to develop and introduce new or enhanced products to address these trends on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.
- Our gross margin and results of operations may be adversely affected in the future by multiple factors, including decreases in average selling prices of products over time, increased raw material costs, including NAND components, higher manufacturing costs, and shifts in our product mix.
- Our ability to source and secure raw materials and components, including NAND memory, to manufacture controllers and solid-state drives ("SSD").
- Our SSD solutions product performance could continue to adversely affect our results of operations.
- We rely on independent semiconductor foundries and subcontractors for the fabrication, assembly and testing of our integrated circuits ("ICs"), and any limitation of their available capacity to us or failure to fulfill our orders satisfactorily could damage our relationships with our customers, decrease our sales or limit our ability to grow our business.
- Failure to protect our intellectual property or maintain the rights to certain other technologies may negatively impact our ability to compete.
- Failure to successfully defend against intellectual property lawsuits brought against us may adversely affect our business.
- Our products must meet exacting specifications and undetected defects and failures may occur, which may cause customers to return or stop buying our products and may expose us to product liability risk and risks of indemnification against defects in our products.
- We rely on third parties to provide services necessary for the operation of our business. Any failure of one or more of our vendors, suppliers or manufacturers to provide these services could have a material adverse effect on our business.
- The constant growth and development of technology, including the increased use of artificial intelligence ("AI"), presents risks and challenges to our operations that could give rise to legal or regulatory action, damage our reputation or otherwise materially harm our business.
- Our business, financial condition and results of operations could be adversely impacted by the political and economic conditions of the countries in which we conduct business and operate and in which our products are used and sold.
- We face substantial risks associated with doing business in Taiwan because of tense regional geopolitical risk with China.
- The enactment of legislation implementing changes in the taxation of international business activities, the adoption of other tax reform policies or changes in tax legislation or policies could materially impact our financial position and results of operations.

Risks Relating to Our Corporate Structure and Governance

- The loss of any of our key personnel or the failure to attract or retain specialized technical or management personnel could impair our ability to grow our business.

- Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, results of operations and the market price of our ADSs.
- Our business is subject to various governmental regulations, and compliance with these regulations may cause us to incur significant expense.

Risks Related to the ADSs

- Our stock price has been, and may continue to be, volatile, which could result in investors losing all or part of their investments.
- We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.
- We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses to us.
- If we are characterized as a passive foreign investment company, U.S. holders of our ADSs may experience adverse tax consequences.
- Holders of our ordinary shares and ADSs may experience dilution if we issue restricted stock units or other forms of Company equity to employees or sell additional equity or equity-linked securities.

Risks Related to our Business

Our results of operations are subject to substantial quarterly and annual fluctuations due to several factors that could adversely affect our business and the price of our ADSs.

Our operating results have fluctuated in the past and are likely to fluctuate in the future. These fluctuations may occur on a quarterly and on an annual basis and are due to several factors, many of which are beyond our control, including, but not limited to:

- business conditions, including downturns in market segments, such as the computing and mobile markets, in which we operate, or in global and regional economies;
- the availability and pricing of third-party semiconductor foundry, assembly, packaging and testing services, including their yield, and related raw materials;
- significant reduction, changes in timing or cancellation of customer orders;
- regional and global inflationary pressures;
- changes in our customers' sales outlook, purchasing patterns and inventory adjustments;
- the loss of a design-win or key customer;
- competitive and pricing pressures, including new product introductions and other actions taken by competitors;
- availability and cost of NAND flash used in our and our customer's products;
- changes in our product mix, especially relating to the sales and changes in cost of our NAND flash controllers and SSD solutions, and their effect on our gross margin;
- the unpredictable consequences of public health emergencies, such as pandemics and natural or man-made disasters;
- inventory impairment uncertainties relating to the effects of volatile NAND flash price and excess inventory;

- our ability to develop, market and transition to volume production of new or enhanced products in a cost-effective and timely manner;
- changes in the timing and number of tape-outs and other significant research and development ("R&D") expenses;
- the imposition of tariffs and the threat of increased or retaliatory tariffs;
- competitive pressure to attract, retain and motivate a highly skilled workforce, including R&D personnel;
- intellectual property disputes; and
- changes in our effective tax rate.

These and other factors make it difficult for us to forecast and could materially adversely affect our quarterly or annual operating results. We could fail to achieve the operating targets that we have announced, such as revenue growth, gross margin, and operating margin. In addition, our operating results in the future may be below the expectations of securities analysts or investors, which would likely cause the market price of our ADSs to decline. Any variations in our period-to-period performance may also cause the market price of our ADSs to decline. Accordingly, you should not rely on the results of any prior periods as a reliable indicator of our future operating performance.

We are subject to the cyclical nature of the semiconductor industry, which has been subject to significant fluctuations.

The semiconductor industry is highly cyclical and is characterized by constant and rapid technological change, rapid product obsolescence and price erosion, evolving standards, short product life cycles and wide fluctuations in product supply and demand. The industry has experienced significant fluctuations, often connected with, or in anticipation of, maturing product cycles and new product introductions of both semiconductor companies' and their customers' products and fluctuations in general economic conditions. Deteriorating general worldwide economic conditions, including reduced economic activity, increasing tariffs, escalating trade wars, geopolitical risks, concerns about credit and inflation, increased interest rates, increased energy costs, decreased consumer confidence, reduced corporate profits, decreased spending and similar adverse business conditions, would make it very difficult for our customers, our suppliers, and us to accurately forecast and plan future business activities and could cause U.S. and foreign businesses to slow spending on our products. We cannot predict the timing, strength, or duration of any economic slowdown or economic recovery. If the economy or markets in which we operate deteriorate, our business, financial condition, and results of operations would likely be materially and adversely affected.

Downturns have been characterized by diminished product demand, production overcapacity, high inventory levels and accelerated erosion of average selling prices. Upturns have been characterized by increased product demand, limited supply of NAND and production capacity constraints created by increased competition for access to third-party foundry, assembly and test capacity. We are dependent on the availability of such capacity to manufacture, assemble and test our products. None of our third-party foundry, assembly or test subcontractors have provided assurances that adequate capacity will always be available to us.

Inflation and inflationary pressures as well as fluctuations in interest rates could have an adverse effect on our business, financial condition, results of operations and cash flows.

Increasing or high inflation rates could adversely affect our business by increasing the cost of raw materials, energy, labor and transportation of goods. Current or future efforts by governments in locations where we operate to stimulate the economy may increase the risk of significant inflation. In the event of an increase in rates of inflation, we may seek to increase the sales prices of our solutions to maintain satisfactory profits. Such increases

in prices may not be accepted by our customers and may not be sufficient to compensate us for the negative impact of inflation. Inflation might also reduce disposable income on a macro basis, eroding savings values, which could affect the demand for products that contain our solutions. High inflation rates may also result in unexpected and unbudgeted cost increases and may require changes to our planned investments. If we are not able to offset the effects of increased inflation, it could have a negative effect on our business, financial condition and profitability, results of operations and cash flows.

As a result of inflationary pressure and macroeconomic instability, various governments may adopt monetary policies that will lead to higher interest rates. Higher interest rates may adversely affect our financing costs, including the costs of our current debt and leasing payments. There is no assurance that we will be able to effectively mitigate the interest rate risk, even after utilizing certain financing instruments. Further, in higher interest rate environments, our customers may reduce their overall investment in product development by cutting their capital expenditures and R&D expenses. Such reductions in capital expenditures and R&D expenses by our customers may reduce the amount of business that we receive from them and adversely affect our results of operations.

We are subject to order and shipment uncertainties and our results of operations could be materially adversely affected if we are unable to accurately forecast customer demand.

We have limited sales visibility as our customers typically do not provide us with firm, long-term purchase commitments. Additionally, our customers may have limited sales visibility due to the rapidly changing nature of the global economy, NAND supply and demand dynamics and the markets in which devices using our products are sold.

Substantially all our sales are made on a purchase order basis, which permits our customers to cancel, change or delay their product purchase commitments with little or no notice to us and often without penalty to them, which limits our ability to accurately forecast sales and maintain adequate inventory levels, manufacturing capacity and operating infrastructure requirements. Our customers, most of whom are NAND flash makers and module makers, face difficulties in predicting demand for their storage devices using our products, which could result in the procurement forecast provided to us changing at short notice. The majority of our customers are building storage devices such as SSDs used in (i) personal computers ("PCs") and other client devices, (ii) embedded MultiMediaCard ("eMMC"), (iii) universal flash storage ("UFS"), (iv) mobile embedded storage used primarily in smartphones and other smart devices, and (v) SSD solutions for enterprise servers, data center equipment, automotive and industrial equipment and are dependent on original equipment manufacturers ("OEMs") of these devices accurately anticipating end-consumer demand, which has historically been difficult and subject to unpredictable deviations from past sales patterns. Also, since a significant portion of our quarterly sales, especially from module maker customers targeting channel markets, are from orders received and fulfilled in that quarter, our visibility as to expected orders from these customers in subsequent periods and for any extended period of time is limited. The multiple layers of forecasts from other customers and from their customers may introduce other errors into our estimates of anticipated sales.

To ensure the availability of our products for our customers, we generally instruct our foundries to begin manufacturing our products based on forecasts provided by these customers in advance of receiving purchase orders and procure NAND for our SSD solutions products. However, these forecasts do not represent binding purchase commitments, and sales of our products are only recognized when they are shipped with ownership transferred to the customer. As a result, we incur inventory and manufacturing costs in advance of anticipated revenue. Because demand for our products may not materialize, manufacturing based on forecasts subjects us to risks of high inventory carrying costs and increased obsolescence and may increase our costs. If we overestimate customer demand for our products or if purchase orders are cancelled or shipments delayed, we may end up with excess or obsolete inventory, which could have a material and adverse effect on our financial results. The risk of obsolescence and/or excess inventory is heightened for devices designed for consumer electronics due to short product lifecycles for these types of products. Conversely, if we underestimate demand or if insufficient

manufacturing capacity is available, we may not have sufficient product inventory, which could lead to missed revenue opportunities, loss of market share, damages to our customer relationships and other harm to our business. In addition, any future significant cancellations or deferrals of product orders or the return of previously sold products could materially and adversely affect our profit margins, increase product obsolescence and restrict our ability to fund our operations.

Because many of our expenses are fixed in the short-term or are incurred in advance of anticipated sales, we may not be able to decrease our expenses in a timely manner to offset any shortfall of sales, or expand our R&D and other operating infrastructure in a timely manner to capture anticipated business opportunities. If we expand our business operations and demand for our products does not increase as we may have projected, our operating results could be affected by our higher operating expense levels. Conversely, if we maintain or reduce our business operations and related expenses in accordance with our projections and demand for our products increases more than expected, our operating results could be affected by lost business opportunities, less competitive economies of scale, and damaged relationships with our customers.

Our profitability depends on our ability to respond to rapid technological changes in the semiconductor industry.

The semiconductor industry is characterized by rapid increases in the diversity and complexity of semiconductors. As a result, we expect that we will need to continually offer more sophisticated packaging and testing technologies and processes to respond to competitive industry conditions and customer requirements.

We dedicate substantial efforts to R&D and continue to develop new products in anticipation of future demand. However, there is no assurance that the launch of any new product will be successful or that we will be able to produce enough of these products to meet market demand. If we fail to develop, or obtain access to, advanced technologies or processes or respond effectively to industry developments, we may become less competitive and less profitable. In addition, advances in technology typically lead to declining average selling prices for semiconductors packaged or tested with older technologies or processes. As a result, if we cannot reduce the costs associated with our services, the profitability of a given service and our overall profitability may decrease over time.

The demand for our products depends in part on the market conditions for the end-use applications of our products. Fluctuations in demand for our products or a market decline in any of these industries could have a material adverse effect on our results of operations.

Industry-wide fluctuations in the PC and smartphone markets could have a material adverse effect on our operating results. A large portion of our controller sales are for the PC and smartphone markets, both of which are mature and have experienced flat-to-declining sales trends because of market saturation and longer replacement cycles.

As SSDs become widely adopted across PCs and client devices, and UFS becomes standard in smartphones and tablets, we anticipate that demand growth for client SSD and UFS controllers will slow and potentially decline due to short-term fluctuations in demand and pricing, before eventually plateauing. Smartphones and tablets have in recent years cannibalized the sale of PCs and it is possible smartphones and tablets could be replaced by other types of mobile computing and communications devices, and these changes could also lead to unfavorable demand for our products.

The market for storage devices using NAND flash components has experienced rapid technological changes, could be subject to industry consolidation and could face competition from new technologies. NAND flash technology will continue to evolve rapidly with continued cost reductions, which could lead to new types of solid-state storage devices, new applications and new categories of customers and market segments where we could be comparatively disadvantaged. The market for solid-state storage devices is relatively fragmented with

many suppliers that include NAND flash makers, module makers and OEMs, and if the market were to consolidate, a trend experienced by other parts of the semiconductor and storage industries, we could face changing demand for our products, replacement of our products by those of our competitors or internal captive sources and reduced market opportunities. If solid state storage devices were to use other types of non-volatile memory technologies other than NAND flash and we do not have relevant and competitive controller technology, our addressable market for controllers could shrink.

The market for controllers is composed of the merchant market and captive market. We are an independent merchant supplier of controllers to NAND flash maker, module maker and OEM customers. All the major NAND flash makers also have internal captive sources of controllers. The merchant market for controllers could shrink if the NAND flash makers were to expand their usage of captive sources of controllers. In the past, our operating results were negatively affected when NAND flash customers chose to insource controllers.

We may pursue acquisitions, investments and dispositions, which could adversely affect our results of operations. Further, we may not be successful in pursuing mergers and acquisitions. Any mergers or acquisitions we make may lead to a diversion of management resources.

Our growth strategy includes the acquisition of, and investment in, businesses that offer complementary products, services and technologies, augment our market coverage, or enhance our technological capabilities. Our investments over the last decade, include Kinara (previously known as Deep Vision, Inc.), BIWIN Storage Technology Corp. (referred to herein as "BIWIN"), and Shenzhen Techwinsemi Technology Co. (referred to herein as "TWSC"). In the future, we may not be able to identify suitable acquisition or investment opportunities, or to consummate any such transactions. In pursuing such acquisitions or investment opportunities, we may face competition from other companies in the semiconductor industry. In addition, our original estimates and assumptions used in assessing any transaction may be inaccurate and we may not realize the expected financial or strategic benefits of any such transaction.

Any acquisition we may undertake involves risks and uncertainties, such as unexpected delays, challenges and related expenses, and the associated diversion of management's attention. We may become subject to legal proceedings relating to the acquisition and the integration of acquired businesses may not be successful. The integration of an acquired business involves significant challenges, including, among others: potential disruption of our business, diversion of management's attention from daily operations and the pursuit of other opportunities, incurring significant restructuring charges and amortization expense, assuming liabilities and ongoing lawsuits, potential impairment of acquired goodwill and other intangible assets, increasing our expenses and working capital requirements, and implementing our management information systems, operating systems and internal controls for the acquired operations. In addition, our due diligence process may fail to identify significant issues with the acquired company's products, financial disclosures, accounting practices, legal, tax and other contingencies and compliance with local laws and regulations. These difficulties may be complicated by factors such as the size of the business or entity acquired, geographic and cultural differences, lack of experience operating in the industry or geographic markets of the acquired business, potential loss of key employees and customers, the potential for deficiencies in internal controls at the acquired or combined business, performance problems with the acquired business' technology, exposure to unanticipated liabilities of the acquired business, insufficient revenue to offset increased expenses associated with the acquisition, adverse tax consequences and our potential inability to achieve the growth prospects or synergies expected from any such acquisition. Failure to manage and successfully integrate the acquisitions we make, or to improve sales and margins of the acquired businesses, could materially harm our business, operating results and margins.

Any future acquisitions we make may require debt or equity financing, which, in the case of debt financing, would increase our leverage and interest expenses, and in the case of equity financing, would be dilutive to our existing stockholders. As it relates to debt financing, we may not obtain financing on terms and conditions that are favorable to us, or at all. Acquisitions made with cash would reduce our cash reserves.

From time to time, we may also seek to divest or wind down portions of our business, either acquired or otherwise, or we may exit investments, each of which could materially affect our cash flows and results of operations. In addition, any such disposition could result in disruptions to other parts of our business, potential loss of employees or customers, or exposure to unanticipated liabilities or ongoing obligations to us following any such disposition. For example, in connection with such disposition, we may enter into transition services agreements or agree to provide certain indemnities to the purchaser, which may result in additional expenses and may adversely affect our financial condition and results of operations.

We depend on a few large customers for a significant portion of our revenues and a loss of some of these customers would result in the loss of a significant portion of our revenues.

We derived a substantial portion of our revenue from sales to a relatively small number of customers. As a result, the loss of any significant customer could materially and adversely affect our financial condition and results of operations. Sales to our five largest customers represented approximately 61%, 66% and 66% of our net revenue in 2023, 2024 and 2025, respectively. Sales to our customers constituting more than 10% of our net revenue represented, in the aggregate, 45%, 57% and 58% of our net revenue in 2023, 2024 and 2025, respectively. Our customers constituting more than 10% of our net revenue were (i) Micron, SK Hynix and AFASTOR in 2023, (ii) Micron, Kioxia, PHISEMI and AFASTOR in 2024 and (iii) PHISEMI, Kioxia, AFASTOR, and Micron in 2025. The identities of our largest customers and their respective contributions to our net revenue may vary from period to period.

We expect that we will continue to depend on a relatively limited number of customers for a substantial portion of our net sales and our ability to maintain good relationships with these customers will be important to the ongoing success of our business. We cannot assure you that revenues generated from these customers, individually or in the aggregate, will reach or exceed historical levels in any future period. Our failure to meet the demands of these customers could lead to cancellation or reduction of businesses from these customers. In addition, any loss, cancellation or reduction of businesses from, significant change in scheduled deliveries to, or decrease in the prices of products sold to any of these customers could significantly reduce our revenues and adversely affect our financial condition and operating results. Moreover, any difficulty in collecting outstanding amounts due from our customers particularly customers who place large orders, would harm our financial performance. In addition, if our relationships with our largest customers are disrupted for any reason, it could have a significant impact on our business.

Our international operations involve inherent risks which could result in harm to our business and materially impair our future growth, including factors such as government trade restrictions, entity list restrictions, sanctions, tariffs and quotas.

The majority of our products are marketed and sold around the world, including primarily in China, Japan, Singapore, and Taiwan, and our corporate operations are primarily located in Taiwan. Two outside foundries, primarily Taiwan Semiconductor Manufacturing Company (“TSMC”), and secondarily Semiconductor Manufacturing International Corporation (“SMIC”), fabricate our semiconductors. Accordingly, we are subject to the risks generally associated with global trade and doing business abroad, which include foreign laws and regulations, varying consumer preferences across geographic regions, political unrest, disruptions or delays in cross-border shipments and changes in economic conditions in countries in which our products are manufactured or where we sell products.

In addition, our business, financial position, results of operations, cash flows or prospects could be materially, adversely affected by changes in tariffs, trade agreements, trade sanctions or other trade restrictions imposed or agreed to by governments. Trade restrictions, including withdrawal from or modification of existing trade agreements, negotiation of new trade agreements, and imposition of new (and retaliatory) tariffs against certain countries or covering certain products have the potential to adversely impact demand for our products, our costs, customers, suppliers and/or the U.S. or foreign economies or certain sectors thereof in which we

compete, and impair our ability to expand our business by offering new technologies and products. The Trump administration has imposed and/or increased tariffs on imported goods from several geographic regions, including certain East Asian nations where we operate. The imposition of such tariffs and the threat of additional increases and/or retaliatory tariffs may strain international trade relations or impact our costs. It remains unclear what, and the timing of, future actions may be taken by the U.S. federal government or other governments with respect to international trade agreements, the imposition or removal of tariffs on goods imported into or exported from the U.S., the creation or removal of barriers to trade, tax policy related to international commerce, or other trade matters, and the impact of those actions on the cost of products we purchase and sell. Trade restrictions, and changes in or uncertainty surrounding global trade policies, may adversely impact our competitive position, businesses, financial condition, results of operations and cash flows. See "We face substantial risks associated with doing business in Taiwan because of tense regional geopolitical risk with China" below. This includes, for example, packaging, product content, labor and international trade regulations, such as the U.S. Export Administration Regulations and sanctions against Huawei and other companies, and applicable executive orders. These laws, regulations and orders are complex, change frequently and with limited notice, have generally become more stringent over time and have intensified as U.S.-China geopolitical tensions worsen. Any changes to or the addition of companies and entities that are subject to the U.S. Export Administration Regulations and international trade regulations could have a significant impact to our revenue and growth. In addition, if our customers fail to comply with these regulations and laws, we may be required to suspend sales to these customers, which could damage our reputation and negatively impact our results of operations.

Also, disease outbreaks, pandemics, terrorist acts and political or military conflicts have increased the risks of doing business globally. These factors, among others, could affect our ability to manufacture products or procure materials, our ability to import products, our ability to ship our products globally, our ability to sell products in international markets and our cost of doing business. See "Our business, financial condition and results of operations could be adversely impacted by the political and economic conditions of the countries in which we conduct business and operate and in which our products are used and sold" below. If any of these or other factors make the conduct of business in a particular country undesirable, unprofitable or impractical, our business and financial results could be adversely affected and our prospects for growth in those markets could be materially impaired. In addition, many of our imported products are subject to duties, tariffs or quotas that affect the cost and quantity of various types of goods imported. Any country in which our products are produced, imported or sold may eliminate, adjust or impose new quotas, duties, tariffs, safeguard or protectionist measures, anti- dumping duties, cargo restrictions to prevent terrorism, restrictions on the transfer of currency, climate change legislation, product safety regulations or other charges or restrictions, any of which could have an adverse effect on our business, results of operations, financial condition and the price of our ADSs.

NAND industry cyclicality could adversely affect our growth and profitability.

The NAND industry is highly capital intensive and regularly experiences cycles of shortages and excess supply and related rapid increases and sharp decreases in NAND component prices. The price of SSDs, eMMC and UFS devices, in which NAND accounts for a significant portion of material cost, could also increase and decrease with NAND component prices. Decreasing prices for SSDs could trigger stronger market demand for these devices as well as controllers used in them, and conversely, increasing prices for SSDs could cause demand for these devices as well as controllers used in them to fall, which could negatively affect our sales and profitability.

Additionally, during periods of NAND shortages, our sales and profitability could be negatively affected in other ways, including, but are not limited to: (i) our module maker and OEM storage customers may not be able to procure sufficient supplies of NAND components, which could lead to reduced demand for our controllers; (ii) we may not be able to procure sufficient supplies of NAND components for our Ferri industrial SSDs, which could lead to reduced sales of our SSD solutions, and furthermore, to higher cost of procured NAND components and reduced SSD solutions profitability; (iii) NAND manufacturers may divert NAND supply away from their own storage products that use our controllers towards other customers or products that do not use our controllers,

and our sales could be reduced; and (iv) the higher cost of NAND components may lower end-product demand in the PC, smartphone and other electronic products markets due to higher overall costs.

During periods of NAND excess supply when NAND prices are falling sharply, our sales and profitability could also be negatively affected, including, but not limited to: (i) NAND manufacturers facing reduced demand for NAND components and storage devices may temporarily build NAND inventory instead of selling at lower prices, and this may cause a reduction in controller demand; (ii) module maker customers that are exposed to volatile NAND pricing conditions may temporarily become more cautious in procuring NAND components, which could lead to reduced levels of controller procurement and storage device production; (iii) OEMs may temporarily limit procurement of storage devices in expectation of procuring more at a later date and at a lower price, which could restrain storage device and associated controller procurement; and (iv) NAND vendor and module maker customers that are under margin pressure because of falling NAND prices may seek price concessions from their controller suppliers.

If we fail to accurately anticipate and respond to market trends or fail to develop and introduce new or enhanced products to address these trends on a timely basis, our ability to attract and retain customers could be impaired and our competitive position could be harmed.

Our success depends to a significant extent on the development, qualification, implementation and acceptance of new product designs and improvements that provide value to our customers. Our ability to develop, qualify and distribute, and have manufactured, new products and related technologies to meet evolving industry requirements, at prices acceptable to our customers and on a timely basis are significant factors in determining our competitiveness in our target markets. For example, for our products addressing the SSD market, we must successfully identify customer requirements and design, develop and produce products on time that compete effectively as to price, functionality and performance. We sell products in markets that are characterized by rapid technological change, evolving industry standards, frequent new product introductions, smaller process geometries and other factors. We cannot assure you that our efforts to execute our product roadmap will result in innovative products and technologies that provide value to our customers. If we fail to or are delayed in developing, qualifying or shipping new products or technologies that provide value to our customers, and address these new trends and adjust our business accordingly, we may lose competitive positioning, which could cause us to lose market share and require us to discount the selling prices of our products. Although we make substantial investments in R&D, we cannot be certain that we will be able to develop and successfully bring to market new products and technologies on a timely basis or that they will be well-received by our customers. Moreover, our investments in new products and technologies involve certain risks and uncertainties and could disrupt our ongoing business. New investments may not generate sufficient revenue, may incur unanticipated liabilities, and may divert our limited resources and distract management from our current operations. We cannot be certain that our ongoing investments in new products and technologies will be successful, will meet our expectations and will not adversely affect our reputation, financial condition and operating results.

We believe that our future success depends on our ability to develop and introduce new technologies and products for new applications to generate new sources of revenue to replace, or build upon, existing product revenue for applications that are mature or in secular decline. If we are not able to repeatedly introduce, in successive years, new products for new applications that ship in volume, our revenue will likely not grow and may decline significantly and rapidly. In the past, we were able to successfully grow our revenue by adding, over time, successive categories of new controller technologies for new applications, such as memory card and flash drive controllers for external storage, eMMC and UFS mobile embedded memory controllers for smartphones and SSD controllers for PCs and other client devices. If we are unable to successfully expand our sales of SSD controllers for data center and enterprise applications, our prospects for continued revenue growth could be adversely affected.

Our gross margin and results of operations may be adversely affected in the future by multiple factors, including decreases in average selling prices of products over time, increased raw material costs, including NAND components, higher manufacturing costs, and shifts in our product mix.

Our gross margin is highly dependent on product mix, especially the mix of higher gross margin controller sales, and lower gross margin SSD solutions sales. A shift in sales mix away from our higher margin products could adversely affect our gross profitability as a percentage of sales and could also adversely affect our operating profitability. The primary elements of our controller cost of sales are IC fabrication at our foundries, assembly and testing, and in contrast, the primary cost of sales of our SSD solutions, which are primarily our Ferri SSDs and enterprise and server boot drives, is NAND flash components. Our SSD solutions gross margin is lower than our controller gross margin because these products are generally less differentiated, and we have limited ability to mark-up the cost of NAND flash components that we procure.

The controllers we develop and sell are used for high volume applications and their average selling prices have historically decreased over time, and we believe that it is possible they may also fall in the future. We may experience period-to-period fluctuations in future operating results if our average selling prices decline. We may be forced to reduce the average unit price of our products in response to new product introductions by our competitors, competitive pricing pressures and other factors. Also, we often provide large customers with volume-related, price-discount incentives relating to their orders of specific products; if customer procurements that benefit from these incentives scale significantly, they could lead to downward pressure on our gross margins. The mobile and computing devices markets are extremely competitive, which may result in rapidly declining average selling prices of electronic devices and components, such as those made by us, and create downward pressure on our average selling prices and operating results. To maintain acceptable operating results, we will need to develop and introduce new products and product enhancements on a timely basis and continue to reduce our costs. If we are unable to offset any reductions in our average selling prices by increasing our sales volumes or reducing corresponding production costs or if we fail to develop and introduce new products and enhancements on a timely basis, our sales and operating results will be materially and adversely affected.

For our SSD solutions business, we procure NAND memory and assemble with our controllers to form our Ferri product line. The pricing of this product line is dependent on the market cost of the NAND memory components. If we cannot pass the increase in NAND costs on to our customers, then our gross margin will be materially impacted. Also, if we cannot procure NAND memory in sufficient quantities to fulfill our customers' demand, our ability to continue to grow revenue may be materially impacted.

We have changed our commercial arrangement with a few of our SSD solutions customers to a NAND consignment arrangement, where our customers procure and maintain ownership of the NAND flash components used in the SSD solutions that we design and build for them, and the gross margins of these types of sales are higher than the sales of typical SSD solutions products where we are responsible for procuring NAND flash components. We cannot assure you that in the future, we can increase the proportion of SSD solutions sales using a NAND consignment arrangement and if more sales are conducted using a NAND consignment arrangement, that it would lead to improvements in our operating results.

Our ability to source and secure raw materials and components, including NAND memory, to manufacture controllers and SSDs

Our ability to manufacture and deliver our products depends on obtaining adequate supplies of raw materials, components and finished goods from third-party suppliers, including NAND memory and other semiconductor components. Global supply chain disruptions, limited manufacturing capacity, allocation decisions by suppliers, transportation delays, geopolitical developments, trade restrictions, tariffs, natural disasters, labor shortages, inflationary pressures, quality issues, supplier financial distress or other factors beyond our control could reduce the availability of, or increase the cost of, these materials and components. In addition, certain components may be available from a limited number of sources, which could heighten supply risk.

If we are unable to obtain sufficient supplies on commercially reasonable terms, or at all, we may experience production delays, be unable to meet customer demand or incur higher manufacturing costs. Any prolonged shortage of raw materials, or significant increases in their cost, could adversely affect our business, results of operations and financial condition.

Our SSD solutions product performance could continue to adversely affect our results of operations.

We are primarily a fabless semiconductor company focused on NAND flash controllers and the sales of these controllers account for a significant majority of our overall sales. In addition, we also sell SSD solutions, mostly Ferri industrial SSDs. If we are able to expand the sales of our SSD solutions, we cannot provide assurance that expanded sales of these products will not negatively affect our gross margin and operating margin, which could negatively affect the market price of our ADSs. Furthermore, even if we are able to sell our SSD solutions to customers profitably, our return on invested capital for SSD solutions will likely be materially lower than our corporate average primarily because of lower product profitability and higher investments, mainly for working capital necessary for financing NAND and other inventory, and this could negatively affect our overall financial return and the market price of our ADSs.

Our SSD solutions are modules, software and appliances, which are different from our primary controller products, which are ICs and have different financial characteristics. Our SSD solutions gross margin is materially lower than our controller gross margin because these products are generally less differentiated and, in the case of our Ferri, where NAND flash components are the majority of the cost of sales, we have limited ability to mark-up the cost of NAND flash components that we procure. We are also subject to NAND price volatility with our Ferri; because of rapidly falling NAND prices, we wrote-down US$3.9 million of NAND components and SSDs in inventory in 2023, US$0.3 million in 2024 and US$0.3 million in 2025. We cannot assure you that in the future our results of operations will not be negatively affected by further NAND component and SSD inventory write-downs.

We rely on independent semiconductor foundries and subcontractors for the fabrication, assembly and testing of our ICs, and any limitation of their available capacity to us or failure to fulfill our orders satisfactorily could damage our relationships with our customers, decrease our sales or limit our ability to grow our business.

We do not own or operate semiconductor fabrication facilities. Instead, we rely on third parties to manufacture our semiconductors. Two outside foundries, primarily TSMC, and secondarily SMIC, fabricate our semiconductors. As a result, we face several significant risks, including wafer cost, availability of wafers and other raw materials, manufacturing capacity, quality assurance, manufacturing yields and production costs, control over delivery schedules and product quality, control of our intellectual property, labor availability or strikes and actions taken by third-party contractors that breach our agreements.

The ability of each foundry to provide us with semiconductors is limited by its available capacity and access to wafers, and the ability of each subcontractor to assemble and test our products is limited by available capacity and access to substrates and other raw materials. We do not have long-term agreements with any of these foundries and subcontractors and we place our orders based on our customers' purchase orders and sales forecasts. However, the foundries and subcontractors can allocate capacity to the fabrication, assembly and testing of the products of their other customers and reduce deliveries to us on short notice or increase the price they charge us. It is possible that other foundry and subcontractor customers that are larger and better financed than we are, or have long-term agreements with these foundries and subcontractors, may induce these foundries and subcontractors to reallocate capacity to them which could impair our ability to secure manufacturing, assembly and testing capacity that we need for our products. Other factors that could materially adversely affect our business and results of operation include, but are not limited to, our foundries and subcontractors being unable to secure the necessary raw materials from their suppliers, such as packaging component shortages, including T-Glass substrate, experience power outages, lack sufficient capacity to manufacture our products or

suffer other disruption or reduction in efficiency. If our foundries fail to deliver fabricated silicon wafers of satisfactory quality in the volume and at the price we require, or if our assembly and testing subcontractors fail to efficiently and accurately assemble and test our products, we will be unable to meet our customers' demand for our products or to sell those products at an acceptable profit margin, which would have a material and adverse effect on our sales and margins and damage our customer relationships.

In addition, interruptions to the wafer manufacturing processes caused by a natural disaster or human error could result in partial or complete disruption in supply until manufacturing is re-started or we are able to shift manufacturing to another fabrication facility. It may not be possible to obtain sufficient capacity or comparable production costs at another foundry. Migrating our design methodology to a new third-party foundry could involve increased costs, resources and development time comparable to a new product development effort. Any reduction in the supply of semiconductors for our products could significantly delay our ability to ship our products and potentially have negative effects on our relationships with existing customers and our results of operations. In addition, if our subcontractors terminate their relationships with us, we would be required to qualify new subcontractors, which could take at least six months, resulting in unforeseen operating problems, and our operating results may be materially and adversely affected.

The potential shortages of key packaging components, including T-Glass substrates, could affect our ability to build SSD ICs and solutions, posing a material risk to our ability to meet customer demand. If substrate availability becomes constrained, we may experience delays in finished goods production, impacting customer delivery commitments as well as margin pressure from limited supply. This could reduce our flexibility in responding to customer requirements. While we continue to work closely with suppliers to improve supply visibility and pursue alternate sourcing or contingency options, any prolonged shortage could negatively affect our ability to supply customers consistently and in expected volumes.

The manufacture of semiconductors is a highly complex process. Minor deviations in the manufacturing process can cause substantial decreases in yield. In some situations, such deviations may cause production to be suspended. The foundries that manufacture our semiconductors have from time to time experienced lower than anticipated manufacturing yields, including yields for our semiconductors, typically during the production of new products or architectures or during the installation and start-up and ramp-up of new process technologies or equipment. If the foundries that manufacture our semiconductors do not achieve planned yields, our product costs could increase and product availability would decrease.

After the wafer fabrication processes, our wafers are shipped to our assembly and testing subcontractors. We have a system to maximize consistent product quality, reliability and yield that involves our quality assurance team working closely with subcontractors in the various phases of the assembly and testing processes. Our supplier quality management includes procedures such as processes to pre-qualify our manufacturing suppliers and subcontractors. If our subcontractors do not achieve planned product quality, reliability and yield during the assembly and testing processes, our product cost could increase, product availability could decrease, or our customers may not accept products manufactured for them.

Failure to protect our intellectual property or maintain the rights to certain other technologies may negatively impact our ability to compete.

We believe that the protection of our intellectual property rights and continued access to certain third-party technology are and will continue to be important to the success of our business. We rely on a combination of patent, copyright, trademark and trade secret laws and restrictions on disclosure to protect our intellectual property rights. We also enter into confidentiality or license agreements with our employees, business partners and other third parties, and have implemented procedures to control access to and distribution of our documentation and other proprietary information. Despite these efforts, we cannot assure you that these measures will provide meaningful protection of our intellectual property rights. Further, these agreements do not prevent others from independently developing technologies that are equivalent to or superior to our technology. In

addition, unauthorized parties may attempt to copy or otherwise obtain and use our proprietary technology. Monitoring unauthorized use of our technology is difficult and we cannot be certain that the steps we have taken will prevent unauthorized use of our technology, particularly in foreign countries such as Taiwan and China where the laws may not protect our proprietary rights as fully as do the laws of the United States. In addition, if the foundries that manufacture our semiconductors lose control of our intellectual property, it could be more difficult for us to take remedial measures because our foundries are located in countries that do not have the same protection for intellectual property that is provided in the United States. Also, some of our contracts, including license agreements, are subject to termination upon certain types of change-of-control transactions.

As of April 7, 2026, we have 3,276 patents and 1,035 pending applications worldwide. We cannot be certain that patents will be issued as a result of our pending applications, nor can we be certain that any issued patents would protect or benefit us or give us adequate protection from competing products. For example, issued patents may be circumvented or challenged and declared invalid or unenforceable or provide only limited protection for our technologies. We also cannot be certain that others will not design around our patented technology, independently develop our unpatented proprietary technology or develop effective competing technologies on their own.

Failure to successfully defend against intellectual property lawsuits brought against us may adversely affect our business.

Companies in and related to the semiconductor industry often aggressively protect and pursue their intellectual property rights. From time to time, we have received, and may continue to receive, notices that claim we have infringed upon, misappropriated or misused other parties' proprietary rights. Moreover, in the past we have been involved in litigation with parties that claimed that we infringed their patents or misappropriated or misused their trade secrets. In addition, we or our customers may be sued by other parties that claim that our products have infringed their patents or misappropriated or misused their trade secrets, or that may seek to invalidate one or more of our patents. An adverse determination in any of these types of disputes could prevent us from manufacturing or selling some of our products, increase our costs of revenue and expose us to significant liability. Any of these claims may materially and adversely affect our business, financial condition and results of operations. For example, in a patent or trade secret action, a court could issue a preliminary or permanent injunction that would require us or our customer(s) to withdraw or recall certain products from the market or redesign certain products offered for sales or under development. We may also be liable for damages for past infringement and royalties for future use of certain technologies. See "Item 8. Legal Proceedings" below.

In addition, any litigation to defend ourselves against claims that we have infringed the intellectual property rights of others, could, regardless of the ultimate outcome, materially and adversely affect our operating results by requiring us to incur significant legal expenses and diverting the resources of the Company and the attention of our management team.

Because the markets in which we operate are highly competitive and many of our competitors have greater resources than we have, we cannot be certain that our products will compete favorably in the marketplace.

We face competition from several competitors, including Microchip and Phison, our flash memory customers and smaller merchant suppliers in China. We expect to face competition in the future from our current and potential competitors. In addition, some of our flash memory customers could develop products and technologies that replace their need for our products or otherwise reduce their demand for our products.

Some of our current and potential competitors have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we have. As a result, they may be able to respond more quickly to changing customer demands or to devote greater resources to the development, promotion and sales of their products than we can. Our current and potential competitors may develop and introduce new products that will be

priced lower, provide superior performance or achieve greater market acceptance than our products. For our SSD solutions, if we are unable to procure sufficient supplies of NAND flash components and at terms that enable our products to be competitive in terms of price or develop technologically competitive products, our customers may seek to purchase SSD solutions from other suppliers.

Our products must meet exacting specifications and undetected defects and failures may occur, which may cause customers to return or stop buying our products and may expose us to product liability risk and risks of indemnification against defects in our products.

Our products are complex and may contain undetected hardware or software defects or failures, especially when first introduced or when new versions are released. These errors could cause us to incur significant re-engineering costs, divert the attention of our engineering personnel from other important product development efforts and materially affect our customer relations and business reputation. If we deliver products with errors or defects, our credibility and the market acceptance and sales of our products could be harmed. Defects could also lead to liability for defective products as a result of lawsuits against us or against our customers. We have agreed to indemnify some of our customers in some circumstances against liability from defects in our products. A successful warranty or product liability claim could require us to make significant payments.

Our intellectual property indemnification practices may adversely impact our business.

We may be required to indemnify our customers and our third-party intellectual property providers for certain costs and damages of intellectual property infringement in circumstances where our products are a factor in creating infringement exposure. In the contracts under which we sell semiconductor products, we may have agreed to indemnify our customers against losses arising out of claims of unauthorized use of intellectual property. In some of our licensing agreements, we have agreed to indemnify the licensee against losses arising out of or related to our conduct or services. We cannot assure you that claims for indemnification will not be made or that these claims would not have a material and adverse effect on our business, operating results or financial condition.

We are exposed to potential impairment on investments.

We have made investments in equity securities with an aggregate value of approximately US$29.7 million as of December 31, 2025. If the companies that we invested in are unable to execute their plans and succeed in their respective markets, we may not benefit from such investments, and we could potentially lose the amounts we invested. We evaluate our investment portfolio on a regular basis to determine if impairments have occurred. If the operations of any businesses in which we have invested decline significantly, we could incur impairment charges that could have a material impact on our results of operations.

We are subject to cybersecurity risks.

Historically, we have experienced immaterial cyberattacks of varying degrees on our technology infrastructure and systems and, as a result, unauthorized parties have obtained in the past, and may in the future obtain, access to our computer systems and networks. The technology infrastructure and systems of our customers, suppliers, vendors and partners may also experience such attacks. Cyberattacks are external and internal threats that include, but are not limited to, malware, phishing, advanced persistent threats, denial of service attacks, malicious software downloads, insider security breaches, and hardware and software vulnerabilities. We believe cyberattack attempts are increasing not only in number but also in scope and that perpetrators of cyberattacks continue to develop increasingly sophisticated systems and means to not only attack systems and damage data but also evade detection or obscure their activities.

We have controls and policies and recovery systems to minimize business disruptions in place and will continue to review and enhance our capabilities and upgrade our protective solutions to guard against emerging

threats, detect malicious or unauthorized activities. If efforts to breach our infrastructure and systems are successful or we are unable to protect against these risks, we could suffer interruptions, delays, or cessation of operations of our systems, and loss or misuse of proprietary or confidential information, intellectual property, or sensitive or personal information. Breaches of our infrastructure and systems could also cause our customers and other affected third parties to suffer loss or misuse of proprietary or confidential information, intellectual property, or sensitive or personal information, and could harm our relationships with customers and other third parties. As a result, we could experience additional costs, indemnification claims, litigation, and damage to our brand and reputation. All these consequences could harm our reputation and our business and materially and adversely affect our operating results and financial condition.

We are increasingly incorporating AI and machine learning technologies into our business operations and product offerings. The use of AI introduces unique cybersecurity risks, including adversarial attacks such as prompt injection, data poisoning, and model extraction that could compromise the integrity and reliability of our systems. There are also risks associated with the potential leakage of sensitive data, proprietary code, or intellectual property through the use of generative AI tools or services by our employees or third-party service providers. As the regulatory landscape surrounding AI continues to evolve, any failure to manage the ethical, legal, and security challenges associated with AI could result in regulatory investigations, legal liabilities, and significant reputational harm.

We outsource selected business functions to third parties, including third parties to manufacture our semiconductors. We take steps to monitor and regulate the performance of the independent third parties to whom we delegate selected functions. While we evaluate the information security programs and defenses of such third parties, we cannot be certain that our evaluations will identify all or any potential information security weaknesses, or that such third parties' information security protocols are or will be sufficient to withstand or adequately respond to a cyberattack or other information security incident.

We rely on third parties to provide services necessary for the operation of our business. Any failure of one or more of our vendors, suppliers or manufacturers to provide these services could have a material adverse effect on our business.

Arrangements with third-party service providers may make our operations vulnerable if vendors fail to satisfy their obligations to us resulting from their performance, changes in their own operations, financial condition, or other matters outside of our control. The expanding role of third-party providers may also require changes to our existing operations and the adoption of new procedures and processes for retaining and managing these providers, as well as redistributing responsibilities as needed. Effective management, development and implementation of our outsourcing strategies are important to our business and strategy. If there are delays or difficulties in enhancing business processes or our third-party providers do not perform as anticipated, we may not fully realize on a timely basis the anticipated economic and other benefits of the outsourcing projects or other relationships we enter into with key vendors, which could result in substantial costs, divert management's attention from other strategic activities, negatively affect employee morale or create other operational or financial problems for us. Terminating, transitioning or renegotiating arrangements with key vendors or failure to renegotiate on favorable terms could result in additional costs and a risk of operational delays, potential errors and possible control issues resulting from the termination or during the transition or renegotiation phase.

The constant growth and development of technology, including the increased use of AI, presents risks and challenges to our operations that could give rise to legal or regulatory action, damage our reputation or otherwise materially harm our business.

Emerging technology is a consistent subject of new laws or regulations and evolving interpretations and applications of laws and regulations. If we fail to comply with these laws, we may be subject to penalties, fines or criminal or civil liability. The development and use of AI presents new risks and challenges that can impact our operations if we incorporate AI into our operations, or if used by our third-party vendors. While we aim to

develop and use AI responsibly and attempt to mitigate ethical and legal issues presented by its use, we may ultimately be unsuccessful in identifying or resolving issues before they arise. AI technologies are complex and rapidly evolving and the technologies that we develop or use may ultimately be flawed. Moreover, AI technology is subject to rapidly evolving domestic and international laws and regulations, which could impose significant costs and obligations on the Company.

For example, in the United States, there has been uncertainty regarding the applicable regulations that will apply to the development and use of AI technologies. In January 2025, the Trump administration rescinded Executive Order 14110, which had been issued by the Biden administration to govern the safe and trustworthy development and use of AI technologies. The Trump administration subsequently issued Executive Order 14179 (Removing Barriers to American Leadership in Artificial Intelligence), which, among other things, directed certain federal agencies to develop action plans to "sustain and enhance America's global AI dominance" and to review and, where possible, rescind agency guidance and rulemaking issued pursuant to the prior Biden administration executive order. Since then, the Trump administration has continued to take further actions relating to AI, including issuing additional executive orders relating to AI in education and other sectors, and directing the Office of Science and Technology Policy to coordinate agency AI priorities through a formal AI Action Plan. The Trump administration has signaled a broadly deregulatory posture toward AI, favoring industry-led innovation over prescriptive federal rulemaking. The Trump administration may continue to issue new executive orders, rescind existing federal policies, or implement other rulemaking relating to AI technologies in the future, and the regulatory environment at the federal level remains subject to significant uncertainty and change.

At the state level, a growing number of U.S. states have enacted or are actively considering AI-specific legislation. States including California, Colorado, Illinois, and Texas have introduced or passed laws addressing automated decision-making, algorithmic discrimination, AI transparency, and the use of AI in employment and consumer contexts. Compliance with a patchwork of differing state-level AI requirements could impose significant operational and legal burdens on the Company.

Emerging regulations may pertain to data privacy, data protection, and the ethical use of AI, as well as clarifying intellectual property considerations. In particular, the legal status of AI-generated content under U.S. copyright law remains unsettled. The U.S. Copyright Office has issued guidance indicating that AI-generated works without sufficient human authorship may not be eligible for copyright protection, and a number of significant cases involving AI training data and AI-generated outputs are currently pending before U.S. courts. These developments could affect our ability to protect AI-generated outputs or expose us to liability in connection with the use of third-party content in training AI models.

Our use of AI could give rise to legal or regulatory action, increased scrutiny or liability, damage our reputation or otherwise materially harm our business. Additionally, if we fail to keep pace with rapidly evolving AI technological developments, our competitive position and business results may be negatively impacted.

Our business, financial condition and results of operations could be adversely impacted by the political and economic conditions of the countries in which we conduct business and operate and in which our products are used and sold.

A substantial portion of our business is conducted outside of the United States and, as a result, we are subject to foreign business, political and economic risks. Most of our ICs are manufactured, assembled and tested by third parties located in China and Taiwan. We generated 91%, 98% and 99% of our revenue in 2023, 2024 and 2025, respectively, from sales to customers outside the United States, and for the year ended December 31, 2025, 79% of our revenue was from sales in three jurisdictions China, Japan and Singapore. Our controller R&D is conducted primarily in Taiwan and our SSD solutions R&D is conducted in both China and Taiwan. Most of our corporate functions are located in Taiwan. These operations are directly influenced by the political and economic conditions of the country in which they are located. We do not expect the portion of our business located outside of the United States to change in the future.

Accordingly, we are subject to risks associated with international operations, including but not limited to:

- international economic and political conditions, such as political tensions between countries in which we do business (please refer to "Risk Factors — We face substantial risks associated with doing business in Taiwan because of tense regional geopolitical risk with China.");
- unexpected changes in, or impositions of, legislative or regulatory requirements;
- complying with a variety of foreign laws;
- differing legal standards with respect to protection of intellectual property and employment practices;
- cultural differences in the conduct of business;
- inadequate local infrastructure that could result in business disruptions;
- trade issues related to export or import restrictions, trade sanctions, entity lists, tariffs, quotas and other trade barriers and restrictions, including those related to the ongoing trade disputes between China and the U.S.;
- financial risks such as longer payment cycles and difficulty in collecting accounts receivable;
- adverse taxes rules, regulations and penalties; and
- other factors beyond our control such as nature disasters, terrorism, civil unrest, war, including conflicts in the Middle East, threats to the Strait of Hormuz and global energy supply routes, and the ongoing Russia-Ukraine War, and pandemics, epidemics and other health emergencies.

As a result of having global operations, the sudden disruption of our supply chain and/or disruption of the manufacture of our customer's products caused by events outside of our control could impact our results of operations by impairing our ability to timely and efficiently deliver our products.

Although our reporting currency is the U.S. dollar, and the majority of our sales and cost of sales in the last three years are denominated in the U.S. dollar, most of our operating expenses are denominated in the NT dollar, and to a lesser extent, the Chinese yuan and U.S. dollar. Any unfavorable changes in foreign exchange rates could adversely affect, or cause fluctuations in, our results of operations. We do not currently engage in currency hedging activities.

Severe weather, natural disasters, pandemics, epidemics, acts of war or terrorism or other external events could have significant effects on our business.

We operate primarily in regions of the world, including Taiwan, China and California that are susceptible to earthquakes. In the past, these regions had experienced severe earthquakes that caused significant property damage and loss of life, although we did not suffer any material impact on our business. The occurrence of earthquakes is unpredictable, and a major earthquake and consequent disruptive events could severely disrupt the normal operations of our business and have a material and adverse effect on our financial condition and operating results.

Severe weather and natural disasters, including hurricanes, tornados, wildfires, droughts and floods, epidemics and pandemics, acts of war or terrorism or other external events could have a significant effect on our ability to conduct business. Such disasters could disrupt our operations or the operations of customers or third parties on which we rely.

Our response to climate change, our climate change strategies, policies and disclosure, and/or our ability to achieve any climate-related goals or commitments that we may make (which are subject to risks and uncertainties, many of which are outside of our control) could result in reputational harm as a result of negative public sentiment, regulatory scrutiny, litigation and reduced investor and stakeholder confidence.

Failure to meet the rapidly changing corporate citizenship and sustainability expectations or standards, or achieve our related goals, could adversely affect our business, results of operations, financial condition or stock price.

There are rapidly changing discussions and regulations surrounding environmental matters, social investments and diversity, equity and inclusion (often referred to as "ESG" initiatives and programs). In recent years, investor advocacy groups and certain institutional investors have placed increasing importance on sustainability, and we may not succeed in our achievement of our initiatives or goals. Increased ESG related compliance costs could result in increases to our overall operational costs. Failure to adapt to or comply with regulatory requirements or investor or stakeholder expectations and standards could negatively impact our reputation, our ability to do business with certain partners, and our ADS price.

In the U.S., the regulatory landscape governing ESG-related disclosure and reporting has undergone significant change. In March 2024, the SEC adopted climate-related disclosure rules; however, those rules were promptly stayed pending judicial review. In March 2025, the SEC announced that it would withdraw its defense of the rules, effectively abandoning them, reflecting a broader shift in the federal government's approach to mandatory ESG-related disclosure. At the same time, the Trump administration has taken steps to scale back or eliminate a number of federal diversity, equity, and inclusion ("DEI") programs and has encouraged private sector companies to reduce or eliminate their own DEI initiatives, including through executive orders directing federal agencies to investigate and take action against what the administration characterizes as unlawful DEI practices in the private sector. As a result, the federal regulatory environment for ESG matters has shifted materially toward deregulation, though state-level requirements and international frameworks may continue to impose obligations on the Company.

At the same time, there also exists "anti-ESG" sentiment in certain of our markets, and we may face reduced revenue, reputational harm, market restrictions or legal actions if we are targeted by governmental entities, groups or influential individuals who disagree with our public positions on social or environmental issues. Conversely, we may also face reputational harm, loss of customers or employees, or legal challenges from stakeholders who believe that we have not gone far enough in our commitment to ESG-related initiatives, or who object to any reduction or modification of our existing ESG programs in response to political or regulatory pressure. These competing pressures create significant uncertainty regarding the appropriate scope and public positioning of our ESG initiatives, and we may be unable to satisfy all relevant stakeholders simultaneously.

We face substantial risks associated with doing business in Taiwan because of tense regional geopolitical risk with China.

Most of our business operations are in Taiwan, a self-governing democracy, with a unique international political status, that is claimed by China and receives security from the United States under the Taiwan Relations Act. China asserts that Taiwan is part of China, seeks the unification of Taiwan and has not ruled out the use of force to achieve this. China is also increasingly assertive in the region and claims sovereignty over much of the South China Sea south of Taiwan and has unilaterally established an Air Defense Identification Zone ("ADIZ") in the East China Sea north of Taiwan. The United States does not recognize China's ADIZ and conducts regular freedom of navigation operations in the areas claimed by China. In 2016, China dismissed the United Nation's Permanent Court of Arbitration ruling against it in its claims to the South China Sea. Tensions between Taiwan and China and between the United States and China have increased in recent years.

A majority of our employees and a significant portion of our R&D and corporate functions are based in Taiwan. We also operate a R&D center in Shanghai, and China is one of the largest markets for our products. In addition, all of our foundries and assembly and testing subcontractors are located in either Taiwan or China. Accordingly, our business and results of operations and the market price of our ADSs may be affected by any deterioration in the relationship between Taiwan and China. Although there are significant economic ties between Taiwan and China, in recent years China has taken a more aggressive posture towards Taiwan, including

the suspension of cross-straits communications channels in 1996, regular intrusion by Chinese military aircraft into Taiwan airspace, the sailing of naval ships around Taiwan waters, the conduct of military exercises close to Taiwan, and exclusion of Taiwan from international organizations such as the World Health Organization.

Furthermore, our principal executive offices are in Hong Kong. Previous pro-democracy protests and COVID-19 containment activities have affected our Hong Kong operations and China's national security law for Hong Kong has reduced its autonomy and could lead to further repercussions from the United States, Taiwan and other countries and may affect our operations in the future.

Past and recent developments in relations between Taiwan and China have on occasion depressed the market prices of the securities of Taiwanese companies or companies with significant business activities in Taiwan. We cannot assure you that any contentious situation between Taiwan and China will always resolve in maintaining the current status quo or remain peaceful. Relations between Taiwan and China, potential confrontations between the United States and China and other factors affecting military, political, social or economic conditions in Taiwan and Hong Kong could have a material adverse effect on our financial condition and results of operations, as well as the market price and the liquidity of our ADSs.

The enactment of legislation implementing changes in the taxation of international business activities, the adoption of other tax reform policies or changes in tax legislation or policies could materially impact our financial position and results of operations.

Legislation is introduced from time to time to reform the taxation of international business activities. The Organisation for Economic Co-operation and Development (OECD) has released guidance covering various topics, including country-by-country reporting, definitional changes to permanent establishment and guidelines in determining arm's length transfer pricing. This guidance is collectively referred to as Base Erosion and Profit Shifting ("BEPS") an initiative that aims to standardize and modernize global tax policy. Depending on legislation ultimately enacted in connection with this guidance by jurisdictions in which we operate, there may be significant consequences for us due to our large international business activities. For example, adoption of BEPS by foreign jurisdictions in which we operate could result in changes to tax policies, including transfer- pricing policies that could ultimately impact our tax liabilities to foreign jurisdictions. If any of these proposals are enacted into law, or if other international, consensus-based tax policies and principles are amended or implemented, they could have material adverse consequences on the amount of tax we pay and thereby on our financial position and results of operations. It is likely that new legislation enacted by several governments of countries in which we operate could lead to higher operating and tax expenses for our business in the near future.

We are subject to risks associated with the development and construction of our office building.

In February 2021, the Company won a bid with a third party to build an office building in Taipei, Taiwan and executed a property development agreement in May 2021, with property development costs expected to be approximately US$101 million. We received the construction license in September 2025, and we expect to complete construction of the building by the end of 2029. Following its completion, we will have approximately 107,870 square feet of office building space and 10,833 square feet of land. We may encounter unanticipated occurrences or conditions during construction that may increase the expense of these projects. We may also encounter unanticipated delays in the construction of the new buildings and local government approvals for the projects may be delayed. We will also be required to comply with applicable environmental regulations in connection with such development. We are financing these construction projects from our cash balance, which could limit alternative deployments of capital. The construction of the building will increase our fixed assets significantly and could reduce our return on invested capital. After the office building has been constructed, we may consider sale and leaseback arrangements if favorable terms can be obtained. See "Item 4 — Facilities" below.

Risks Relating to Our Corporate Structure and Governance

The loss of any of our key personnel or the failure to attract or retain specialized technical or management personnel could impair our ability to grow our business.

We rely heavily on the services of our key employees, including Wallace C. Kou, our President and Chief Executive Officer. In addition, our engineers and other highly skilled personnel are a significant asset and are the source of our technological and product innovations. We believe our future success will depend upon our ability to attract and retain skilled managerial, engineering and sales and marketing personnel. The competition for such personnel, particularly engineering personnel, is intense in our industry. We may not be successful in attracting and retaining engineering personnel to support our anticipated growth. These personnel are required to design and develop ICs, including firmware, and to introduce product enhancements for use in future applications. Despite the incentives we provide, our current employees may not continue to work for us, and if additional personnel are required for our operations, we may not be able to obtain the services of additional personnel necessary for our growth. In addition, we do not maintain "key person" life insurance for any of our senior executives or other key employees. The loss of any of our key employees or our inability to attract or retain qualified personnel, including engineers, could delay the development and introduction of, and have an adverse effect on our ability to sell our products as well as have an adverse effect on our overall growth. In addition, if any other members of our senior management or any of our other key personnel depart, join a competitor or form a competing company, we may not be able to replace them easily and we may lose customers, business partners, key professionals and staff members. Substantially all our senior executives and key personnel have entered into confidentiality and non-disclosure agreements. In the event of a dispute between any of our senior executives or key personnel and our operating companies in Taiwan and other foreign countries, we cannot assure you the extent, if any, to which certain provisions in these confidentiality and non-disclosure agreements may be enforceable in Taiwan or other foreign countries due to the constantly evolving nature of such legal systems' enforcement and interpretation of these types of agreements.

Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, results of operations and the market price of our ADSs.

We are subject to reporting obligations under securities laws of the United States. The SEC, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include in its annual report management's assessment of the effectiveness of the company's internal controls over financial reporting. In addition, an independent registered public accounting firm must attest to and report on the effectiveness of the company's internal controls over financial reporting as applicable.

Our management and independent registered public accounting firm have concluded that our internal controls over financial reporting as of December 31, 2025 were effective. However, we cannot assure you that in the future we or our independent registered public accounting firm will not identify material weakness during the audit process or for other reasons. In addition, because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. As a result, if we fail to maintain effective internal controls over financial reporting or should we be unable to prevent or detect material misstatements due to error or fraud on a timely basis, investors could lose confidence in the reliability of our consolidated financial statements, which in turn could harm our business and results of operations, negatively impact the market price of our ADSs and harm our reputation.

Our business is subject to various governmental regulations, and compliance with these regulations may cause us to incur significant expense.

We are subject to various state, federal and international laws and regulations governing the environment, including restricting the presence of certain substances in electronic products. In addition, we are also subject to various industry requirements restricting the presence of certain substances in electronic products. Although our

management systems are designed to maintain compliance, we cannot assure you that we have been or will be, at all times, in complete compliance with such laws and regulations. If we violate or fail to comply with any of them, a range of consequences could result, including fines, import/export restrictions, sales limitations, criminal and civil liabilities or other sanctions.

Recently there has been increased focus on environmental protection and social responsibility initiatives, which are subject to change, can be unpredictable, and may be difficult for us to comply with, given the complexity of our supply chain and our significant outsourced manufacturing. We are required to implement various standards or processes due to the adoption of rules or regulations that result from these initiatives, such as the SEC rules on the disclosure of the use of "conflict minerals." If we are unable to comply, or ensure that our suppliers or contract manufacturers comply, with such standards or processes, customers may stop purchasing from us, which could adversely affect our sales and results of operations.

Risks Related to the ADSs

Our stock price has been, and may continue to be, volatile, which could result in investors losing all or part of their investments.

Since we completed our initial public offering in June 2005, the market price of our ADSs has been and likely will continue to be highly volatile and could be subject to wide fluctuations in response to numerous factors, including but are not limited to the following:

- actual or anticipated variations in our quarterly operating results or those of our competitors, customers, or NAND flash vendors;
- Actual or anticipated changes to our outlook or expected operating results or those of our competitors, customers, or NAND flash vendors;
- actual or anticipated changes in NAND flash supply and demand dynamics;
- actual or anticipated changes in our market share or the market share of our competitors;
- the commencement or results of litigation or arbitration;
- short selling or market manipulation activities;
- announcements by us, our competitors, our customers, or their other suppliers of new products or technological innovations;
- changes in financial estimates or recommendations by securities analysts;
- business interruptions resulting from geopolitical actions, including war and terrorism, natural disasters, including earthquakes, typhoons, floods and fires, epidemics, outbreaks of an infectious disease or similar events;
- the payment or non-payment of cash dividends at the discretion of our board of directors;
- the announcement and implementation of share repurchase programs;
- announcements by us or our competitors of significant acquisitions, divestitures or partnerships;
- actual or anticipated changes to trade issues related to export or import restrictions, trade sanctions, entity lists, tariffs, quotas and other trade barriers and restrictions, including those related to the ongoing trade disputes between China and the U.S.; and
- actual or anticipated changes in the global economic or industry outlook.

Many of these factors are beyond our control and may negatively impact the market price of our ADSs, regardless of our performance. In addition, the stock market in general, and the market for technology and semiconductor companies in particular, have been highly volatile. Furthermore, the trading price of our ADSs

may be adversely affected by third parties trying to drive down the market price. Short sellers and others, some of whom post anonymously on social media, may be positioned to profit if our stock declines and their activities can negatively affect our stock price. These broad market and industry factors may seriously harm the market price of our ADSs, regardless of our operating performance. Our ADSs may not trade at the same price levels as that of other semiconductor and technology companies, and shares of semiconductor and technology companies, in general, may not sustain their current market prices. These fluctuations as well as general economic, political, and market conditions may have an adverse effect on the market price of our ADSs.

There can be no assurance that we will declare cash dividends in the future in any amount or at all.

Since November 2015, except subject to certain suspensions, our board of directors has typically declared dividends annually, with payments made in four quarterly installments. The decision to continue declaring dividends, if any, and their timing and amount, depends on, among other things, that the dividend payment is in the best interests of our shareholders, business visibility, our results of operations, capital availability and future capital requirements, financial condition, statutory requirements, and other factors that our board of directors may deem relevant and any dividend declaration is at the discretion of our board of directors. Our dividend payments may change from time to time, and we cannot provide assurance that we will continue to declare dividends, if at all or in any amount. A reduction in or elimination of our dividend payments could have a negative effect on our share price.

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempt from certain provisions applicable to United States domestic public companies.

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities laws and regulations in the United States that apply to U.S. domestic issuers, including:

- the rules under the Exchange Act requiring the filing of annual reports on Form 10-K, quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring persons who beneficially own more than 10% of our equity securities to file public reports of their stock ownership and trading activities and liability for our officers, directors and greater than 10% shareholders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the Nasdaq. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely than that required to be filed with the SEC by U.S. domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses to us.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all the periodic disclosure and current reporting requirements of the Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter. In the future, we would lose our foreign private issuer status if (1) more than 50% of our outstanding

voting securities are owned by U.S. residents and (2) a majority of our directors or executive officers are U.S. citizens or residents, or we fail to meet additional requirements necessary to avoid the loss of foreign private issuer status. If we lose our foreign private issuer status, we will be required to file with the SEC periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms available to a foreign private issuer. We will also have to comply with U.S. federal proxy requirements, and our officers, directors and greater than 10% shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, we will lose our ability to rely upon exemptions from certain corporate governance requirements under the listing rules of the Nasdaq. As a U.S. listed public company that is not a foreign private issuer, we will incur significant additional legal, accounting and other expenses that we will not incur as a foreign private issuer.

If we are characterized as a passive foreign investment company, U.S. holders of our ADSs may experience adverse tax consequences.

Based on the present and projected composition of our income and valuation of our assets, we believe we are not currently classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. We will generally be classified as a PFIC for any taxable year in which either (a) at least 75% of our gross income is passive income or (b) at least 50% of the value (determined on the basis of a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income. If we are characterized as a PFIC, U.S. holders of our ADSs may experience adverse tax consequences. See "Item 10. Additional Information — Taxation — United States Federal Income Taxation."

Holders of our ordinary shares and ADSs may experience dilution if we issue restricted stock units or other forms of Company equity to employees or sell additional equity or equity-linked securities.

We periodically issue equity awards in the form of restricted stock units that are convertible into shares of the Company's ordinary shares upon vesting on a one-for-one basis. Therefore, the issuance of such equity awards may have a dilutive effect on the holders of outstanding ordinary shares and ADSs. In addition, the issuance of additional equity or equity-linked securities may result in additional dilution to our shareholders.

ITEM 4. INFORMATION ON THE COMPANY

Introduction

Silicon Motion was originally incorporated under the name Silicon Motion Technology Corporation in the Cayman Islands in January 2005. In April 2005, we acquired Silicon Motion, Inc., a Taiwan corporation ("SMI Taiwan"). Originally SMI Taiwan was known as Feiya Technology Corporation ("Feiya"), a Taiwan corporation, which was incorporated in April 1997. Feiya changed its name to SMI Taiwan, in August 2002, after acquiring Silicon Motion, Inc., a California corporation ("SMI USA"), which was incorporated in November 1995. Feiya was originally a flash memory products company and SMI USA was a graphics processor company. Silicon Motion is incorporated in the Cayman Islands and operates under Cayman Islands laws with our principal executive office located in Hong Kong.

We are a global leader in developing NAND flash controllers for SSDs and other solid state storage devices. We have over 20 years of experience developing specialized processor ICs that manage NAND components and deliver market leading, high-performance storage solutions widely used in enterprise and hyperscale data centers, PCs, smartphones and commercial and industrial applications. We have one of the broadest portfolios of controller intellectual property developed from our deep understanding of NAND characteristics, which enables us to design unique, highly optimized configurable IC's plus related firmware controller platforms and complete turnkey controller solutions. In the last ten years, we have shipped over six billion NAND flash controllers. More NAND flash components, including current and up-coming generations of flash produced by Kioxia, Micron, Samsung, SK Hynix (and Hynix's subsidiary, Solidigm), Sandisk and Yangtze Memory Technologies Corp. ("YMTC"), are supported by Silicon Motion controllers than any other company. Our customers include NAND flash makers, module makers, hyperscalers and OEMs.

We are a leading supplier of SSD controllers used in PCs and other client devices and leading merchant supplier of eMMC/UFS controllers used in smartphones and Internet of things ("IoT") devices. We also leverage our controller expertise to supply specialized small single-chip form factor SSDs for industrial, commercial and automotive applications. We market our controllers for PCs and eMMC/UFS under the "SiliconMotion" brand and its logo, "FerriSSD," "Ferri-UFS" and "Ferri-eMMC" for storage solutions, and "MonTitan" for enterprise SSD controller.

Our principal executive offices are located at Flat C, 19/F, Wing Cheong Commercial Building, Nos 19-25 Jervois Street, Hong Kong. The address of our United States operating subsidiary, SMI USA, is 690 N. McCarthy Blvd., Suite 200, Milpitas, California 95035. The address of our Taiwan operating subsidiary, SMI Taiwan, is 8/F, #36 Taiyuan St., Jhubei, Hsinchu 30265, Taiwan. Our ADSs, each representing four of our ordinary shares, have been listed and traded on Nasdaq since June 2005. Our website address is *www.siliconmotion.com*. The information on our website should not be deemed to be part of this annual report. Additionally, the SEC maintains a website at *www.sec.gov* that contains reports, proxy and information statements, and other information, as applicable, regarding registrants that make electronic filings with the SEC using its EDGAR system.

Please refer to "Operating and Financial Review and Prospects — Liquidity and Capital Resources" in Item 5 below for a discussion of our capital expenditures in the past three years.

Termination of the Merger Agreement with MaxLinear

On May 5, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with MaxLinear, Inc., a Delaware Corporation ("MaxLinear"), and Shark Merger Sub, an exempted company with limited liability incorporated under the law of the Cayman Islands and a wholly owned subsidiary of MaxLinear, pursuant to which the Company agreed to be acquired by MaxLinear (collectively, the "Transaction"). On August 31, 2022, shareholders at the Company's Extraordinary General Meeting of Shareholders approved the Transaction.

On July 26, 2023, the Company and MaxLinear received antitrust approval from the State Administration for Market Regulation of the People's Republic of China ("SAMR Approval"). Shortly after receiving SAMR Approval, the Company received notice from MaxLinear of its purported termination of the Merger Agreement. MaxLinear did not provide any factual basis for its purported termination, and the Company believes its actions constituted a willful and material breach of the Merger Agreement. The Company has filed a claim in the Singapore International Arbitration Centre (the "SIAC"), which is the venue for dispute resolution under the Merger Agreement, and is currently pursuing payment of the termination fee of US$160 million, together with further substantial damages, interest and costs. Under the SIAC Arbitration Rules, all matters relating to the proceedings are confidential.

Significant Subsidiaries of the Company

Below is a list of significant subsidiaries of the Company. All subsidiaries are wholly owned.

Name of Entity	Jurisdiction of Incorporation
Silicon Motion, Inc.	Taiwan
Silicon Motion Technology (Macao) Ltd.	Macau
Silicon Motion Technology (HK) Ltd.	Hong Kong

Our Market and Products

We focus primarily on designing, developing and marketing: (i) NAND flash controllers for solid state storage devices, primarily SSDs used in data centers, PCs and other client devices and eMMC and UFS mobile

embedded storage used in smartphones and IoT devices and (ii) SSD solutions, primarily small form-factor specialized SSDs used in industrial, commercial and automotive applications. In 2023, 55% to 60% of our net sales were of SSD controllers, 25% to 30% were eMMC and UFS controllers and 5% to 10% were SSD solutions. In 2024, 50% to 55% of our net sales were of SSD controllers, 35% to 40% were eMMC and UFS controllers and 5% to 10% were SSD solutions. In 2025, 45% to 50% of our net sales were of SSD controllers, 40% to 45% were eMMC and UFS controllers and 0% to 5% were SSD solutions. We generated 91%, 98% and 99% of our revenue in 2023, 2024 and 2025, respectively, from sales outside the United States, and for the year ended December 31, 2025, 79% of our revenue was from sales in three jurisdictions China, Japan and Singapore.

NAND Flash Controllers

We offer a broad range of controllers for developing different categories of solid-state storage devices that are used in a wide variety of applications. We provide controllers for computing-grade SSDs used in PCs and other client devices, enterprise-grade SSDs used in data centers, eMMC and UFS mobile embedded storage used in smartphones and IoT devices, enterprise-grade SSDs used in enterprise and hyperscale data centers, flash memory cards and flash drives used as expandable storage and specialized SSDs used in industrial, commercial and automotive applications. For most of these applications, we offer customers controllers, which are designed for a range of different price-performance trade-offs that enable the targeting of different market segments, such as value-line, mainstream and premium. Our controllers are a combination of ICs and firmware and are offered as configurable platforms or turnkey solutions, which provide customers with options to customize products to achieve desired differentiation or focus on fast time-to-market. Since SSDs and mobile embedded storage products are defined by continuously evolving industry standards such as those relating to, but are not limited to, the Peripheral Component Interconnect Express, or PCIe, host interface, nonvolatile memory express, or NVMe, data transfer protocol and UFS storage specification, we provide controllers for the latest versions of these industry standards and design our solutions for customers to build storage devices with competitive product performance and compatibility with host devices. Our controllers are also designed to support the majority of the latest and next generations of NAND flash components manufactured by vendors such as Kioxia, Micron, Samsung, SK Hynix (and Hynix's subsidiary, Solidigm), Sandisk and YMTC, which enable customers to have wide choices of components for developing and building storage devices. Controllers integrate technologies that are critical to their functionality and these include advanced error correction codes, or ECC, and digital signal processing, or DSP, engines for ensuring data reliability and sophisticated wear-leveling algorithms for maximizing the usable life of NAND flash components. We may also incorporate other technologies in our controllers such as encryption, power-loss protection, multimedia digital rights management and active temperature monitoring.

Enterprise Products

We are expanding our business into the enterprise market through the development of PCIe (our MonTitan controllers and boot drive controllers and solutions) and Serial Advanced Technology Attachment (SATA) SSD controllers. These new products have been developed given the rapid adoption of NAND in enterprise storage driven by AI and other high-performance applications. Our MonTitan products leverage Quad-Level Cell (QLC) and Triple-Layer Cell (TLC) NAND flash to target the growing markets for enterprise-class storage solutions, evolving "compute" requirements and high density warm storage (nearline SSD) in AI infrastructure. In high performance, high capacity QLC SSDs, our MonTitan solutions offer significant advantages over hard disk drives (HDDs) in performance, reduced size and lower power requirements to cloud service providers, hyperscalers, large enterprises and other customers. Our TLC-based MonTitan SSD solutions target high-performance, lower latency caching for the rapidly increasing demands within AI datacenters. As with our consumer products, our MonTitan controllers have been developed to support flash manufactured by key NAND manufacturers, allowing our customers to choose which components work best for their enterprise-class storage devices.

In addition to our MonTitan suite of enterprise-class storage controllers, we have developed boot drive storage controllers and full solutions to address the growing opportunity in AI network accelerators, switches and

other devices. As hyperscalers and enterprise customers expand server deployments, boot SSDs are becoming increasingly critical given the need for higher performance, improved power efficiency, enterprise-class security and reliable performance. We are expanding our boot drive portfolios leveraging PCIe and SATA as the market is increasingly a strategic focus for Silicon Motion.

SSD Solutions

We use our unique controller technology to develop Ferri SSD and enterprise boot drive solutions that pair our controllers with NAND memory components. Our FerriSSDs, Ferri-eMMCs, and Ferri-UFS products are highly reliable industrial-, commercial- and automotive-grade single-chip SSDs, which are developed for a wide-range of embedded applications that require high data rate, small form factor and compliance with industry standards. Our enterprise boot drives are developed for a wide-range of embedded storage requirements of server, enterprise and networking equipment, critical in data centers, AI infrastructure and enterprise solutions. We offer customers firmware customization for performance tuning as a value-added service.

Our Customers

We sell our products to NAND flash makers, module makers and OEMs worldwide that service multiple markets including computing, data center, mobile, automotive and industrial markets. Most of our high — performance flash memory storage controllers are supplied to NAND flash manufacturers. We are a leading supplier of SSD controllers used in PCs, mobile phones, data centers, automotive and other client devices and a leading merchant supplier of eMMC and UFS controllers used in smartphones and IoT devices. Sales to our five largest customers represented approximately 61%, 66% and 66% of our net revenue in 2023, 2024 and 2025, respectively. Sales to our customers constituting more than 10% of our net revenue represented, in the aggregate, 45%, 57% and 58% of our net revenue in 2023, 2024 and 2025, respectively. Our customers constituting more than 10% of our net revenue were (i) Micron, SK Hynix and AFASTOR in 2023, (ii) Micron, Kioxia, PHISEMI and AFASTOR in 2024 and (iii) PHISEMI, Kioxia, AFASTOR, and Micron in 2025. The identities of our largest customers and their respective contributions to our net revenue may vary from period to period.

The majority of our customers purchase our products through purchase orders, as opposed to entering into long-term contracts with us. The price for our products is typically agreed upon at the time a purchase order is placed.

Sales and Marketing

We market and sell our products worldwide through a combination of direct sales personnel and independent electronics distributors. Our direct sales personnel are strategically located near our NAND flash manufacturer, leading technology OEM and modular maker customers in Taiwan, Korea, China, the United States, and Japan. Approximately 65% of our sales in 2023, 65% of our sales in 2024, and 53% of our sales in 2025 were attributable to our direct sales force while the remainder was attributable to distributors.

To supplement our direct sales, we have independent electronics distributors and sales representatives located throughout the world. We selected these distributors and sales representatives based on their ability to provide effective field sales, marketing communications and technical support for our products to our customers.

Our marketing group focuses on our product strategy, product development road maps, new product introduction process, demand assessment, competitive analysis and product marketing. We seek to work with potential and existing customers early in their design process to best match our products to their needs, and more broadly, to ensure that product development activities, product launches, and on-going demand and supply planning occur in a well-managed, timely basis in coordination with our R&D, operations, and sales groups, as well as our customers and distributors. We also attend industry tradeshows and technical conferences to promote

our products and solutions, maintain close contact with our existing customers to assess demand, and keep current with industry trends. Our participation in industry standards associations, such as the Institute of Electrical and Electronics Engineers ("IEEE"), the Joint Electron Device Engineering Council (JEDEC), NVM Express, and Open Compute Project (OCP) helps us monitor the latest industry developments and promote our corporate profile. Our marketing group also works with our sales teams to identify new business opportunities.

We also have field application engineers ("FAEs"), who provide technical support and assistance to existing and potential customers in designing, testing and qualifying systems that incorporate our products. Our FAE organization is segmented by product and market to support our customers.

Research and Development

Our future success depends on our ability to introduce improvements to our existing products and to develop new products that deliver cost-effective solutions for both existing and new markets. Our R&D efforts are directed largely to both the development of algorithms and other technological building blocks necessary for managing NAND flash and the use of these technological building blocks to develop a wide variety of NAND flash controller solutions, which are ICs with embedded firmware, that can manage most available NAND flash components and are used to create different classes of solid state storage devices, such as enterprise-grade SSDs used in enterprise applications and data centers, client SSDs used in PCs and other client devices, eMMC and UFS embedded storage for smartphones and IoT devices. We have assembled a core team of engineers who have experience in the areas of firmware, digital and mixed-signal IC design and system-level architecture. Our R&D expenses consist primarily of employee salaries and related benefits including stock-based compensation, tape-out and related project expenses and intellectual property and software licensing costs. We expense R&D expenditures as they are incurred.

Our primary R&D centers are located in Hsinchu and Taipei, Taiwan and Shanghai, China. Our facilities in Hsinchu and Taipei focus primarily on our NAND flash controller products, and our facilities in Shanghai focus primarily on specific product requirements of our customers in China.

Our R&D activities broaden and strengthen our portfolio of intellectual property, including patents and trade secrets. As of April 7, 2026, we have 3,276 patents and 1,035 pending applications worldwide, and we will continue to actively pursue the filing of additional patent applications in important jurisdictions.

Our R&D expenses were approximately US$174.4 million, US$217.8 million, and US$262.7 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Manufacturing

We design and develop our products and electronically transfer our proprietary designs to independent foundries for the manufacturing and processing of silicon wafers. Once the wafers are manufactured, they are then shipped to third-party assembly and testing subcontractors. Individual IC dies are diced from wafers, assembled into finished chips and undergo several stages of testing before delivery to our customers. For certain products, we also ship bare dies to our customers. We believe that our strategy of outsourcing wafer fabrication, packaging and testing enables us to benefit from the R&D efforts of leading manufacturers without having to commit our own substantial capital investments. Our fabless business model also provides us with the flexibility to engage vendors who offer services that best complement our products and technologies.

Wafer fabrication. TSMC and SMIC are currently our primary foundries that manufacture most of our semiconductors. We use their fabs in Taiwan and China to fabricate our devices using CMOS process technology, primarily with process nodes from 6 to 55 nanometers. We regularly evaluate the benefits and feasibility, on a product-by-product basis, of migrating to more cost-efficient or high-performance low-power manufacturing process technologies.

Assembly and testing. Following wafer fabrication, our wafers are shipped to our assembly and test subcontractors where they are probed, singulated into individual dies, assembled into packaged chips, and undergo the process of electronic final testing. To minimize cost and reduce turn-around time, our products are designed to use low cost, industry standard packages and can be tested with widely available automatic testing equipment. We currently engage companies such as Siliconware Precision Industries Ltd. (SPIL), Powertech Technology Inc. (PTI), Advanced Semiconductor Engineering. (ASE), Orient Semiconductor Electronics Limited (OSE), Huatian Technology. (HT), Tongfu Microelectronics Co., Ltd. (TF), King Yuan Electronics Corp. (KYEC) and YoungTek Electronics Corp. (YTEC) as our primary subcontractors for the assembly and testing of our products. We have dedicated teams of manufacturing engineers who maintain control over this process from the early stages of manufacturing. Our engineers work closely with our subcontractors to develop product testing and packaging programs to ensure these programs meet our product specifications, thereby maintaining our ownership of the functional and parametric performance of our semiconductors.

Quality and reliability assurance. We have designed and implemented a quality assurance system that provides the framework for continual improvement of products, processes and customer service. To ensure consistent product quality, reliability and yield, our quality assurance teams perform reliability engineering, quality control, International Organization for Standardization ("ISO") system development, document control, subcontractor quality management and customer engineering services to closely monitor the overall process from IC design to after-sale customer support. We rely on in-depth simulation studies, testing and practical application testing to validate and verify our products. We emphasize a strong supplier quality management practice in which our manufacturing suppliers and subcontractors are pre-qualified by our quality assurance teams. Our suppliers are required to have a quality management system, certified to ISO 9000 standard as a minimum requirement. Our operations have been ISO 9001 certified since 1999.

Competition

We face competition from multiple competitors, including Microchip and Phison, our flash memory customers' internal captive developments and small Chinese merchant controller suppliers.

The markets for our products are intensely competitive, and are characterized by rapid technological change, evolving industry standards, frequent new product introductions and pricing pressures. Competition has intensified due to the increasing demand for higher levels of performance at competitive prices. We expect competition to intensify further as current competitors continue to strengthen the depth and breadth of their product offerings and additionally, our competitors in China have benefited from the government's semiconductor localization policies. We believe that our ability to compete successfully in the rapidly evolving markets for our products depends on several factors, including, but not limited to:

- the performance, features, quality and price of our products;
- the timing and success of new product introductions by us, our customers and our competitors;
- emergence, rate of adoption and acceptance of new industry standards;
- our ability to obtain adequate foundry capacity at competitive prices; and
- the number and nature of our competitors in specific market sub-segments.

While our ability to effectively compete depends in large part on our ability to protect our intellectual property, we believe that our technical expertise, customer support capabilities, and ability to introduce new products in a timely and cost-effective manner will be important factors in maintaining our competitive position.

We expect increased competition in the future from emerging or established companies, customers or other third parties, any of which could acquire significant market share. See "Risk Factors — Because the markets in which we operate are highly competitive and many of our competitors have greater resources than we have, we cannot be certain that our products will compete favorably in the marketplace" in Item 3 above.

Seasonality

See "Risk Factors — Our results of operations are subject to substantial quarterly and annual fluctuations due to several factors that could adversely affect our business and the price of our ADSs," "Risk Factors — We are subject to the cyclical nature of the semiconductor industry, which has been subject to significant fluctuations," and "Risk Factors — NAND industry cyclicality could adversely affect our growth and profitability" in Item 3 above and "Operating and Financial Review and Prospects — Principal Factors Affecting Our Results of Operations" in Item 5 below.

Intellectual Property

Our success and future revenue growth depend, in part, on our ability to protect our intellectual property. We rely on a portfolio of intellectual property rights, registered in the United States, Taiwan, and other countries, including patents, copyrights and trademark registrations, trade secret laws, contractual provisions, licenses, and other methods to protect our intellectual property.

As of April 7, 2026, we have 3,276 patents and 1,035 pending applications worldwide. There can be no assurance that patents will ever be issued with respect to these pending applications. Furthermore, it is possible that any patents held by us may be invalidated, circumvented, challenged or licensed to others. In addition, there can be no assurance that such patents will provide us with competitive advantages or adequately safeguard our proprietary rights. While we continue to file new patent applications with respect to our recent developments, existing patents are granted for prescribed time periods and will expire at various times in the future. We expect to continue to file patent applications where appropriate to protect our proprietary technologies.

Companies in the semiconductor industry have frequently demonstrated a readiness to commence litigation based on allegations of patent and other intellectual property infringement. From time to time, third parties may assert infringement claims against us. We may not prevail in any such litigation or may not be able to license patents from third parties on commercially reasonable terms, if at all. Litigation, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time. Any such litigation could materially adversely affect us. In addition, in the contracts under which we sell semiconductor products, we may have agreed to indemnify our customers against losses arising out of claims of unauthorized use of intellectual property.

We intend to protect our intellectual property rights vigorously, but there can be no assurance that our efforts will be successful. In addition, the laws of other countries in which our products are sold may not protect our products and intellectual property rights to the same extent as the laws of the United States.

We claim copyright and trademark protection for proprietary documentation for our products and a variety of branding marks, respectively. We have registered "Silicon Motion" and its logo (a three-dimensional cube depiction of the letters "SM"), "NANDSustain," "NANDXtend," "SSDLifeGuard," "SSDLifeSaver," "TurboMLC," "FerriSSD," "Ferri-eMMC," "Ferri-UFS," the Ferri logo, the powered by SiliconMotion logo, "InstantView," "MonTitan," the MonTitan logo, the Shannon Systems logo, "PCIe-RAID," "Bigtera," the Bigtera logo, "VirtualStor," "CloudStor," and "StorVisor" as trademarks in the United States, Taiwan and/or other countries.

We also attempt to protect our trade secrets and other proprietary information through agreements with our customers, suppliers, employees and consultants and other customary security measures.

We have entered into license agreements with third-party intellectual property vendors for wafer fabrication tool libraries, semiconductor IP core, computer aided design tools and software.

Facilities

As of the date of this annual report, we occupy facilities totaling approximately 753,200 square feet, excluding parking space, which house our management and administration, operations, R&D and sales and

marketing departments. Of our facilities, approximately 565,200 square feet are owned and approximately 188,000 square feet are occupied under leases. In February 2021, the Company won a bid with a third party to build an office building in Taipei, Taiwan and executed a property development agreement in May 2021. We received the construction license in September 2025. In April 2026, the Company broke ground at this site and began construction work. We expect to complete construction of the building by the end of 2029. Following its completion, we will have approximately 107,870 square feet of office building space and 10,833 square feet of land. See "Risk Factor — We are subject to risks associated with the development and construction of our office buildings" in Item 3 above. As of the date of this annual report, the table below lists the location of our operating facilities.

Location	Primary Use	Approximate Square Footage
Hsinchu, Taiwan	R&D, management & administration	182,400
Hsinchu, Taiwan	Office building (Office)	391,800
Taipei, Taiwan	R&D, sales & marketing	116,900
Shanghai, China	R&D, sales & marketing	21,700
Shenzhen, China	Sales & marketing	18,400
Milpitas, California	Sales & marketing, management	13,300
Others [(1)]	Sales & marketing, management	8,700

(1) Korea; Macau; Hong Kong; Yokohama, Japan; and Beijing, China

Leases covering our current facilities expire at varying dates, generally within the next five years. We anticipate no difficulty in retaining occupancy through lease renewals, month-to-month occupancy or replacing the leased facilities with equivalent facilities. As of December 31, 2025, lease obligations covering our current facilities totaled US$14.1 million, of which US$2.6 million were short-term.

Government Regulation

See "Risk Factors — Our business is subject to various governmental regulations, and compliance with these regulations may cause us to incur significant expense" in Item 3 above.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of our financial condition and results of operations is based upon and should be read in conjunction with our consolidated financial statements and the related notes included in this annual report. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under the caption "Risk Factors" included in Item 3 of this annual report. See "Special Note Regarding Forward-Looking Statements."

Overview

We are a global leader in developing NAND flash controllers for SSDs and other solid state storage devices. We have over 20 years of experience developing specialized processor ICs that manage NAND components and deliver market leading, high-performance storage solutions widely used in enterprise and hyperscale data centers, PCs, smartphones and commercial and industrial applications. We have one of the broadest portfolios of controller intellectual property developed from our deep understanding of NAND characteristics, which enables us to design both unique, highly optimized configurable IC plus related firmware controller platforms and

complete turnkey controller solutions. In the last 10 years, we have shipped over six billion NAND flash controllers. More NAND flash components, including current and up-coming generations of flash produced by Kioxia, Micron, Samsung, SK Hynix (and its subsidiary Solidigm), Sandisk and YMTC, are supported by Silicon Motion controllers than any other company. Our customers include NAND flash makers, module makers, hyperscalers and OEMs.

We are a leading supplier of SSD controllers used in PCs and other client devices and leading merchant supplier of eMMC/UFS controllers used in smartphones and IoT devices and increasingly into enterprise and data center storage solutions. We also leverage our controller expertise to supply specialized small single-chip form factor SSDs for industrial, commercial and automotive applications. We market our PC and eMMC/UFS controllers under the "SMI" brand, our enterprise controllers under the "MonTitan" brand and single-chip SSDs under the "FerriSSD," "Ferri-eMMC," and "Ferri-UFS" brands.

Summary of Consolidated Financial Results

Summary of the year ended December 31, 2025 is as follows:

- Total revenue increased by 10% to US$885.6 million from US$803.6 million in the prior year.
- Gross profit as a percentage of revenue increased by 2.4% points to 48.3% from 45.9% in the prior year.
- Total operating expenses increased by 20.4% to US$334.5 million from US$277.9 million in the prior year.
- Operating profit increased by 2.4% to US$93.0 million from US$90.9 million in the prior year.
- Income tax expense as a percentage of income before income tax decreased to 12.5% from 16.9% in the prior year.
- Diluted earnings per ADS increased by 37.6% to US$3.64 from US$2.65 in the prior year.

Principal Factors Affecting Our Results of Operations

Net sales. Our net sales consist primarily of sales of our products, after deducting sales discounts and allowances for returns.

Our net sales are denominated primarily in U.S. dollars. The percentages of our net sales by currency for the periods indicated are set forth in the following table:

	Year Ended December 31,		
	2023	2024	2025
Currency			
U.S. dollars	98%	99%	100%
Chinese yuan	2%	1%	—

The length of our sales cycle, from the day purchase orders are received until products are shipped to customers, is dependent on the availability of our product inventories as well as NAND flash components for our SSD solutions products. If we do not have sufficient inventories on hand to meet customer demands, approximately three months are generally required from the day purchase orders are received until finished goods are manufactured and shipped to customers. This cycle can take up to six months during times when capacity at independent foundries is being fully utilized. The potential delays inherent in the manufacturing process increase the risk that we may not be able to fulfill a customer's order on time. All our sales are made by purchase orders. Because our practice, which is consistent with industry practice, allows customers to reschedule orders on relatively short notice, order backlog may not be a good indicator of our future sales.

Because most of our semiconductor solutions are designed for the mobile and computing devices markets, we expect our business to be subject to seasonality, with higher net sales generally in the second half of each year, when customers place orders to meet increased demand during year-end holiday seasons. However, changing market and business conditions, including foundry wafer supply shortages, as well as changing product mix in recent years could make future assessments of the impact of seasonal factors on our business difficult.

Cost of sales. Our cost of sales consists primarily of the following costs:

- cost of wafer fabrication;
- assembly, testing and shipping costs of our semiconductors;
- personnel and equipment costs associated with manufacturing support;
- quality assurance;
- cost of raw materials, including NAND flash component for certain products; and
- write-down of inventory.

We engage independent foundries for the manufacturing and subcontractors for the assembly and testing of our semiconductors. Our manufacturing cost is subject to the cyclical supply and demand conditions typical of the semiconductor industry. Our cost per wafer generally fluctuates with the availability of capacity at independent foundries. We believe that our cost of sales is substantially variable in nature.

Research and development expenses. Our R&D expenses consist primarily of employee salaries and related costs, stock-based compensation, tape-out and related project expenses and intellectual property and software licensing costs. We expense R&D expenditures as they are incurred.

Sales and marketing expenses. Our sales and marketing expenses consist primarily of employee salaries and related costs, stock-based compensation expense, commissions paid to independent distributors and costs for our advertising and promotional activities.

General and administrative expenses. Our general and administrative expenses consist primarily of employee salaries and related costs, stock-based compensation expense, insurance premiums, professional fees and allowance for doubtful accounts.

Accounting for stock-based compensation. We grant restricted stock units to our employees and members of our board of directors. The value of our restricted stock units is expensed over the vesting period and based on the grant date share price, less the present value of expected dividends during the vesting period, discounted at a risk-free interest rate.

Non-operating income and expenses. Our non-operating income and expenses include unrealized holding gain on investment, interest from deposited cash, gains or losses on foreign exchange rates, disposal of investment and other non-operating income and expenses not categorized above. We conduct an assessment on the value of our long-term investments quarterly and make corresponding write-downs as required to the value of the long- term investments.

Provision for income taxes. We must make certain estimates and judgments in determining income tax expenses for financial statement purposes. These estimates and judgments occur in the calculation of tax credits, benefits, deductions and allowance, and in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes, as well as the interest and penalties related to uncertain tax positions.

We have operations in several countries, which include Taiwan, China, Hong Kong, Macau and the United States and determine income taxes for each of the jurisdictions where we operate.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP.

The preparation of our consolidated financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, net sales and expenses, and related disclosure of contingent assets and liabilities. We base our estimates and judgments on our historical experience, knowledge of current conditions and our beliefs of what could occur in the future considering available information. Because our estimates may vary in each situation, our actual results may differ from our estimates under different assumptions and conditions.

Our management considers the following factors in reviewing our consolidated financial statements:

- the selection of critical accounting policies; and
- the judgments and other uncertainties affecting the application of those critical accounting policies.

The use of accounting estimates, the judgments and other uncertainties affecting the application of such estimates and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our consolidated financial statements. See Note 2—Summary of Significant Accounting Policies to our consolidated financial statements for the disclosure of those accounting estimates.

Critical accounting estimates are defined as those accounting estimates made in accordance with U.S. GAAP that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. We believe the following are our critical accounting estimates:

Inventory valuation. We value inventories at the lower of cost or net realizable value for raw materials, work-in-process and finished goods. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the balance sheet date. We assess net realizable value of the inventory for estimated obsolescence or unmarketable inventory based upon management's assumptions about future demand and market conditions. In estimating reserves for obsolescence, we primarily evaluate estimates based on the timing of the introduction of new products and the quantities remaining of old products and provide reserves for inventory on hand in excess of the estimated demand. Estimated losses on slow-moving items are recognized and included in the allowance for losses. We wrote down US$7.9 million, US$6.1 million and US$1.4 million in 2023, 2024 and 2025, respectively, for estimated obsolete or unmarketable inventory, with write-downs in 2023, 2024 and 2025 primarily related to the value of NAND components and SSDs in inventory affected by rapidly falling NAND prices and the restructuring of our underperforming product lines.

We have not made any material changes in the accounting methodology used to evaluate obsolescence or unmarketable inventory during the last three fiscal years. However, if actual results are not consistent with our estimates and assumptions used to calculate inventory write-downs, we may be exposed to inventory write-downs that could be material. If we have experienced significant industry fluctuations, maturing product cycles and new product introductions of both semiconductor companies' and their customers' products and fluctuations in general economic conditions, we may be exposed to future obsolescence or unmarketable inventory.

Accounting for income taxes. In preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We are tax residents in numerous taxing jurisdictions around the world and have identified our major tax jurisdictions as Taiwan, Hong Kong, Macau and China with statutory tax rates of 20%, 16.5%, 12% and 25%, respectively, and estimate our actual current tax exposure together with assessed temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our

consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income within the relevant jurisdiction and, to the extent we believe that recovery is not likely, we must establish a valuation allowance. The total amount of valuation allowance as of December 31, 2023, 2024 and 2025 was US$23.1 million, US$27.8 million and US$31.4 million, respectively. We provide for a valuation allowance to the extent we believe that it is more likely than not that the deferred tax assets will not be recovered from future taxable income. Realization of future tax benefits related to the deferred tax assets is dependent on many factors, including our ability to generate taxable income within the period during which the temporary differences reverse, the outlook for the economic environment in which we operate, and the overall future industry outlook. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an additional allowance for the deferred tax asset would be charged to income in the period the determination was made.

We utilize a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. The total amount of unrecognized tax benefits as of December 31, 2023, 2024 and 2025 was US$43.8 million, US$43.6 million and US$35.3 million, respectively. As of December 31, 2024 and 2025, US$6.8 million and US$6.3 million, respectively, of interest and penalties were accrued. Fiscal years 2020 through 2025 remain subject to examination by the U.S. Internal Revenue Service and other foreign tax jurisdictions. The ultimate outcome of tax matters may differ from our estimates and assumptions. Unfavorable settlement of any particular issue would require the use of cash and could result in increased income tax expense. Favorable resolution could result in reduced income tax expense. Within the next 12 months, we do not expect that our unrecognized tax benefits would change significantly. See Note 11 to our consolidated financial statements for further information regarding changes in unrecognized tax benefits during 2025.

Legal Contingencies. From time to time, we are involved in legal actions or other third-party assertions arising in the ordinary course of business. There can be no assurance these actions or other third-party assertions will be resolved without costly litigation, in a manner that does not adversely impact our financial position, results of operations or cash flows or without requiring royalty payments in the future, which may adversely impact gross margins. We record a liability when it is probable that a loss has been incurred and the amount can be reasonably estimated. In determining the probability of a loss and consequently, determining a reasonable estimate, management is required to use significant judgment. Given the uncertainties associated with any litigation, the actual outcome can be different than our estimates and could adversely affect our results of operations, financial position and cash flows. See “Item 8. Legal Proceedings”.

Results of Operations

The following table sets forth our statements of operations as a percentage of net sales for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
Net sales	100.0%	100.0%	100.0%
Cost of sales	57.7	54.1	51.7
Gross profit	42.3	45.9	48.3
Operating expenses:			
Research and development	27.3	27.1	29.7
Sales and marketing	4.2	3.4	3.9
General and administrative	4.4	3.9	4.2
Loss from settlement of litigation	0.2	0.2	—
Total operating expenses	36.1	34.6	37.8
Operating income	6.2	11.3	10.5
Non-operating income (expenses):			
Unrealized holding gain on investments	1.3	0.1	2.1
Gain on sale of investments	0.0	0.0	2.3
Interest income	1.9	1.8	1.1
Foreign exchange gain (loss), net	0.1	0.2	(0.2)
Other income, net	0.0	0.0	0.0
Total non-operating income (expenses)	3.3	2.1	5.3
Income before income taxes	9.5	13.4	15.8
Income tax expense	1.3	2.3	2.0
Net income	8.2%	11.1%	13.8%

Comparison of Year Ended December 31, 2025 to Year Ended December 31, 2024

Net sales.

	Years Ended December 31					
	2024		2025			
	US$	% of net sales	US$	% of net sales	US$ change	% change
	(in thousands, except percentage data)					
Net sales						
Mobile Storage	796,365	99	877,195	99	80,830	10
Others	7,187	1	8,432	1	1,245	17
Net sales	803,552	100	885,627	100	82,075	10

In 2025, our net sales increased by 10% year-over-year to approximately US$885.6 million, primarily due to the continuing new products and new customers ramp and increase in market share with NAND makers, module makers and OEM customers. Our mobile storage revenue increased by 10% year-over-year primarily because of an increase in sales of eMMC and UFS controllers, partially offset by a decline in sales of SSD controllers and SSD solutions. Our SSD controller sales decreased in the range of 0% to 5% year-over-year to account for 45% to 50% of revenue, a lower percentage of net sales than the prior year, eMMC plus UFS controller sales increased in the range of 20% to 25% year-over-year to account for 40% to 45% of revenue, a higher percentage of net sales than the prior year, and SSD solutions sales decreased in the range of 10% to 15% year-over-year to account for 0% to 5% of revenue, a lower percentage of net sales than the prior year.

Gross profit

	Years Ended December 31					
	2024		2025			
	US$	% of net sales	US$	% of net sales	US$ change	% change
	(in thousands, except percentage data)					
Gross profit	368,765	46	427,509	48	58,744	16

Gross profit as a percentage of net sales increased to 48% in 2025 as compared to 46% in 2024 primarily because of new projects and our ability to efficiently scale new products. Our gross profit, excluding obsolete and unmarketable inventory write-downs, as a percentage of revenue increased from 47% in 2024 to 48% in 2025.

Research and development expenses

	Years Ended December 31					
	2024		2025			
	US$	% of net sales	US$	% of net sales	US$ change	% change
	(in thousands, except percentage data)					
Salary and benefits	107,248	14	142,161	16	34,913	33
Stock-based compensation	11,284	1	17,874	2	6,590	58
Other research and development	99,290	12	102,683	12	3,393	3
Research and development	217,822	27	262,718	30	44,896	21

Our R&D expenses increased by 21% year-over-year to approximately US$262.7 million in 2025 primarily due to investing heavily in next generation solutions and significant employee additions. Salary and benefits increased by 33% year-over-year to approximately US$142.2 million in 2025 primarily because of expanded headcounts. Stock-based compensation increased by 58% year-over-year to approximately US$17.9 million. Other R&D expenses increased by 3% year-over-year to approximately US$102.7 million in 2025.

Sales and marketing expenses

	Years Ended December 31					
	2024		2025			
	US$	% of net sales	US$	% of net sales	US$ change	% change
	(in thousands, except percentage data)					
Salary and benefits	16,647	2	19,760	2	3,113	19
Stock-based compensation	1,954	—	3,428	—	1,474	75
Other sales and marketing	8,849	1	11,195	2	2,346	27
Sales and marketing	27,450	3	34,383	4	6,933	25

Our sales and marketing expenses increased by 25% year-over-year to approximately US$34.4 million in 2025. Salary and benefits increased by 19% year-over-year to approximately US$19.8 million in 2025. Stock-based compensation increased by 75% year-over-year to approximately US$3.4 million in 2025. Other sales and marketing expenses increased by 27% year-over-year to approximately US$11.2 million.

General and administrative expenses

	Years Ended December 31					
	2024		2025			
	US$	% of net sales	US$	% of net sales	US$ change	% change
	(in thousands, except percentage data)					
Salary and benefits	11,215	2	12,090	1	875	8
Stock-based compensation	3,407	—	4,570	—	1,163	34
Other general and administrative	16,732	2	20,711	3	3,979	24
General and administrative	31,354	4	37,371	4	6,017	19

Our general and administrative expenses increased by 19% year-over-year to approximately US$37.4 million in 2025. Salary and benefits increased by 8% year-over-year to approximately US$12.1 million in 2025. Stock-based compensation increased by 34% year-over-year to approximately US$4.6 million in 2025. Other general and administrative expenses increased by 24% year-over-year to approximately US$20.7 million in 2025, primarily because of legal, financial advisory and other fees related to dispute expenses in connection with arbitration of the terminated Merger Agreement.

Stock-based compensation

The following table presents details of total stock-based compensation that is included in each functional line item in our consolidated statements of income:

	Years Ended December 31					
	2024		2025			
	US$	% of net sales	US$	% of net sales	US$ change	% change
	(in thousands, except percentage data)					
Cost of sales	311	—	411	—	100	32
Research and development	11,284	1	17,874	2	6,590	58
Sales and marketing	1,954	—	3,428	—	1,474	75
General and administrative	3,407	—	4,570	—	1,163	34
Total stock-based compensation	16,956	1	26,283	2	9,327	55

See Note 13 to our consolidated financial statements for a discussion of activity related to stock-based awards.

Loss from settlement of litigation. We accrued US$1,250 thousand to settle legal litigations in 2024.

Unrealized holding gain on investment. We recognized a gain of US$0.5 million and US$18.4 million for the net change in fair value of the investments in equity securities in 2024 and 2025, respectively.

Gain from disposal of long-term investment. We recognized a gain from disposal of BIWIN of US$58 thousand and Kinara of US$21.1 million in 2024 and 2025, respectively.

Interest income. Our interest income decreased to approximately US$9.7 million for the year ended December 31, 2025 from approximately US$14.5 million for the year ended December 31, 2024 due to less interest rates.

Foreign exchange gain (loss), net. For the year ended December 31, 2025, we realized a foreign exchange loss of US$2.1 million, compared with a gain of US$1.4 million for the year ended December 31, 2024. We do not engage in any hedging activities.

Income tax expense. Income tax expense was approximately US$17.5 million for the year ended December 31, 2025 compared to an income tax expense of approximately US$18.2 million for the year ended December 31, 2024.

Net income. Net income was approximately US$122.6 million for the year ended December 31, 2025 compared to a net income of approximately US$89.2 million for the year ended December 31, 2024.

Comparison of Year Ended December 31, 2024 to Year Ended December 31, 2023

For the discussion covering the comparison between the years ended December 31, 2024 and 2023, please refer to "Item 5" of our annual report on Form 20-F for the year ended December 31, 2024 filed with the SEC on April 30, 2025.

Liquidity and Capital Resources

As of December 31, 2025, we had approximately US$201.8 million in cash and cash equivalents, a decrease of US$74.2 million from December 31, 2024. We maintain our cash balances in bank deposits and in money market instruments. We do not engage in any currency hedging activities.

We believe the cash we expect to generate from operating activities will be sufficient to meet our anticipated working capital needs, capital expenditures, and other commitments for at least the next 12 months and into the foreseeable future. Our future capital requirements will depend on many factors, including the level of our net sales, the increasing procurement of NAND to service customer demand for our SSD solutions products, the timing and extent of spending to support product development efforts, the expansion of sales and marketing activities, the timing of introductions of new products, the costs to ensure access to adequate manufacturing capacity, the continuing market acceptance of our products, and construction of our Taipei office buildings. We could be required, or could elect, to seek additional funding through public or private equity or debt financing, and additional funds may not be available on terms acceptable to us or at all.

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,		
	2023	2024	2025
	US$	US$ (in thousands)	US$
Consolidated Cash Flow Data:			
Net cash provided by operating activities	149,083	77,095	61,360
Net cash used in investing activities	(49,085)	(44,089)	(27,403)
Net cash used in financing activities	(16,690)	(67,255)	(91,512)
Depreciation and amortization	21,810	25,331	30,174
Capital expenditures	(50,313)	(44,351)	(55,065)

Operating activities

Our net cash provided by operating activities was approximately US$61.4 million for the year ended December 31, 2025, compared to net cash provided by operating activities of approximately US$77.1 million and US$149.1 million during 2024 and 2023, respectively.

For the year ended December 31, 2025, cash flows provided by operations of US$61.4 million resulted primarily from our net income of US$122.6 million and the following reasons:

- Our net income includes substantial non-cash charges, namely US$30.2 million of depreciation and amortization and US$26.3 million of stock-based compensation.

- Net working capital increased by US$78.2 million. Inventories increased by US$215.2 million, notes and accounts receivable decreased by US$22.2 million, notes and accounts payable increased by US$17.0 million, income tax payable increased by US$9.3 million, and other assets net of other liabilities provided US$88.5 million of cash.

For the year ended December 31, 2024, cash flow provided by operations of US$77.1 million resulted primarily from our net income of US$89.2 million and the following reasons:

- Our net income includes substantial non-cash charges, namely US$25.3 million of depreciation and amortization and US$17.0 million of stock-based compensation.
- Net working capital increased by US$53.2 million. Inventories decreased by US$4.9 million, notes and accounts receivable increased by US$39.0 million, notes and accounts payable decreased by US$37.8 million, income tax payable increased by US$5.6 million, and other assets net of other liabilities provided US$13.1 million of cash.

Investing activities

Our net cash used in investing activities was approximately US$27.4 million for the year ended December 31, 2025, compared to net cash used in investing activities of approximately US$44.1 million for the year ended December 31, 2024. In 2025, we paid US$33.8 million for the routine purchase of software, design tools and other items, and US$21.3 million for building construction in Hsinchu and received US$27.6 million for the disposal of Kinara.

Our net cash used in investing activities was approximately US$44.1 million for the year ended December 31, 2024, compared to net cash used in investing activities of approximately US$49.1 million for the year ended December 31, 2023. In 2024, we paid US$28.0 million for the routine purchase of software, design tools and other items, and US$16.3 million for building construction in Hsinchu.

Financing activities

Our net cash used in financing activities was approximately US$91.5 million for the year ended December 31, 2025, compared to net cash used in financing activities of approximately US$67.3 million for the year ended December 31, 2024. Our cash used in financing activities in 2025 consists primarily of US$67.2 million of dividend payments and US$24.3 million for share repurchases.

Our net cash used in financing activities was approximately US$67.3 million for the year ended December 31, 2024, compared to net cash used in financing activities of approximately US$16.7 million for the year ended December 31, 2023. Our cash used in financing activities in 2024 consists primarily of US$67.3 million of dividend payments.

Capital Return to Shareholders

Dividend. On October 28, 2024 and October 27, 2025, we announced an annual cash dividend of US$2.00 per ADS to be paid in four quarterly installments of US$0.50 per ADS, we paid US$67.3 million and US$67.2 million to shareholders in 2024 and 2025, respectively.

The declaration and payment of future cash dividends is subject to our board of directors' continuing discretion and determination that the payment of dividends is in the best interests of our shareholders and is in compliance with all laws and agreements applicable to the declaration and payment of cash dividends.

Share Repurchase. On February 6, 2025, our board of directors authorized a share repurchase program to repurchase up to US$50 million of our ADSs over a 6-month period. In the year ended December 31, 2025, we repurchased approximately 426 thousand ADSs for US$24.3 million at an average price of US$57.04 per ADS.

Share repurchases are made in the open market or according to other methods in compliance with SEC Rule 10b-18 under the Exchange Act, subject to market conditions, applicable legal requirements and other factors. Share repurchase plans announced do not obligate us to acquire any particular amount of ADSs and may be suspended at any time at our discretion.

Cash Requirements

Our material cash requirements include the following contractual and other obligations:

Operating Leases. Operating lease obligations represent the undiscounted remaining lease payments primarily for our leased property and equipment, see Note 14 to our consolidated financial statements. As of December 31, 2025, these obligations totaled US$14.1 million, of which US$2.6 million was short-term.

Office Building Construction. In September 2018, the Company paid US$58.9 million to acquire land in Hsinchu, Taiwan intended for its future Taiwan headquarters building. Construction began in January 2021, and as of December 31, 2025, the project, with a capitalized cost of US$67.0 million, completed in 2025. In addition, we won a bid with a third party to build an office building in Taipei, and we entered into a property development agreement in May 2021. We received the construction license in September 2025 and the development cost is expected to be approximately US$101 million. We expect to complete construction of the building by the end of 2029.

Tax Liability. Tax liability represents the provision for income tax and uncertain tax position recognized, see Note 11 to our consolidated financial statements. As of December 31, 2025, short-term taxes liabilities totaled US$22.4 million. We decreased long-term taxes liabilities of US$8.3 million related to uncertain tax positions as of December 31, 2025. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years beyond 12 months due to uncertainties in the timing and outcome of a potential tax audit.

Recent Accounting Pronouncements

Please refer to Note 2 to the consolidated financial statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Directors and Senior Management

Members of our board of directors are elected by our shareholders. Our board of directors consists of nine directors. Members of our senior management are appointed by, and serve at the discretion of, our board of directors. The following table sets forth information regarding our directors and senior management members as of the date of this annual report.

Name	Age	Position
James Chow	75	Chairman of the Board
Wallace C. Kou	67	President, Chief Executive Officer and Managing Director
Steve Chen	54	Director
Tsung-Ming Chung	76	Director
Lien-Chun Liu	68	Director
Han-Ping D. Shieh	72	Director
Kenneth Kuan-Ming Lin	73	Director
Cain Lin	64	Director
Jason Tsai	53	Chief Financial Officer
Nelson Duann	57	Senior VP of Client & Automotive Storage Business and Director

Senior Management Members and Directors

James Chow, Chairman of the Board of Directors

Mr. Chow has served as the Chairman of our board of directors since April 2005. Mr. Chow has been the Chairman of Concord Financial Co., Ltd. since 1993. Concord Financial Co., Ltd. is an investment holding company. Mr. Chow has an MBA from Columbia University.

Wallace C. Kou, President, Chief Executive Officer, Managing Director

Mr. Kou founded Silicon Motion in 1995 and has been our President and Chief Executive Officer since our founding. Prior to founding Silicon Motion, Mr. Kou was the Vice President and Chief Architect at the Multimedia Products Division of Western Digital Corporation, which developed graphics processors for notebook PCs and was sold to Philips Semiconductor in 1995. Before Western Digital, Mr. Kou worked for Wyse Technology. Mr. Kou has a BS in Electrical & Control Engineering from the National Chiao Tung University in Taiwan and an MS in Electrical & Computer Engineering from the University of California at Santa Barbara.

Steve Chen, Director

Mr. Chen joined our board of directors in 2012. Mr. Chen is the chairman of Mercuries Co., Ltd. Mr. Chen has dual M. Eng. from Cornell University.

Tsung-Ming Chung, Director

Mr. Chung joined our board of directors in June 2005. Mr. Chung is currently the Chairman of Dynapack International Technology Corp., a leading provider of battery packs for notebook PCs, tablets, and battery backup units (BBUs) for data centers. From 1985 to 2000, Mr. Chung was an audit partner at Arthur Andersen. He also serves as a director of Far East International Bank and previously served as a director of Fubon Hyundai Life Insurance Corporation until March 2024. Mr. Chung has a BA in Business Administration from the National Taiwan University and an MBA from the National Cheng-chi University in Taiwan.

Lien-Chun Liu, Director

Ms. Liu joined our board of directors in June 2005. She serves on the board of the International Council of Women, on the board of supervisors of Concord VIII Venture Capital Co., Ltd. and on the board of directors of New Tamsui Golf Course. She was formerly a research fellow at the Taiwan Research Institute and served on the board of supervisors of China Television Corp. from 2000 to 2004. Ms. Liu has a BA from Wellesley College and a JD from Boston College Law School.

Han-Ping D. Shieh, Director

Mr. Shieh joined our board of directors in 2014. He is Life Chair Professor at National Yang MingChiao Tung University (NYCU) in Taiwan, a life fellow of the IEEE, a fellow of Optical Society of America (OSA) and the Society for Information Display (SID), and a board member of Dynapack International Tech. Corp., and Focal Tech Inc. Mr. Shieh received his Ph D in Electrical and Computer Engineering from Carnegie Mellon University in 1987. He joined National Chiao Tung University (NCTU) as a professor in 1992 and was previously a Research Staff Member at the IBM Thomas J. Watson Research Center. He was the Dean of the College of Electrical and Computer Engineering and a Senior Vice President of NCTU and a Vice Chancellor of the University System of Taiwan.

Kenneth Kuan-Ming Lin, Director

Mr. Lin joined our board of directors in September 2018. Mr. Lin was previously a director on our board from 2009 to 2014. Mr. Lin is the Chairman of Premier Capital Management Corp., and Ruby Tech Corp., the

Chief Executive Officer of SINOCON Industrial Standards Foundation and Deputy Secretary-General of Cross-Strait CEO Summit. He was previously the Chairman of Taiwan Venture Capital Association and Taiwan Private Equity Association. Mr. Lin has a BS in Electrical Engineering from the National Taiwan University.

Cain Lin, Director

Mr. Lin joined our board of directors in December 2023. Mr. Lin is the Managing Director of Cedar Capital Inc., and he formerly served on the board of directors of Auras Technology Co., Ltd. Mr. Lin has over 35 years of experience in the semiconductor and venture capital industries in executive-level roles and holds a BA in Electronic Engineering from National Chen Kung University in Taiwan, an MBA from Santa Clara University, and an MS in Electronic Engineering from the University of Florida.

Jason Tsai, Chief Financial Officer

Mr. Tsai joined us as VP of IR and Finance in September 2023, became our interim Chief Financial Officer in April 2024 and was appointed as our Chief Financial Officer in October 2024. He has over 25 years of experience in strategic finance, corporate strategy, investor relations, and Wall Street. His corporate experience spans from software (SaaS) to hardware and semiconductors and prior to rejoining Silicon Motion, Mr. Tsai was Head of IR at Zendesk, Synaptics and Silicon Motion (2008 – 2019) as well as over a decade as a Wall Street equity research analyst. Mr. Tsai holds a BA in Economics and Molecular and Cell Biology from UC Berkeley.

Nelson Duann, Senior VP of Client & Automotive Storage Business and Director

Mr. Duann became our Senior Vice President of Client & Automotive Storage in December 2023, after serving as Senior Vice President of Marketing and R&D for mobile storage since November 2018. In this role, he oversees product planning, major OEM business development and OEM project management for the Company's client SSD controllers, mobile controllers, Ferri products and expandable controllers. He joined Silicon Motion in August 2007 as a product marketing director and R&D team leader. Having served with Silicon Motion since 2007, Mr. Duann has nearly 25 years of experience in product design, development, and marketing in the semiconductor industry. Mr. Duann was most recently leading Silicon Motion's marketing and R&D efforts and has played a key role in leading the company's OEM business for mobile storage and SSD controller solutions, helping to introduce these products and growing them into the market leaders in these markets today. Prior to Silicon Motion, he worked for Sun Microsystems focusing on UltraSPARC microprocessor projects. Mr. Duann has an MS in Communications Engineering from National Chiao Tung University in Taiwan and an MS in Electrical Engineering from Stanford University.

There is no arrangement or understanding with major shareholders, customers, suppliers or others pursuant to which any person referred to above was selected as a director or member of senior management. There are no family relationships among any of our directors or senior management members.

Board Practices

Board Committees

Our board of directors has established an audit committee, a compensation committee, and a nominating and corporate governance committee.

Audit Committee. The audit committee is responsible for, including, but is not limited to, reviewing the financial information that will be provided to shareholders and others; reviewing the systems of internal controls that management and the board of directors have established; appointing, retaining and overseeing the performance of independent registered public accounting firms; overseeing our accounting and financial reporting processes, the audits of our consolidated financial statements and the internal control over financial

reporting; pre-approving audit and permissible non-audit and non-assurance services provided by independent registered public accounting firms; and overseeing cybersecurity risk management. Mr. Tsung-Ming Chung, Ms. Lien-Chun Liu, and Mr. Cain Lin are members of our audit committee. Our board of directors has determined that Mr. Tsung-Ming Chung, the Chairman of the audit committee, is the committee's "audit committee financial expert" under applicable SEC rules and an independent director under Nasdaq listing standards.

Compensation Committee. The compensation committee is responsible for, including, but is not limited to, reviewing the performance and development of management in achieving corporate goals and objectives and assuring that our senior executives are compensated effectively in a manner consistent with our strategy, competitive practice and the requirements of the appropriate regulatory bodies. The compensation committee also administers the Company's Incentive-Based Compensation Recovery Policy (the "Clawback Policy"). This committee oversees, reviews and administers all of our compensation, equity and employee benefit plans and programs. Ms. Lien-Chun Liu, Mr. Steve Chen, and Mr. Cain Lin are members of our compensation committee, with Mr. Chen serving as the Chairman of the compensation committee.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is responsible for, including, but are not limited to, overseeing, reviewing and making periodic recommendations concerning our corporate governance policies, and for recommending to the full board of directors, candidates for election to the board of directors. Ms. Lien-Chun Liu, Mr. Steve Chen, and Mr. Cain Lin are members of our nominating and corporate governance committee, with Ms. Liu serving as the Chairman of the nominating and corporate governance committee.

Our board of directors has adopted a code of conduct and ethics (the "Code of Ethics"), which is applicable to all our directors, officers (which includes members of senior management), and employees. Our Code of Ethics is posted on our website at *https://www.siliconmotion.com/company/corporate-citizenship-files/Silicon_Motion_Code_of_Ethics.pdf*.

Duties of Directors

Under Cayman Islands law, our directors have a duty to act honestly, in good faith and with a view to the best interests of our company and for a proper purpose. A director must exercise the skill and care of a reasonably diligent person having both – (a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company (an objective test), and (b) if greater, the general knowledge, skill and experience that that director actually possesses (a subjective test). In fulfilling their duty of care to our company, our directors must ensure compliance with our memorandum and articles of association. Our Company has the right to seek damages if a duty owed by our directors is breached. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in the name of our company if a duty owed by our directors is breached. Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among other things:

- convening shareholders' meetings and reporting its work to shareholders at such meetings;
- implementing shareholders' resolutions;
- determining our business plans and investment proposals;
- formulating our profit distribution plans and loss recovery plans;
- determining our debt and finance policies and proposals for the increase or decrease in our share capital and the issuance of debentures;
- formulating our major acquisition and disposition plans, and plans for merger, division or dissolution;
- proposing amendments to our amended and restated memorandum and articles of association; and

- exercising any other powers conferred by the shareholders or under our amended and restated memorandum and articles of association.

Terms of Directors and Senior Management

Our amended and restated articles of association provide that, at each annual general meeting, one-third of our directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation provided that the chairman of our board of directors, and/or the managing director of our company shall not, whilst holding such office, be subject to retirement by rotation nor to be taken into account in determining the number of directors to retire.

The directors to retire by rotation shall include any director who wishes to retire and not offer him/herself for re-election. Any further directors to retire shall be those of the other directors subject to retirement by rotation who have been longest in office since their last re-election or appointment so that as between persons who became or were last re-elected directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. Any director appointed pursuant to article 86(2) or appointed by the directors pursuant article 86(3) will not be taken into account in determining which particular directors or the number of directors who are to retire by rotation.

The directors have the power to appoint any person as a director either to fill a casual vacancy on the board of directors or as an addition to the existing board of directors. Any director so appointed shall hold office only until the next following annual general meeting of our company and shall then be eligible for re-election.

Two of our seven directors are currently subject to re-election at our next annual general meeting of shareholders.

Our officers, including members of senior management, are appointed by and serve at the discretion of our board of directors.

Limitation on Liability and Other Indemnification Matters

Cayman Islands law does not limit the extent to which a company's memorandum and articles of association may provide for indemnification of officers (which includes members of senior management) and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Under our amended and restated articles of association, our company is authorized to indemnify its directors, secretary and other officers (which includes members of senior management) for the time being and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of our Company and everyone of them, and everyone of their heirs, executors and administrators, from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty, in their respective offices or trusts provided that any such indemnity shall not extend to any matter in respect of any fraud, dishonesty, willful misconduct or bad faith which may attach to them. Our amended and restated articles of association contains a provision by which its shareholders waive any claim or right of action that they may have, whether individually or by or in the right of our company, against any director on account of any action taken by such director, or the failure of such director to take any action in the performance of his or her duties with or for our company, except in respect of any fraud or dishonesty of such director.

Compensation of Directors and Senior Management

Under Cayman Islands law, we are not required to disclose compensation paid to our senior management on an individual basis and we have not otherwise publicly disclosed this information elsewhere.

For the year ended December 31, 2025, the aggregate compensation to our directors and senior management members was approximately US$2.71 million. In 2025, under the 2025 Incentive Plan (the "2025 Plan"), we granted restricted stock units to our directors and senior management members as a group to acquire an aggregate of 182,000 ordinary shares. The restricted stock units granted to our senior management members and non-executive directors are subject to the same vesting conditions as those of our employees. As of December 31, 2025, the total amount set aside as an estimate by us to provide pension, retirement or similar benefits to our members of senior management (we do not provide any such benefits to our directors in such capacities) was in the aggregate amount of approximately US$0.19 million.

Service Contracts

We currently do not have service contracts with our directors.

Share-Based Compensation Plan and Option Grants

2015 Incentive Plan

On June 3, 2015, the board of directors adopted the 2015 Plan. The 2015 Plan reserved 20,000,000 ordinary shares for issuance upon exercise of stock options and restricted stock units. The 2015 Plan provides for the grant of stock options, stock bonuses, restricted stock awards, restricted stock units and stock appreciation rights to our employees (including members of senior management), directors and consultants.

2025 Incentive Plan

On June 4, 2025, the board of directors adopted the 2025 Plan. The 2025 Plan reserved 20,000,000 ordinary shares for issuance upon exercise of stock options and restricted stock units. The 2025 Plan provides for the grant of stock options, stock bonuses, restricted stock awards, restricted stock units and stock appreciation rights to our employees (including members of senior management), directors and consultants.

Share Reserve. The aggregate number of ordinary shares that may be issued pursuant to awards granted under the 2025 Plan may not exceed 20,000,000.

The following types of shares issued under the 2025 Plan may again become available for the grant of new awards under the 2025 Plan: restricted stock issued under the 2025 Plan that is forfeited or repurchased by us prior to it becoming fully vested; shares withheld for taxes; shares tendered to us to pay the exercise price of an option; and shares subject to awards issued under the 2025 Plan that have expired or otherwise terminated without having been exercised in full.

Administration. The board of directors will administer the 2025 Plan and may delegate this authority to administer the 2025 Plan to a committee. Currently, the board of directors delegated the administration of the 2025 Plan to the compensation committee. Subject to the terms of the 2025 Plan, the plan administrator, which is our board of directors or its authorized committee, determines recipients, grant dates, the amounts and types of stock awards to be granted and the terms and conditions of the stock awards, including the period of their exercisability and vesting. Subject to certain limitations, the plan administrator will also determine the exercise price of options granted, the purchase price for restricted stock and restricted stock units, and, if applicable, the strike price for stock appreciation rights.

Capitalization adjustments. In the event of a dividend or other distribution (whether in the form of cash, ordinary shares, other securities, or other property), recapitalization, stock split, reorganization, merger, consolidation, exchange of our ordinary shares or our other securities, or other change in our corporate structure, the board of directors may adjust the number and class of shares that may be delivered under the 2025 Plan and the number, class and price of the shares covered by each outstanding stock award.

Changes in control. In the event of a change in control of the Company, all outstanding options and other awards under the 2025 Plan may be assumed, continued or substituted for by any surviving or acquiring entity. If the surviving or acquiring entity elects not to assume, continue or substitute for such awards, the vesting of such awards held by award holders whose service with us or any of our affiliates has not terminated will be accelerated and such awards will be fully vested and exercisable immediately prior to the consummation of such transaction, and the stock awards shall automatically terminate upon consummation of such transaction if not exercised prior to such event.

Future amendments and termination. The board of directors may amend (subject to shareholder approval if required by applicable law), suspend or terminate the 2025 Plan at any time. The 2025 Plan will terminate pursuant to its terms on June 4, 2035.

Supplemental Equity-Linked Incentive Program

On July 29, 2024, our board of directors approved and adopted a Supplemental Equity-Linked Incentive Program (the "2024 Supplemental Program"), which became effective on September 5, 2024.

The 2024 Supplemental Program is formed for the purpose of long-term savings and financial management, and it is established as the Employee Welfare Savings Association of Silicon Motion, Inc. (the "Savings Association"), where members collectively oversee and manage the Savings Association's welfare savings funds entrusted to CTBC Bank Co., Ltd. (the "Trustee"). The Savings Association will hold the stock of Silicon Motion for all members, who are regular salaried employees of the Company and its subsidiaries who have completed at least three months of continuous employment, but does not include fixed-term contract staff, part-time employees, or interns, in a long-term manner using a dollar-cost averaging approach and will enable all members to share in the positive outcomes of the operational growth of the Company. The aim is to accumulate personal wealth and retain talent in the Company.

Employees

The following table sets forth the number of our employees categorized by function as of the dates indicated.

	As of December 31,		
	2023	2024	2025
Management and administration	118	123	130
Operations	42	38	40
R&D	1,229	1,490	1,667
Sales and marketing	157	168	172
Total	1,546	1,819	2,009

As of December 31, 2025, we had 2,009 total employees, including 1,757 in Taiwan, 34 in the United States, 196 in China, 12 in Korea, and 10 in Japan. Of our total employees, 1,837 are engineers.

We do not have any collective bargaining arrangements with our employees and consider our relations with our employees to be good.

Share Ownership

Under U.S. securities law, a person is deemed a "beneficial owner" of a security if the person possesses or shares voting power, including the power to vote or direct the voting of the security, or investment power, including the power to dispose of or direct the disposition of the security, or otherwise has the right to receive the economic benefits of ownership. A person is also deemed to be the beneficial owner of any securities of which

that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of securities as to which such person has no economic interest. There were 135,631,340 of our ordinary shares outstanding as of March 31, 2026.

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares. To our knowledge, none of the shareholders in this table is a broker-dealer or is affiliated with a broker-dealer.

Unless otherwise indicated in the footnotes to the table, the address of each individual listed in the table is c/o Silicon Motion Technology Corporation, Flat C, 19/F, Wing Cheong Commercial Building, Nos 19-25 Jervois Street, Hong Kong.

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of March 31, 2026, less otherwise indicated in the footnotes, by each of our directors and members of senior management:

	Ordinary shares beneficially owned	ADSs Beneficially Owned	%
Senior Management and Directors:			
James Chow	1,663,666	415,916	1.2
Wallace C. Kou	1,944,856	486,214	1.4
Steve Chen	111,200	27,800	*
Tsung-Ming Chung	30,000	7,500	*
Lien-Chun Liu	295,480	73,870	*
Han-Ping D. Shieh	34,623	8,655	*
Kenneth Kuan-Ming Lin	42,000	10,500	*
Cain Lin	20,000	5,000	*
Jason Tsai (1)	193,000	48,250	*
Nelson Duann	66,800	16,700	*

* Less than one percent

(1) Includes 185,400 ordinary shares (or 46,350 ADSs) held by the Tsai Family Living Trust Dated 10/09/2007, of which Jason Tsai and his spouse are co-trustees and beneficiaries. Jason Tsai disclaims beneficial ownership except to the extent of his pecuniary interest therein.

Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation

There was no erroneously awarded compensation that was required to be recovered pursuant to our Clawback Policy during the fiscal year ended December 31, 2025.

Clawback Policy

The Company maintains a policy required by the rules of Nasdaq and the SEC providing that, subject to certain exemptions provided by the rules of Nasdaq and the SEC, in the event that the Company is required to prepare an accounting restatement, it will recover incentive based-compensation received by any current or former executive officer that was based upon the attainment of a financial reporting measure that was erroneously awarded during the three-year period preceding the date that the restatement was required.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

As of March 31, 2026, there were 135,631,340 of our ordinary shares outstanding. The Bank of New York Mellon (the "Depositary Bank"), the depositary under our ADS deposit agreement, has advised us that as of March 31, 2026, we had 33,842,664 ADSs outstanding, representing 135,370,656 ordinary shares.

The following table sets forth information with respect to the beneficial ownership of more than 5% of our ordinary shares as of March 31, 2026:

Identity of person or group	Number of ordinary shares owned	Percentage Owned
FMR LLC	13,593,468[1]	10%

(1) According to a Schedule 13G filed with the SEC on December 5, 2025, Abigail P. Johnson is a Director, the Chairman and the Chief Executive Officer of FMR LLC, and Ms. Johnson may be deemed to have dispositive power over the securities held by the FMR LLC. FMR LLC's principal address is 245 Summer Street, Boston, Massachusetts 02210.

To our knowledge, we are not owned or controlled, directly or indirectly, by another corporation, by any foreign government or by any other natural or legal persons, severally or jointly.

No holder of our ordinary shares has preferential voting rights.

Related Party Transactions

No related party transactions occurred since January 1, 2022.

ITEM 8. FINANCIAL INFORMATION

Consolidated Financial Statements

See "Item 18. Financial Statements" and pages F-1 through F-30 of this annual report.

Legal Proceedings

As an active operating company, we are subject to certain legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. Although the outcome of such proceedings and claims cannot be predicted with certainty, management does not believe that the outcome of any of these matters will have a material adverse effect on our business, results of operations, financial position or cash flows. Any litigation, however, involves potential risk and potentially significant litigation costs, and therefore there can be no assurance that any litigation which is now pending or which may arise in the future would not have such material adverse effect on our business, financial position, results of operations or cash flows.

On October 5, 2023, the Company filed a claim in the SIAC against MaxLinear for breaching the Merger Agreement. In the arbitration, the Company is seeking payment of the termination fee of US$160 million, together with further substantial damages, interests, and costs. Following hearings conducted in October 2025 and March 2026, the arbitration proceedings have concluded, and the parties are awaiting the issuance of the final award. If the Company succeeds in its claims, MaxLinear will likely be ordered to pay the Company's legal fees and the costs of the arbitration. If the Company does not succeed in some or all of its claims and/or in defending the counterclaim, it may be ordered to pay some or all of MaxLinear's legal fees and the costs of the arbitration. The quantum of the legal fees and costs to be paid by either party will be decided by the tribunal. No assurance can be given that if an award is granted in the Company's favor, that the award can be collected or that the Company will not be required to take further measures to be able to collect the award. Under the SIAC Arbitration Rules, all matters relating to the proceedings are confidential.

On August 31, 2023, a Silicon Motion ADS holder (the "Plaintiff") filed a putative class action complaint in the United States District Court for the Southern District of California, captioned Water Island Event-Driven Fund v. MaxLinear, Inc., No. 23-cv-01607 (S.D. Cal.), asserting claims against MaxLinear and two of its officers (the "MaxLinear Defendants") for alleged violations of (i) Section 10(b) of the Exchange Act and Rule 10b-5

promulgated thereunder and (ii) Section 20(a) of the Exchange Act, in connection with alleged false and misleading statements made by the MaxLinear Defendants between June 6, 2023 and July 26, 2023 concerning MaxLinear's intent to consummate the Merger Agreement. On August 28, 2024, the court dismissed the complaint against the MaxLinear Defendants without prejudice for lack of standing. On September 18, 2024, the Plaintiff filed an amended complaint against the MaxLinear Defendants, and also added Silicon Motion and two of our officers, Messrs. Kou and Lai (the "Silicon Motion Defendants"), asserting substantially similar claims under the Exchange Act. The complaint seeks compensatory damages, including interest, costs and expenses, and such other equitable or injunctive relief that the court deems appropriate. The Silicon Motion Defendants filed a motion to dismiss the amended complaint on November 25, 2024, as did the MaxLinear Defendants. The U.S. District Court granted the Silicon Motion Defendants' motion to dismiss all claims asserted against them with prejudice on July 15, 2025. The Plaintiff appealed the dismissal of their claims to the United States Court of Appeals for the Ninth Circuit on August 8, 2025. The Silicon Motion Defendants believe that the claims asserted against them are without merit and intend to continue to defend themselves vigorously on appeal.

Dividend Policy

See "Risk Factors — There can be no assurance that we will declare cash dividends in the future in any particular amounts or at all" in Item 3 above.

Significant Changes

No significant changes have occurred since the date of our audited consolidated financial statements.

ITEM 9. THE OFFER AND LISTING

Our ADSs, each representing four of our ordinary shares, have been listed on Nasdaq since June 30, 2005. Our ADSs trade under the symbol "SIMO." Nasdaq is the principal trading market for our ADSs, which are not listed on any other exchanges in or outside the United States.

ITEM 10. ADDITIONAL INFORMATION

Memorandum and Articles of Association

The information called for by Item 10.B of Form 20-F ("Memorandum and Articles of Association") is incorporated by reference to the information under the heading "Description of Share Capital" in our Registration Statement on Form F-1, as amended (Registration Number 333-125673) and as filed with the SEC on June 9, 2005.

Material Contracts

We have not entered into any material contracts within the past two fiscal years other than in the ordinary course of business and other than those described in Item 4, "Information on the Company" or elsewhere in this annual report.

Exchange Controls

There are currently no exchange control regulations or currency restrictions in the Cayman Islands.

Taxation

United States Federal Income Taxation

The following discussion summarizes certain U.S. federal income tax consequences to a U.S. Holder, as defined below, who purchases our ADSs and ordinary shares. This discussion assumes that investors will hold

their ADSs or ordinary shares as capital assets (generally, property held for investment). This discussion does not discuss all aspects of U.S. federal income taxation which may be important to particular investors in light of their individual circumstances, including investors subject to special taxation, such as:

- banks and financial institutions;
- brokers and dealers in securities or currencies;
- insurance companies;
- tax-exempt organizations and retirement plans;
- grantor trusts;
- S corporations;
- persons holding ADSs or ordinary shares as part of hedging, conversion, constructive sale, straddle or other integrated transactions;
- persons who acquired their ordinary shares upon the exercise of employee stock options or otherwise as compensation;
- persons who have elected the mark-to-market method of accounting;
- persons who own 10% or more of our ADSs or shares;
- real estate investment trusts or regulated investment companies;
- U.S. persons whose "functional currency" is not the U.S. dollar;
- certain former citizens or long-term residents of the United States; and
- Non-U.S. Holders (as defined below).

This discussion is based in part on representations by the Depositary Bank and assumes that each obligation under the deposit agreement and any related agreement will be performed in accordance with its terms. Furthermore, the discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and U.S. Treasury regulations, rulings and judicial decisions hereunder as of the date hereof. Such authorities are subject to change, possibly on a retroactive basis, which may result in U.S. federal income tax consequences different from those discussed below.

A person considering an investment in our ADSs or ordinary shares is urged to consult its tax advisor concerning U.S. federal, state, local and non-U.S. income and other tax consequences.

A U.S. Holder is a beneficial owner of ADSs or ordinary shares that is for U.S. federal income tax purposes:

- a citizen or resident individual of the United States;
- a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation, regardless of its source; or
- a trust if it is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A beneficial owner of ADSs or ordinary shares that is not a U.S. Holder is referred to herein as a "Non-U.S. Holder." If a partnership or limited liability company treated as a partnership for U.S. federal income tax purposes holds ADSs or ordinary shares, the tax treatment of a partner or member will generally depend on the status of the partner or member and the activities of the partnership or such limited liability company. A partner of a partnership or a member of such a limited liability company holding ADSs or ordinary shares is urged to consult its tax advisors regarding an investment in our ADSs or ordinary shares.

ADSs. In general, for U.S. federal income tax purposes, a U.S. Holder of ADSs will be treated as the owner of the underlying ordinary shares that are represented by such ADSs. Deposits and withdrawals of ordinary shares in exchange for ADSs will not be subject to U.S. federal income taxation.

Distributions on ADSs or ordinary shares. Unless the passive foreign investment company rules, as discussed below, apply, the gross amount of the distributions in respect of the ADSs or ordinary shares will be subject to tax as dividend income to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Subject to certain limitations, dividends paid to non-corporate U.S. Holders, including individuals, may be eligible for a reduced rate of taxation if we are deemed to be a "qualified foreign corporation" for U.S. federal income tax purposes, provided that such holder satisfies certain holding period requirements with respect to the ownership of our ADSs or ordinary shares. Subject to the exceptions discussed below, a corporation is a qualified foreign corporation if it is:

- a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States that includes an exchange of information program; or
- a foreign corporation if its stock with respect to which a dividend is paid or its ADSs backed by such stock are readily tradable on an established securities market within the United States.

The Cayman Islands is not a party to any double tax treaty with the United States. A foreign corporation (even if it is described above) does not constitute a qualified foreign corporation if, for the taxable year in which the dividend is paid or the preceding taxable year, the foreign corporation is or was a passive foreign investment company. Although we believe that we are a qualified foreign corporation because the ADSs will be traded on an established U.S. securities market and as discussed below, we believe that we were not a passive foreign investment company for our 2025 tax year, no assurance can be given in this regard. In addition, our status as a qualified foreign corporation may change. A U.S. Holder that exchanges its ADSs for ordinary shares may not be eligible for the reduced rate of taxation on dividends if the ordinary shares are not deemed to be readily tradable on an established securities market within the United States.

Dividends will be includable in a U.S. Holder's gross income on the date actually or constructively received by the Depositary Bank, in the case of ADSs or, in the case of ordinary shares, by such U.S. Holder. These dividends will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations.

To the extent we pay dividends on the ADSs or ordinary shares in a currency other than the U.S. dollar, the U.S. dollar value of such dividends should be calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the dividend, regardless of whether the foreign currency is converted into U.S. dollars at that time. If the foreign currency is converted into U.S. dollars on the date of actual or constructive receipt of such dividends, the tax basis of the U.S. Holder in such foreign currency will be equal to its U.S. dollar value on that date and, as a result, the U.S. Holder generally should not be required to recognize any foreign currency exchange gain or loss. Dividends paid in respect of the ADSs or ordinary shares generally will be treated as income from sources outside the United States.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the ADSs or ordinary shares, and the balance in excess of adjusted basis will be taxed as capital gain.

Sale, exchange or other disposition of ADSs or ordinary shares. Unless the passive foreign investment company rules, as discussed below, apply, upon the sale, exchange or other disposition of ADSs or ordinary shares a U.S. Holder generally will recognize capital gain or loss equal to the difference between the amount realized upon the sale, exchange or other disposition and the adjusted tax basis of the U.S. Holder in the ADSs or ordinary shares. The capital gain or loss generally will be long-term capital gain or loss if, at the time of sale, exchange or other disposition, the U.S. Holder has held the ADS or ordinary share for more than one year. Net

long-term capital gains of non-corporate U.S. Holders, including individuals, are generally eligible for preferential rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss that a U.S. Holder recognizes generally will be treated as gain or loss from sources within the United States for U.S. foreign tax credit limitation purposes.

Additional tax on net investment income. An additional 3.8% federal income tax may be assessed on net investment income (including dividends, other distributions, and gain realized on the sale of ADSs or ordinary shares) earned by certain U.S. Holders.

Passive foreign investment company rules. In general, we will be classified as a passive foreign investment company for any taxable year in which either (a) at least 75% of our gross income is passive income or (b) at least 50% of the value (determined on the basis of a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income. For this purpose, passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), annuities and gains from assets that produce passive income. If we own directly or indirectly at least 25% by value of the equity shares of another corporation, we will be treated for purposes of the passive foreign investment company tests as owning a proportionate share of the assets of the other corporation, and as receiving directly a proportionate share of the other corporation's income.

We believe, based on our present and projected composition of our income and valuation of our assets, we were not classified as a passive foreign investment company for U.S. federal income tax purposes for our 2025 tax year, although no assurance can be given in this regard. Whether we are a passive foreign investment company for any particular taxable year is determined on an annual basis and will depend on the composition of our income and assets, including goodwill. The calculation of goodwill will be based, in part, on the then market value of our capital stock, which is subject to fluctuation. Accordingly, there can be no assurance that we will not be classified as a passive foreign investment company in the current or any future taxable year.

If we are a passive foreign investment company for any taxable year during which a U.S. Holder has an equity interest in our company, then the company will continue to be treated as a passive foreign investment company with respect to such U.S. Holder for all succeeding taxable years during which the hold ADS or ordinary shares in the company. Accordingly, unless the U.S. Holder makes a mark-to-market election as discussed below, such U.S. Holder will be subject to special tax rules in any future taxable year regardless of whether we are classified as a passive foreign investment company in such future years with respect to (a) "excess distributions" and (b) gain from the disposition of stock. Excess distributions are defined generally as the excess of the amount received with respect to the equity interests in the taxable year over 125% of the average annual distributions received in the shorter of either the three previous years or a U.S. Holder's holding period before the taxable year and must be allocated ratably to each day of the U.S. Holder's holding period. The amount allocated to the current taxable year or any year before we became a passive foreign investment company will be included as ordinary income in a U.S. Holder's gross income for that year. The amount allocated to other prior taxable years will be taxed as ordinary income at the highest rate in effect for a U.S. Holder in that prior year and the tax is subject to an interest charge at the rate applicable to deficiencies in income taxes. The entire amount of any gain realized upon the sale or other disposition of the equity interests will be treated as an excess distribution made in the year of sale or other disposition and as a consequence will be treated as ordinary income and, to the extent allocated to years prior to the year of sale or disposition with respect to which we were a passive foreign investment company, will be subject to the interest charge described above.

In certain circumstances, instead of being subject to the excess distribution rules discussed above, a U.S. Holder may make an election to include gain on the ADSs or ordinary shares of a passive foreign investment company as ordinary income under a mark-to-market method, provided that the ADSs or ordinary shares are regularly traded on a qualified exchange. Under current law, the mark-to-market election is only available for ADSs or ordinary shares that are regularly traded within the meaning of U.S. Treasury regulations on certain designated U.S. exchanges and foreign exchanges that meet trading, listing, financial disclosure and other

requirements to be treated as a qualified exchange under applicable U.S. Treasury regulations. The Nasdaq Stock Market is a qualified exchange. The ordinary shares may not be eligible for mark-to-market treatment under the foregoing rule even if the ADSs otherwise satisfy the applicable requirement.

If a U.S. Holder makes a mark-to-market election, the U.S. Holder will include each year as ordinary income, rather than capital gain, the excess, if any, of the fair market value of the U.S. Holder's ADSs or ordinary shares at the end of the taxable year over such U.S. Holder's adjusted basis in the ADSs (or ordinary shares, if applicable) and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of these ADSs or ordinary shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. Any gain or loss on the sale of the ADSs or ordinary shares will be ordinary income or loss, except that this loss will be ordinary loss only to the extent of the previously included net mark-to-market gain.

If we are treated as a passive foreign investment company with respect to a U.S. Holder then, under certain circumstances such U.S. Holder must file Internal Revenue Service Form 8621 for their interest in the Company.

A U.S. Holder is urged to consult its tax advisor concerning the U.S. federal income tax consequences of an investment in our ADSs or ordinary shares if we are or become a passive foreign investment company, including the possibility of making a mark-to-market election.

Information Reporting and Back-up Withholding. The Foreign Account Tax Compliance Act ("FATCA") generally requires that individuals that hold certain specified foreign financial assets worth in excess of certain thresholds of US$50,000 or more, depending on the individual's circumstances, report such ownership to the IRS using IRS Form 8938. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person and any interest in a foreign entity. A U.S. Holder may be subject to this reporting requirement unless such holder's ADSs or ordinary shares are held in an account at a domestic financial institution. The penalty for failing to file Form 8938 is substantial.

U.S. holders generally are subject to information reporting requirements with respect to dividends on, or proceeds from the disposition of, our ordinary shares. In addition, a U.S. holder may be subject, under certain circumstances, to backup withholding at a rate of up to 24% with respect to dividends paid on, or proceeds from the disposition of, our ordinary shares unless the U.S. holder provides proof of an applicable exemption or correct taxpayer identification number, and otherwise complies with the applicable requirements of the backup withholding rules. A U.S. holder of our ordinary shares who provides an incorrect taxpayer identification number may be subject to penalties imposed by the IRS. Amounts withheld under the backup withholding rules are not an additional tax and may be refunded or credited against the U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Cayman Islands Taxation

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our company levied by the Government of the Cayman Islands except for stamp duties that may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies, except those which hold interests in land in the Cayman

Islands. There are no exchange control regulations or currency restrictions in the Cayman Islands. We have, pursuant to the Tax Concessions Act of the Cayman Islands, obtained an undertaking that:

- no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation applies to us or our operations; and
- the aforesaid tax or any tax in the nature of estate duty or inheritance tax are not payable on or in respect of our ordinary shares, debentures or other obligations of our company.

The undertaking that we have obtained is for a period of 20 years from April 25, 2025.

The Cayman Islands, together with several other non-European Union jurisdictions, have introduced legislation aimed at addressing concerns raised by the Council of the European Union as to offshore structures engaged in certain activities which attract profits without real economic activity. With effect from January 1, 2019, the International Tax Co-operation (Economic Substance) Act (As Revised) (the "Substance Act") came into force in the Cayman Islands introducing certain economic substance requirements for in-scope Cayman Islands entities which are engaged in certain "relevant activities," which in the case of exempted companies incorporated before January 1, 2019, will apply in respect of financial years commencing July 1, 2019, onwards. As our company is a Cayman Islands company, compliance obligations include filing annual notifications, which need to state whether our company is carrying out any relevant activities and if so, whether our company has satisfied economic substance tests to the extent required under the Substance Act. As it is a new regime, it is anticipated that the Substance Act will evolve and be subject to further clarification and amendments. See "Risk Factor — The enactment of legislation implementing changes in the taxation of international business activities, the adoption of other tax reform policies or changes in tax legislation or policies could materially impact our financial position and results of operations" in Item 3 above.

Documents on Display

We have previously filed with the SEC our registration statement on Form F-6 under the Securities Act with respect to our ADSs.

All information filed with the SEC can be obtained over the internet at the SEC's website at *www.sec.gov*. We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest rate risk. Our exposure to changes in interest rates is limited to interest income generated by our cash deposited with banks and short-term investments maintained in principal protected notes. We have not entered into any interest rate swap transactions. We do not believe that a 1% change in interest rates would have a significant impact on our operations.

Foreign currency risk. The majority of our revenue, cost of sales, accounts receivable, inventory and accounts payable are denominated in U.S. dollars. The majority of our operating expense relating to salaries and benefits and accounts payable related to these expenses are denominated in foreign currencies, primarily the NT dollar. Fluctuations in currency exchange rates could harm our business in the future. We do not utilize foreign exchange derivatives contracts to protect against changes in foreign exchange rates.

Also refer to "Risk Factors — Our business, financial condition and results of operations could be adversely impacted by the political and economic conditions of the countries in which we conduct business and operate and in which our products are used and sold" in Item 3 above.

Investment Risk. We have minority stake equity investments in Cashido, Vastview, BIWIN, and TWSC companies related to the semiconductor and other technology industries. These investments, with the exception of BIWIN and TWSC, are privately-held companies accounted for under the measurement alternative method. This is because our ownership is less than 20%, and we do not have the ability to exercise significant influence over the operations of these companies. As of December 31, 2025 and 2024, these investments in privately-held companies had a carrying value of nil and US$6.5 million, respectively. BIWIN is listed on the Shanghai Stock Exchange and TWSC is listed on the Shenzhen Stock Exchange. We had an unrealized holding gain of US$18.4 million and US$0.5 million in 2025 and 2024, respectively. Based on a sensitivity analysis performed as of December 31, 2025 and 2024, a hypothetical adverse price change of 10% would have decreased our non-operating income by approximately US$3.0 million and US$1.1 million in 2025 and 2024, respectively. We monitor these investments for impairment and make appropriate reductions in carrying value when an impairment is deemed to be other than temporary. There were no impairments losses for the years ended on December 31, 2024 and 2025.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Fees and Charges by ADS Holders. The following table summarizes the fees and charges that holders of our ADSs, which are evidenced by the ADRs, may have to pay to the Depositary Bank pursuant to the ADS deposit agreement:

Type of Service	Associated Fee or Charge
For the execution and delivery of ADRs upon deposit or substitution of the deposited shares evidenced by the ADSs, share distributions or the exercise of subscription rights to purchase additional ADSs	Up to US$5.00 per 100 ADS (or portion thereof)
For the surrender of ADRs upon withdrawing deposited shares represented by ADRs, including upon termination of the deposit agreement	Up to US$5.00 per 100 ADS (or portion thereof)
For distribution of any cash dividends made on the deposited shares represented by the ADRs	Up to US$0.02 per ADS (or portion thereof)
For distribution of any dividends in securities, other than in ordinary shares, made on the deposited shares represented by ADRs	Up to US$5.00 per 100 ADS (or portion thereof)
General depositary services	Up to US$0.02 per ADS (or portion thereof) per calendar year, except where a fee has already been charged for a cash distribution during that calendar year, as provided above
Fees and expenses of the Depositary Bank	As incurred by the Depositary Bank and billed to the ADS holders

In addition, the ADS holders will be responsible for any tax or other governmental charge that becomes payable by the Depositary Bank or the custodian with respect to any ADRs or any deposited share represented by any ADR. The Depositary Bank may deduct the amount of any such taxes or other governmental charges from any dividends or other distributions or may sell for the account of an ADS holder any part or all of the deposited shares represented by that holders' ADRs for the payment of any such tax or other governmental charged owed.

The Depositary Bank collects its fees for delivery and surrender of ADSs directly from ADS holders depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Depositary Bank collects fees for making distributions to ADS holders by deducting those fees from the

amounts distributed or by selling a portion of distributable property to pay the fees. The Depositary Bank may collect its annual fee for depositary services by deductions from cash distributions or by directly billing ADS holders or by charging the book-entry system accounts of participants acting for them. The Depositary Bank may generally refuse to provide fee-attracting services until its fees for those services are paid.

Fees and Payments by the Depositary Bank. The Depositary Bank has agreed to pay us 90% of the issuance fees (less the Depositary Bank's custody expenses), cancellation fees (less the Depositary Bank's custody expenses), depositary servicing fees (less any expenses, including charges of the Depositary Bank or central securities depositories) and dividend fees (less any expenses incurred by the Depositary Bank relating to the collection of such cash dividend fees) collected by the Depositary Bank during each subsequent contract year effective as of July 8, 2019. The Depositary Bank has further agreed to reimburse us for certain standard out-of-pocket administrative and maintenance and registered ADS holder service expenses, including, but not limited to, annual report delivery, dividend fund remittance, dividend payment notification, proxy service coordination, record date notification, registered ADS holder transfers and reporting and certain of our other expenses incurred in connection with maintaining and promoting our ADS program. The amount of annual reimbursements is subject to certain limits. For the year ended December 31, 2025, the Depositary Bank owed us a reimbursement of US$0.6 million, net of withholding tax, for our expenses incurred in connection with maintaining and promoting our ADS program, which was paid in full in September 2025. Any non-standard out-of-pocket administration and maintenance fees and expenses, including, but not limited to, reasonable legal fees and expenses incurred by the Depositary Bank and any expenses incurred by the Depositary Bank for the servicing of non-registered ADS holders and for special services, each of which is subject to our prior written consent, must be paid by us.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We performed an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2025. Disclosure controls and procedures are designed to ensure that the information required to be disclosed in the reports that we file or submit under the Exchange Act, including this annual report, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The evaluation was performed with the participation of our key corporate senior management, and under the supervision of our Chief Financial Officer ("CFO"), Jason Tsai, and our President and Chief Executive Officer ("CEO"), Wallace Kou. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, rather than absolute, assurances of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the foregoing, our management, including our CEO and CFO, concluded that our disclosure controls and procedures were effective as of December 31, 2025.

Management's Report on Internal Control over Financial Reporting

Our management, including our CEO and CFO, is responsible for establishing and maintaining adequate internal control over financial reporting, as defined under Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with appropriate authorizations; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2025, based on the criteria set forth in the Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Their assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of our internal control over financial reporting. Based on that assessment, our management concluded that as of December 31, 2025, the Company's internal control over financial reporting was effective.

Deloitte & Touche, the independent registered public accounting firm that audited our consolidated financial statements included in this annual report has issued an attestation report regarding internal control over financial reporting.

Changes in Internal Control over Financial Reporting

During 2025, no change to our internal control over financial reporting occurred that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

All internal control systems no matter how well designed and implemented have inherent limitations. Even systems determined to be effective may not prevent or detect misstatements or fraud and can only provide reasonable assurance with respect to disclosure and financial statement presentation and reporting. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changed conditions and the degree of compliance with the policies or procedures may deteriorate.

Attestation Report of the Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Silicon Motion Technology Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Silicon Motion Technology Corporation and subsidiaries (the "Company") as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements as of and for the year ended December 31, 2025, of the Company and our report dated April 30, 2026, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the U.S. Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in

accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche
Taipei, Taiwan
Republic of China
April 30, 2026

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board of directors has determined that Mr. Tsung-Ming Chung, the Chairman of our audit committee, is an "audit committee financial expert" under applicable SEC rules and an independent director under Nasdaq listing standards.

ITEM 16B. CODE OF ETHICS

Our board of directors has adopted the Code of Ethics applicable to all of our directors, officers (which includes members of senior management), and employees, including our CEO and our CFO, consistent with the requirements of Nasdaq. For further information, see our Code of Ethics posted on our website *(https://www.siliconmotion.com/company/corporate-citizenship-files/Silicon_Motion_Code_of_Ethics.pdf)* . We intend to post on our website all disclosures that are required by the rules and regulations of the SEC or by Nasdaq rules concerning any amendments to, or waivers from, any provision of our Code of Ethics.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte & Touche has acted as the independent registered public accountants of our Company and its subsidiaries for fiscal years 2024 and 2025. The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by Deloitte & Touche for the periods indicated.

	2024	2025
	US$	US$
	(in thousands)	
Audit Fees [1]	906	912
Audit-Related Fees [2]	—	—
Tax Fees [3]	266	224
All Other Fees [4]	—	—
Total	1,172	1,136

(1) *Audit Fees*. This category includes the audit and review of our annual financial statements and services that are normally provided by the independent auditors in connection with regulatory filings or engagements,

advice provided on audit and accounting matters that arise during, or as a result of, the audits or the reviews of interim financial statements, audit procedures related to reviews of offering documents, registration statements and issuance of comfort letters.

(2) *Audit-Related Fees*. These are the fees billed for the assurance, and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. There were no audit-related fees billed during the fiscal years ended December 31, 2025, or 2024.

(3) *Tax Fees*. This category consists of professional services rendered by Deloitte & Touche for tax compliance and tax advice. The services for the fees disclosed in this category include tax return preparation and technical tax advice.

(4) *All other fees*. This category includes professional services associated with other advisory services rendered by Deloitte & Touche.

Our audit committee is responsible for the retention of our independent registered public accounting firm, which currently is Deloitte & Touche. Our audit committee has adopted its own rules of procedure, in the form of an audit committee charter. The audit committee's rules of procedure provide for a process with respect to the prior approval of all non-audit services to be performed by our independent auditors. Our audit committee reports to our board of directors regarding the scope and results of our annual audits, compliance with our accounting and financial policies and management's procedures and policies related to the adequacy of our internal accounting controls.

In fiscal year 2025, our audit committee approved all of the audit services provided by Deloitte & Touche and the other services provided by Deloitte & Touche.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

We are incorporated in the Cayman Islands and our corporate governance practices are governed by applicable Cayman Islands law. In addition, because our ADSs are listed on Nasdaq, we are subject to Nasdaq corporate governance requirements. Nasdaq Listing Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" with respect to certain corporate governance matters, such as, for example, our establishment in 2025 of our 2025 Plan. The Company has elected to be exempt from the Nasdaq Rule 5635(c), which provides that shareholder approval is required prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees or consultants, subject to certain exceptions. We are committed to a high standard of corporate governance. As such, we endeavor to comply with the Nasdaq corporate governance practices and believe that we are currently in compliance with Nasdaq corporate governance practices that are applicable to foreign private issuers.

ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

ITEM 16J. INSIDER TRADING POLICIES.

We have adopted the Silicon Motion Technology Corporation Insider Trading and Investor Communications Policy (the "Insider Trading Policy") that governs the purchase, sale, and/or other dispositions of our securities by directors, senior management, employees, consultants, and contractors that is reasonably designed to promote compliance with applicable insider trading laws, rules, regulations and listing standards. A copy of the Insider Trading Policy is filed as Exhibit 11.1 to this annual report.

ITEM 16K. CYBERSECURITY.

Risk Management and Strategy

Cybersecurity risk management is an integral part of our overall enterprise risk management program. Our cybersecurity risk management program is designed based on the National Institute of Standards and Technology (NIST) cybersecurity framework. This framework includes steps for (a) identifying cybersecurity threats, assessing the severity, identifying the source and whether the threat is associated with a third-party service provider; (b) reporting material cybersecurity incidents to management and our board of directors; (c) implementing safeguards, countermeasures and mitigation strategies; and (d) remediation and restoration of the affected systems. Our cybersecurity team also engages third-party security experts for defense protection capability assessment and system enhancements. We also maintain a third-party risk management process under which we assess the cybersecurity practices of key third-party service providers prior to engagement and on a periodic basis thereafter, including through contractual requirements, security questionnaires, and, where appropriate, third-party security assessments. We require key third-party service providers that have access to our systems or data to implement and maintain appropriate cybersecurity controls and to notify us promptly of any cybersecurity incident that may affect our systems or data. In addition, our cybersecurity team provides trainings, security exercises, security awareness electronic direct mail (eDM) and social engineering drills regularly.

Our dedicated information technology ("IT") personnel are experienced information systems security professionals and information security managers with more than 20 years of relevant experience. Our IT team provides cybersecurity reports quarterly that cover, among other topics, suspicious behaviors, end devices security logs analysis, suspicious activity analysis and statistics, and updates to the Company's cybersecurity programs and mitigation strategies.

In 2025, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced an undetected cybersecurity incident.

Corporate Governance

Our board of directors has overall oversight responsibility for our risk management, and delegates cybersecurity risk management oversight to the audit committee. The audit committee is responsible for ensuring that management has processes in place designed to identify and evaluate cybersecurity risks to which the company is exposed and implement processes and programs to manage cybersecurity risks and mitigate cybersecurity incidents. The audit committee receives cybersecurity risk updates from management at least quarterly, including the quarterly cybersecurity reports prepared by our IT team, and discusses cybersecurity risk management as a standing item at its regular meetings. The audit committee reports to the full board of directors on cybersecurity matters as appropriate.

At the management level, responsibility for assessing and managing cybersecurity risks is led by our IT head / Chief Information Officer ("CIO"), together with a dedicated cybersecurity team. This cybersecurity team includes a management-level incident response and notification committee (the "Incident Notification Committee"), which is responsible for the escalation, evaluation, and reporting of significant cybersecurity

incidents to senior management and the audit committee. In addition to incident-specific reporting, the IT head / CIO provides routine cybersecurity risk updates to senior management and the audit committee on at least a quarterly basis, covering the Company's overall cybersecurity posture, emerging threats, risk mitigation activities, and the status of cybersecurity programs and controls.

Our cybersecurity operations are supported by the dedicated cybersecurity team, including personnel responsible for cybersecurity monitoring, threat detection, incident response, and remediation. This team reports to the IT head / CIO and provides regular updates to the Incident Notification Committee and senior management. In addition, we engage external cybersecurity consultants and specialists, as needed, to support risk assessments, penetration testing, and incident investigations.

Management is responsible for identifying, considering, and assessing material cybersecurity risks on an ongoing basis, and for establishing and maintaining processes designed to ensure that such risks are appropriately monitored and mitigated. These processes include continuous network monitoring, vulnerability assessments, incident response planning, and implementation of cybersecurity controls and technologies.

With respect to relevant expertise, our IT head / CIO has extensive experience in information technology management, including oversight of cybersecurity programs in various industries. In addition, members of our cybersecurity team possess relevant technical expertise in areas such as network security, system architecture, threat intelligence, and incident response, and may hold industry-recognized Certified Information Systems Security Professional (CISSP) and Systems Security Certified Practitioner (SSCP), Certified Ethical Hacker (CEH) and ISO27001 certifications.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

Our consolidated financial statements are included in this annual report at pages F-1 through F-30.

ITEM 19. EXHIBITS

Exhibit Number	Description
1.1	Memorandum of Association of the Company (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form F-1 (file no. 333-125673) filed with the SEC on June 9, 2005).
1.2	Articles of Association of the Company (incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form F-1 (file no. 333-125673) filed with the SEC on June 9, 2005).
2.1	Specimen of American Depositary Receipt (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-1 (file no. 333-125673) filed with the SEC on June 9, 2005).
2.2	Form of Amended and Restated Deposit Agreement (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form F-6 (file no. 333-125801) filed with the SEC on December 5, 2013).
2.3	Silicon Motion Technology Corporation 2015 Incentive Plan (incorporated by reference to Exhibit 4.1 of the Company's registration statement on Form S-8 filed with the SEC on June 11, 2015).
2.4	Silicon Motion Technology Corporation 2025 Incentive Plan (incorporated by reference to Exhibit 10.1 of the Company's registration statement on Form S-8 filed with the SEC on June 4, 2025).
2.5	Description of Securities registered under Section 12 of the Exchange Act (incorporated by reference to Exhibit 2.4 of the Company's Annual Report on Form 20-F filed with the SEC on April 30, 2024).
4.1	Agreement and Plan of Merger, dated as of May 5, 2022, by and among the Company, MaxLinear and Merger Sub (incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 6-K filed with the SEC on May 6, 2022).
8.1	List of Subsidiaries (incorporated by reference to Exhibit 8.1 of the Company's Annual Report on Form 20-F filed with the SEC on April 30, 2024).
11.1*	Silicon Motion Technology Corporation Insider Trading and Investor Communications Policy.
12.1*	Certification of Principal Executive Officer Required by Rule 13a-14(a).
12.2*	Certification of Principal Financial Officer Required by Rule 13a-14(a).
13.1**	Certification of Principal Executive Officer and Principal Financial Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
23.1*	Consent of Deloitte & Touche.
97.1	Silicon Motion Technology Corporation Incentive-Based Compensation Recovery Policy (incorporated by reference to Exhibit 97.1 of the Company's Annual Report on Form 20-F filed with the SEC on April 30, 2024).

Exhibit Number	Description
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents.
104	Cover Page formatted as Inline XBRL and contained in Exhibit 101.

* Filed herewith.
** Furnished herewith.

SIGNATURES

The registrant hereby certifies that it meets all the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

SILICON MOTION TECHNOLOGY CORPORATION

By: /s/ Wallace C. Kou

Wallace C. Kou,
President and Chief Executive Officer

Date: April 30, 2026

SILICON MOTION TECHNOLOGY CORPORATION AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of
Silicon Motion Technology Corporation

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Silicon Motion Technology Corporation and subsidiaries (the "Company") as of December 31, 2024 and 2025, the related consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2025, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2025, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 30, 2026, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Inventory Valuation — Refer to Notes 2 and 5 to the consolidated financial statements.

Critical Audit Matter Description

The Company's inventories are stated at the lower of cost or net realizable value. Cost is determined on standard basis and adjusted to the approximate weighted-average cost at the balance sheet date. The Company adjusts the inventory carrying value to the lower of weighted-average cost or the estimated net realizable value after completing ongoing reviews of estimated obsolescence or unmarketable inventory based upon the timing of the introduction of new products and the quantities remaining of old products. Actual product demand may be significantly different than in the past or forecasted by the Company, which could have a material adverse effect on the Company's inventories and cost of sales. As of December 31, 2025, the Company's net inventory balance was $421,798 thousand.

We identified net realizable value of inventory as a critical audit matter because of significant judgments made by management related to the forecasted product demand, which includes assumptions about the future market and economic conditions. This required a high degree of auditor's judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of net realizable value of inventory.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the Company's net realizable value of inventory included the following, among others:

- We obtained an understanding of the Company's methodology for determining inventory that is obsolete or unmarketable and the key assumptions and judgments made as part of the process, including the forecasted demand.
- We tested the effectiveness of controls over the review of the provision for obsolete or unmarketable inventories based on the Company's methodology, including management's evaluation of the inventory aging and the forecasted demand.
- We tested the accuracy and completeness of the underlying data management utilized in evaluating inventory aging of the obsolescence reserve on a sampling basis.
- We evaluated the reasonableness of the Company's methodology and key assumptions and judgments the Company used to estimate the net realizable value of inventory by performing the following:
    - We compared the inventory level to forecasted product demand, historical sales, and subsequent sales.
    - We performed peer analysis and industry analysis to evaluate the reasonableness of the trend of the forecasted product demand.
    - We performed corroborating inquiries with the personnel responsible for sales forecasting to evaluate the reasonableness of the product demand forecasts.
    - We made inquiries of various personnel in the Company including, but not limited to, finance and operations personnel about the expected timing of the introduction of new products.
    - We tested the mathematical accuracy of management's calculations.
    - We evaluated whether there is an existence of contradictory evidence based on the information obtained from the Company's internal communications to management, press releases, and industry reports, as well as our observations and inquires as to changes within the business.

/s/ Deloitte & Touche
Taipei, Taiwan
Republic of China
April 30, 2026
We have served as the Company's auditor since 1999.

SILICON MOTION TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Par Value)

	December 31	
	2024	2025
	US$	US$
ASSETS		
Current Assets		
Cash and cash equivalents	276,068	201,842
Accounts receivable, net	233,744	211,546
Inventories	199,229	421,798
Restricted assets-current	54,645	71,297
Prepaid expenses and other current assets	31,187	36,885
Total current assets	794,873	943,368
Long-term investments	17,326	29,676
Property and equipment, net	188,398	218,966
Deferred income tax assets, net	8,878	9,051
Operating lease assets	14,674	13,195
Other assets	7,187	8,463
Total assets	1,031,336	1,222,719
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes and accounts payable	17,773	34,745
Income tax payable	13,107	22,426
Refund liabilities	5,968	6,012
Accrued expenses and other current liabilities	162,656	276,340
Total current liabilities	199,504	339,523
Other long-term liabilities	59,548	52,459
Total liabilities	259,052	391,982
Commitments and Contingencies (Note 15)		
Shareholders' Equity		
Ordinary Shares at US$0.01 par value per share		
Authorized: 500,000 thousand shares		
Issued and outstanding: 134,764 thousand shares in 2024 and 134,245 thousand shares in 2025	1,348	1,342
Additional paid-in capital	337,975	359,927
Accumulated other comprehensive income	338	1,339
Retained earnings	432,623	468,129
Total shareholders' equity	772,284	830,737
Total liabilities and shareholders' equity	1,031,336	1,222,719

The accompanying notes are an integral part of the consolidated financial statements.

SILICON MOTION TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(In Thousands, Except Earnings Per Share)

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
NET SALES	639,142	803,552	885,627
COST OF SALES	368,752	434,787	458,118
GROSS PROFIT	270,390	368,765	427,509
OPERATING EXPENSES			
Research and development	174,357	217,822	262,718
Sales and marketing	26,920	27,450	34,383
General and administrative	27,923	31,354	37,371
Loss from settlement of litigation	1,312	1,250	—
Total operating expenses	230,512	277,876	334,472
OPERATING INCOME	39,878	90,889	93,037
NON-OPERATING INCOME (EXPENSES)			
Unrealized holding gain on investment	8,002	543	18,400
Gain from disposal of long-term investment	—	58	21,076
Interest income	12,246	14,528	9,663
Foreign exchange gain (loss), net	914	1,391	(2,067)
Other income	8	—	18
Total non-operating income (expenses)	21,170	16,520	47,090
INCOME BEFORE INCOME TAX	61,048	107,409	140,127
INCOME TAX EXPENSE	8,175	18,160	17,492
NET INCOME	52,873	89,249	122,635
EARNINGS PER ORDINARY SHARE:			
Basic	0.40	0.66	0.91
Diluted	0.40	0.66	0.91
WEIGHTED AVERAGE ORDINARY SHARES OUTSTANDING			
Basic (Thousands)	133,413	134,570	134,312
Diluted (Thousands)	133,879	134,888	134,718
EARNINGS PER ADS (one ADS equals four ordinary shares):			
Basic	1.59	2.65	3.65
Diluted	1.58	2.65	3.64
WEIGHTED AVERAGE ADS OUTSTANDING			
Basic (Thousands)	33,353	33,642	33,578
Diluted (Thousands)	33,470	33,722	33,679

The accompanying notes are an integral part of the consolidated financial statements.

SILICON MOTION TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands)

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
NET INCOME	52,873	89,249	122,635
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX EFFECT OF NIL			
Change in net foreign currency translation adjustments	(1,694)	(815)	1,001
Change in deferred pension gain	252	—	—
OTHER COMPREHENSIVE INCOME (LOSS)	(1,442)	(815)	1,001
TOTAL COMPREHENSIVE INCOME	51,431	88,434	123,636

The accompanying notes are an integral part of the consolidated financial statements.

SILICON MOTION TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In Thousands, Except Per Share Data)

	Ordinary Share		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock	Total Shareholders' Equity
	Shares	Amount					
	(thousands)	US$	US$	US$	US$	US$	US$
BALANCE, JANUARY 1, 2023	132,216	1,322	303,564	2,595	425,120	—	732,601
Net income	—	—	—	—	52,873	—	52,873
Other comprehensive loss	—	—	—	(1,442)	—	—	(1,442)
Stock-based compensation expenses	—	—	17,547	—	—	—	17,547
Issuance of ordinary shares upon exercise of restricted stock units	1,460	15	(61)	—	—	—	(46)
Dividends declared (US$0.50 per ordinary share)	—	—	—	—	(66,837)	—	(66,837)
BALANCE, DECEMBER 31, 2023	133,676	1,337	321,050	1,153	411,156	—	734,696
Net income	—	—	—	—	89,249	—	89,249
Other comprehensive loss	—	—	—	(815)	—	—	(815)
Stock-based compensation expenses	—	—	16,956	—	—	—	16,956
Issuance of ordinary shares upon exercise of restricted stock units	1,088	11	(31)	—	—	—	(20)
Dividends declared (US$0.50 per ordinary share)	—	—	—	—	(67,782)	—	(67,782)
BALANCE, DECEMBER 31, 2024	134,764	1,348	337,975	338	432,623	—	772,284
Net income	—	—	—	—	122,635	—	122,635
Other comprehensive income	—	—	—	1,001	—	—	1,001
Stock-based compensation expenses	—	—	26,283	—	—	—	26,283
Issuance of ordinary shares upon exercise of restricted stock units	1,186	11	(32)	—	—	—	(21)
Share repurchase	—	—	—	—	—	(24,312)	(24,312)
Treasury stock retired	(1,705)	(17)	(4,299)	—	(19,996)	24,312	—
Dividends declared (US$0.50 per ordinary share)	—	—	—	—	(67,133)	—	(67,133)
BALANCE, DECEMBER 31, 2025	134,245	1,342	359,927	1,339	468,129	—	830,737

The accompanying notes are an integral part of the consolidated financial statements.

SILICON MOTION TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	52,873	89,249	122,635
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	21,810	25,331	30,174
Loss on modification of lease	230	—	—
Unrealized holding gain on investment	(8,002)	(543)	(18,400)
Stock-based compensation	17,547	16,956	26,283
Gain from disposal of long-term investment	—	(58)	(21,076)
Loss (gain) on disposal of property and equipment	(215)	7	108
Deferred income taxes	428	(422)	(173)
Changes in operating assets and liabilities:			
Accounts receivable	11,404	(39,043)	22,198
Inventories	72,127	4,870	(215,175)
Prepaid expenses and other current assets	(6,563)	(1,842)	(13,091)
Other assets	(7)	(951)	(20)
Notes and accounts payable	19,563	(37,813)	16,972
Refund liabilities	(3,142)	2,639	44
Accrued expenses and other current liabilities	(1,634)	12,798	107,871
Lease liabilities	712	(638)	588
Income tax payable	(34,570)	5,563	9,319
Other liabilities	6,522	992	(6,897)
Net cash provided by operating activities	149,083	77,095	61,360
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of long-term investments	—	(4,173)	—
Proceeds from disposal of long-term investments	—	4,432	27,575
Purchase of property and equipment	(50,313)	(44,351)	(55,065)
Proceeds from disposal of properties	1,228	3	87
Net cash used in investing activities	(49,085)	(44,089)	(27,403)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(16,690)	(67,255)	(67,200)
Share repurchase	—	—	(24,312)
Net cash used in financing activities	(16,690)	(67,255)	(91,512)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	83,308	(34,249)	(57,555)
EFFECT OF EXCHANGE RATE CHANGES	(1,373)	(408)	303
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	287,055	368,990	334,333
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	368,990	334,333	277,081
SUPPLEMENTAL INFORMATION			
Income taxes paid	36,316	10,111	16,713
NON-CASH INVESTING AND FINANCING ACTIVITIES:			
Unpaid purchase of property and equipment included in accounts payable and accrued liabilities	4,301	4,681	10,827
Dividend declared included in accrued expenses and accrued liabilities	50,147	50,665	50,470

The accompanying notes are an integral part of the consolidated financial statements.

1. ORGANIZATION AND OPERATIONS

Silicon Motion Technology Corporation ("SMTC", collectively with its subsidiaries as the "Company") is the global leader in supplying NAND flash controllers for solid state storage devices. The Company is a world leading supplier of SSD controllers for servers, PCs and other client devices and is a leading merchant supplier of eMMC and UFS embedded storage controllers used in smartphones, IoT devices and other applications. The Company also supplies customized high-performance and specialized industrial and automotive SSD solutions. Our customers include most of the NAND flash vendors, storage device module makers and leading OEMs. For further information on SMTC, visit us at www.siliconmotion.com.

Termination of the Merger Agreement with MaxLinear

On May 5, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") with MaxLinear, Inc., a Delaware Corporation ("MaxLinear"), and Shark Merger Sub, an exempted company with limited liability incorporated under the law of the Cayman Islands and a wholly owned subsidiary of MaxLinear, pursuant to which the Company agreed to be acquired by MaxLinear, with (a) holders of our ordinary shares to receive $23.385 in cash and 0.097 shares of MaxLinear common stock, par value $0.0001("MaxLinear Common Stock") for each share that they hold (other than certain customary excluded shares), and (b) ADS holders to receive $93.54 in cash and 0.388 shares of MaxLinear Common Stock for each ADS that they hold (other than ADSs representing certain customary excluded shares), in each case, with cash in lieu of any fractional shares of MaxLinear Common Stock (collectively, the "Transaction"). On August 31, 2022, shareholders at the Company's Extraordinary General Meeting of Shareholders approved the Transaction.

On July 26, 2023, the Company and MaxLinear received antitrust approval from the State Administration for Market Regulation of the People's Republic of China ("SAMR Approval"). Shortly after receiving SAMR Approval, the Company received notice from MaxLinear of its purported termination of the Merger Agreement. MaxLinear did not provide any factual basis for its purported termination, and the Company believes its actions constituted a willful and material breach of the Merger Agreement. The Company has filed a claim in the Singapore International Arbitration Centre (the "SIAC"), which is the venue for dispute resolution under the Merger Agreement, and is currently pursuing payment of the termination fee of $160 million, together with further substantial damages, interest and costs. Under the SIAC Arbitration Rules, all matters relating to the proceedings are confidential. See Note 15 for more information on legal matters related to the termination of the Merger Agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of SMTC and its wholly-owned subsidiaries. The Company owns 100% of the outstanding shares in all of its subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The actual results could differ from those estimates.

Concentration of Credit Risk and Significant Customers

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist principally of cash equivalents and accounts receivable. Cash and cash equivalents are maintained with high quality financial institutions, the composition and maturities of which are regularly monitored by management. The Company believes that the concentration of credit risk in its accounts receivable is substantially mitigated by the Company's credit evaluation process, relatively short collection terms and the high level of credit worthiness of its customers. The Company performs ongoing credit evaluations of its customers' financial conditions and limits the amount of credit extended based upon the payment history and current credit worthiness of the customer. The Company regularly reviews the allowance for bad debt and doubtful accounts or expected losses during the accounts receivable collection process by considering factors, such as historical write-off and recovery experience, credit quality, age of the accounts receivable balances and current economic conditions that may affect a customer's ability to pay. The Company also takes into account reasonable and supportable forecasts of future conditions when evaluating the adequacy of the allowance for doubtful accounts.

Historically, a relatively small number of customers have accounted for a significant portion of our net sales. Sales to three customers in 2023, four customers in 2024, and four customers in 2025 each accounted for 10% or more of our net revenue, representing 45%, 57% and 58% of our net sales in 2023, 2024 and 2025, respectively. In 2023, the significant customers were SK Hynix, Micron and AFASTOR. In 2024, they were Micron, Kioxia, PHISEMI and AFASTOR. In 2025, they were PHISEMI, Kioxia, AFASTOR and Micron. The Company's top ten customers in 2023, 2024 and 2025 accounted for approximately 75%, 84% and 82% of net sales, respectively.

Fair Value of Financial Instruments

The carrying amount of the Company's financial instruments, including cash and cash equivalents, accounts receivable and notes and accounts payable, approximates fair value due to the short-term maturity of the instruments. Long-term investments in listed companies over which we do not exercise significant influence are recorded at fair value, and any changes in fair value are recognized in net income. Long-term investments in privately- held companies with no readily determinable market value are recorded using the cost method, since the cost of obtaining verifiable fair value is unreasonably high. These investments are measured at cost less impairment, if any, plus or minus any changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer. Any resulting change in carrying amount would be reflected in net income. The Company's long-term liabilities approximate their fair values as they contain interest rates that vary according to market interest rates.

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that assets or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the Company. A three-tier fair value hierarchy is established as a basis for considering such assumptions and for inputs used in the valuation methodologies in measuring fair value. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1 — Use unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 — Use observable inputs other than Level 1 prices such as quoted prices for identical or similar instruments in markets that are not active, quoted prices for similar instruments in active markets, and model-based valuation in which all significant inputs are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Use inputs that are generally unobservable and reflect the use of significant management judgments and estimates.

The tables below set forth, by level, the Company's assets and liabilities that are measured at fair value on a recurring basis. The tables do not include assets and liabilities that are measured at historical cost or any basis other than fair value:

	Fair Value Measurements at December 31, 2025			
	Level 1	Level 2	Level 3	Total
Items measured at fair value on a recurring basis:				
Assets				
Long-term investments:				
Marketable equity investments	$29,676	—	—	$29,676

	Fair Value Measurements at December 31, 2024			
	Level 1	Level 2	Level 3	Total
Items measured at fair value on a recurring basis:				
Assets				
Long-term investments:				
Marketable equity investments	$10,826	—	—	$10,826

The carrying value of investments in non-marketable equity securities recorded to fair value on a non-recurring basis is adjusted for observable transactions for identical or similar investments of the same issuer or for impairment. These securities relate to equity investments in privately-held companies. These items measured at fair value on a non-recurring basis are classified as Level 3 in the fair value hierarchy because the value is estimated based on valuation methods using the observable transaction price at the transaction date and other unobservable inputs such as volatility, rights and obligations of the securities held. As of December 31, 2024 and 2025, non-marketable equity investments had a carrying value of $6,500 thousand and nil, respectively, and are included in long-term investments on the Company's consolidated balance sheets.

Cash Equivalents

The Company considers all highly liquid instruments acquired with a remaining maturity of three months or less when purchased to be cash equivalents. In addition, time deposits with maturities ranging from more than three months to one year qualify as cash equivalents because they can be readily converted into known amounts of cash without advance notice with the principal protected and not subject to penalty in an early withdrawal.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is provided based on a review of the collectability of accounts receivable. The Company determines the amount of allowance for doubtful accounts by examining the historical collection experience, current trends in the credit quality of its customers and its internal credit policies as well as current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect a customer's ability to pay.

Inventories

Inventories are stated at the lower of cost or net realizable value for raw materials, work in process and finished goods. Inventories are recorded at standard cost and adjusted to the approximate weighted-average cost at the balance sheet date. The Company assesses its net realizable value of the inventory for estimated obsolescence or unmarketable inventory based upon management's assumptions about future demand and market conditions. In estimating impairment losses for obsolescence, the Company primarily evaluates estimates based on the timing of the introduction of new products and the quantities remaining of old products and writes down for inventory on hand in excess of the estimated demand. Estimated losses on slow-moving items are written down below the current carrying value and included in cost of sales.

Long-term Investments

Investee companies over which the Company had the ability to exercise significant influence but did not have a controlling interest and was the primary beneficiary were accounted for using the equity method. Significant influence was generally considered to exist when the Company had an ownership interest in the voting shares of the investee between 20% and 50% and other factors, such as representation in the investee's board of directors, voting rights and the impact of commercial arrangements, were considered in determining whether the equity method of accounting was appropriate.

Long-term investments in listed companies over which we do not exercise significant influence are recorded at fair value, and any changes in fair value are recognized in net income. If the Company does not have the ability to exercise significant influence over the operations of the investments in private-held companies, the Company accounts for the investment under the measurement alternative method. Investments in privately-held companies are subject to impairment review on an ongoing basis. Investments are considered impaired when the fair value is below the investment's cost basis. This assessment is based on a qualitative and quantitative analysis, including, but not limited to, the investee's revenue and earnings trends, available cash and liquidity, and the status of the investee's products and the related market for such products.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Significant additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

Depreciation is computed using the straight-line method over estimated useful lives that range as follows: buildings — 25 to 50 years; machinery and equipment — 2 to 6 years; furniture and fixtures — 3 to 8 years; software — 1 to 5 years; leasehold and buildings improvement — the shorter of the estimated useful life or lease term, which is generally 2 to 6 years. Land is not depreciated. Depreciation and amortization expense on property and equipment were approximately US$21,810 thousand, US$25,331 thousand and US$30,174 thousand for the years ended December 31, 2023, 2024 and 2025, respectively.

Lease

The Company determines if an arrangement is a lease at inception. Operating lease right-of-use ("ROU") assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Operating lease ROU assets also include any initial direct costs and prepayments less lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. As the Company's leases do not provide an implicit rate, the Company uses its collateralized incremental borrowing rate based on the information available at the lease commencement date, including lease term, in determining the present value of lease payments. Lease expense for these leases is recognized on a straight line basis over the lease term.

Impairment of Long-Lived Assets

The Company evaluates the recoverability of long-lived assets whenever events or changes in circumstances indicate the carrying value may not be recoverable. The determination of recoverability is based on an estimate of undiscounted cash flows expected to result from the use of an asset and its eventual disposition. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance, growth rates and other factors. Estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to the business model or changes in operating performance. If the sum of the undiscounted cash flows is less than the carrying value, an impairment loss is recognized, measured as the amount by which the carrying value exceeds the fair value of the asset. Fair value is determined by reference to quoted market prices, if available, or discounted cash flows, as appropriate.

Other Assets

Other assets primarily consist of deposits for building construction and office leases.

Restricted Assets

Restricted assets consist of restricted cash and cash set aside as collateral for obtaining foundry capacity and the government grant restricted for research and development purposes.

Other long-term liabilities

Other long-term liabilities primarily consist of deposits from construction in progress, noncurrent lease liabilities and unrecognized tax benefit.

Revenue Recognition

The Company recognizes revenue upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. Under the revenue recognition standard of Accounting Standards Codification Topic 606, *Revenue from Contracts with Customer (ASC 606),* the Company applies the following five-step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when a performance obligation is satisfied.

The Company enters into contracts that may include products that are capable of being distinct and accounted for as separate performance obligations. To date, the majority of the revenue has been generated by sales associated with products, where a single performance obligation is identified in general. Revenue from services has been insignificant. Performance obligations associated with product sales transactions are generally satisfied when control passes to customers upon shipment or the written acceptance of the customers. Accordingly, product revenue is recognized at a point in time when control of the asset is transferred to the customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a product to a customer in an amount that reflects the consideration to which it is entitled in exchange for those goods. Some of the Company's sales are made to distributors and revenue is recognized when control of a product passes to the distributor upon shipment and terms and payment by the distributor are not contingent on resale of the product.

The Company grants certain distributors limited rights of return and price protection rights on unsold products. The return rights are generally limited to five percent of the monetary value of products purchased within the preceding six months, provided that the distributor places a corresponding restocking order of equal or greater value. An allowance for sales returns for distributors and all customers is recorded at the time of sale based on historical return information available, management's judgment and any known factors at the time the financial statements are prepared that would significantly affect the allowance. Price protection rights are based on the inventory of products the distributors have on hand at the date the price protection is offered. Actual price adjustments to distributors incurred by the Company have been minimal.

The Company provides warranty for its products. Warranty returns have been infrequent and relate to defective or off-specification parts. The Company estimates a reserve for warranty based on historical experience and records this amount to cost of sales. For the years ended December 31, 2023, 2024 and 2025, the Company did not experience significant costs associated with warranty returns.

Research and Development

Research and development costs are expensed as incurred. Research and development expense consists primarily of personnel-related expenses, including stock-based compensation, as well as product masks, IP licensing, design tool and testing costs, equipment depreciation, amortization of intangible assets and an allocated portion of occupancy costs.

Income Taxes

The provision for income tax represents income tax paid and payable for the current year plus changes in the deferred income tax assets and liabilities during the years. Deferred income tax assets are recognized for net operating loss carryforwards, research and development credits, and temporary differences. The Company establishes a valuation allowance for deferred tax assets, when it is determined that it is more likely than not that they will not be realized. Evaluating the need for a valuation allowance on deferred tax assets requires judgment and analysis of all available positive and negative evidence, including recent earnings history and cumulative losses in recent years, reversals of deferred tax liabilities, projected future taxable income, and tax planning strategies to determine whether all or some portion of the deferred tax assets will not be realized. Valuation allowances have been provided primarily against U.S. and state research and development credits and certain acquired net operating losses and deferred tax assets of foreign subsidiaries. Deferred income tax assets and liabilities are measured using enacted tax rates.

The Company utilizes a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained in a dispute with taxing authorities, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received. Any amounts received pursuant to grants are offset against the related operating expenses as the expenses have been incurred.

In 2024, the Company entered into an agreement with the Government of Taiwan pursuant to which the grants contribute up to US$13.3 million to support the development of our advanced PCIe Gen 6 enterprise SSD controller. The government grant is conditional upon meeting the applicable development milestones and is subject to review and approval by the relevant government authorities. The development program is expected to span approximately three years. During the year ended December 31, 2024 and 2025, grants offset against research and development expenses were US$2,987 thousand and US$728 thousand, respectively.

Foreign Currency Transactions

Foreign currency transactions are recorded at the rates of exchange in effect when the transaction occurs. Gains or losses, resulting from the application of different foreign exchange rates when cash in foreign currency is converted into the entities' functional currency, or when foreign currency receivables and payables are settled, are credited or charged to income in the period of conversion or settlement. At the balance sheet date, assets and liabilities denominated in foreign currencies are remeasured based on prevailing exchange rates and any resulting gains or losses are credited or charged to income.

Translation of Foreign Currency Financial Statements

The reporting currency of the Company is the U.S. dollars. The functional currency of some of the Company's subsidiaries is the local currency of the respective entity. Accordingly, the financial statements of the foreign subsidiaries were translated into U.S. dollars at the following exchange rates: assets and liabilities — current rate on the balance sheet date; shareholders' equity — historical rates; income and expenses — average rate during the period. The resulting translation adjustment is recorded as a separate component of comprehensive income.

Comprehensive Income (Loss)

Comprehensive income (loss) represents net income (loss) plus the results of certain changes in shareholders' equity during a period from non-owner sources. The following table presents the components of accumulated other comprehensive income (loss) as of December 31, 2023, 2024 and 2025:

	Year Ended December 31, 2023			Year Ended December 31, 2024			Year Ended December 31, 2025		
	US$			US$			US$		
	Foreign currency items	Defined benefit pension plans	Accumulated other comprehensive income (loss)	Foreign currency items	Defined benefit pension plans	Accumulated other comprehensive income (loss)	Foreign currency items	Defined benefit pension plans	Accumulated other comprehensive income (loss)
Beginning balance	3,917	(1,322)	2,595	2,223	(1,070)	1,153	1,408	(1,070)	338
Current-period change	(1,694)	252	(1,442)	(815)	—	(815)	1,001	—	1,001
Ending balance	2,223	(1,070)	1,153	1,408	(1,070)	338	2,409	(1,070)	1,339

Legal Contingencies

The Company is regularly involved in various claims and legal proceedings. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. Legal costs are expensed as incurred. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, the Company accrues a liability for the estimated loss. Because of uncertainties related to these matters, accruals are based only on the best information available at the time. As additional information becomes available, the Company reassesses the potential liability related to the pending claims and litigation and revises these estimates as appropriate. Such revisions in the estimates of the potential liabilities could have a material impact on the results of operations and financial position. Contingencies that might result in a gain are not recognized until realizable.

Earnings Per Share

Basic earnings per share are computed by dividing net earnings attributable to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share are computed by dividing net income attributable to ordinary shareholders by the weighted-average number of ordinary shares and potentially dilutive shares of ordinary shares outstanding during the period. Dilutive shares outstanding include unvested restricted stock units ("RSUs"). Dilutive securities are excluded from the computation of the diluted income per share in periods when their effect is anti-dilutive. The effect of dilutive securities of restricted stock units were 466 thousand shares (117 thousand ADSs), 318 thousand shares (80 thousand ADSs) and 406 thousand shares (101 thousand ADSs) for the years ended December 31, 2023, 2024 and 2025, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation in accordance with the Accounting Standards Codification ("ASC") 718, *Compensation — Stock Compensation*. The value of our restricted stock units is based on the fair value of our shares on the date of grant and expensed over the vesting period.

The fair value of RSUs is measured based on the grant date share price, less the present value of expected dividends during the vesting period, discounted at a risk-free interest rate.

Treasury Stock

Treasury stock is stated at cost and shown as a reduction to shareholders' equity.

The Company retires ordinary shares repurchased. Accordingly, upon retirement the excess of the purchase price over par value is allocated between additional paid-in capital and retained earnings based on the average issuance price of the shares repurchased. A repurchase of ADSs is recorded as treasury stock until the Company completes the withdrawal of the underlying ordinary shares from the ADS program.

Recent Accounting Pronouncements

Accounting Pronouncements Recently Adopted

In December 2023, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). Under ASU 2023-09, entities are required to uniformly classify and present greater disaggregation of information in the rate reconciliation and income taxes paid. ASU 2023-09 is intended to benefit investors by improving the transparency and decision usefulness of income tax disclosures. The new standard is effective for annual periods beginning after December 15, 2024. The Company adopted ASU 2023-09 effective January 1, 2025. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements and related disclosures.

Accounting Pronouncements Not Yet Effective

In October 2023, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *ASU 2023-06, Disclosure Improvements: Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative*, to amend certain disclosure and presentation requirements for a variety of topics within the ASC. These amendments align the requirements in the ASC to the removal of certain disclosure requirements set out in Regulation S-X and Regulation S-K, announced by the SEC. The effective date for each amended topic in the ASC is either the date on which the SEC's removal of the related disclosure requirement from Regulation S-X or Regulation S-K becomes effective, or on June 30, 2027, if the SEC has not removed the requirements by that date. Early adoption is prohibited. The adoption of this amendment is not expected to have a material impact on the Company's financial position, results of operations, cash flows or financial statement disclosures.

In November 2024, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *ASU 2024-03, Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disaggregated disclosure of income statement expenses for public business entities. The ASU does not change or remove existing expense disclosure requirements. The ASU also does not change the expense captions an entity presents on the face of the income statement; rather, it requires disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. In January 2025, the FASB issued *ASU 2025-01, Income Statement — Reporting Comprehensive Income — Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date*, to clarify the effective date of ASU 2024-03. This guidance is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the provisions of the amendments and the effect on its future consolidated financial statements.

In July 2025, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *ASU 2025-05, Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. In developing reasonable and supportable forecasts as part of estimating expected credit losses, all entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments in this ASU should be applied prospectively. The amendments will be effective for fiscal years beginning after December 15, 2025, and interim periods within those fiscal periods. Early adoption is permitted. The adoption of this amendment is not expected to have a material impact on the Company's financial position, results of operations, cash flows or financial statement disclosures.

In December 2025, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *ASU 2025-10, Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities*, which adds guidance to ASC 832 on the recognition, measurement, and presentation of government grants. The amendments are effective for fiscal years beginning after December 15, 2028, and interim periods within those fiscal periods. Early adoption is permitted. The adoption of this amendment is not expected to have a material impact on the Company's financial position, results of operations, cash flows or financial statement disclosures.

In December 2025, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *Interim Reporting (Topic 270): Narrow-Scope Improvements*, which is intended to improve the navigability of the guidance in ASC 270 and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. The ASU also addresses the form and content of such financial statements, adds lists to ASC 270 of the interim disclosures required by all other Codification topics, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments are not intended to change the fundamental nature of interim reporting or expand or reduce current interim disclosure requirements. The amendments are effective for interim reporting periods within fiscal years beginning after December 15, 2027. Early adoption is permitted and can be applied either (1) prospectively or (2) retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact that the adoption will have on its results of operations, financial position, cash flows and financial statement disclosures.

In December 2025, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *ASU 2025-12*, *Codification Improvements*, as part of the standing project on its agenda to make improvements to the Codification in response to feedback from stakeholders. The amendments make Codification updates to a broad range of Topics arising from technical corrections, unintended application of the Codification, clarifications, and other minor improvements. The amendments in this ASU are effective for fiscal years beginning after December 15, 2026, and interim reporting periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the impact that the adoption will have on its results of operations, financial position, cash flows and financial statement disclosures.

3. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

	December 31	
	2024	2025
	US$	US$
Cash and deposits in bank	29,386	54,964
Time deposits	246,682	143,375
Repurchase agreements	—	3,503
Total cash and cash equivalents	276,068	201,842
Restricted cash	58,265	75,239
	334,333	277,081

As of December 31, 2025 and 2024, restricted cash of US$71,297 thousand and US$54,645 thousand was classified as restricted assets-current, and US$3,942 thousand and US$3,620 thousand was classified as other assets, respectively.

4. ACCOUNTS RECEIVABLE

	December 31	
	2024	2025
	US$	US$
Trade accounts receivable	233,749	211,547
Allowance for doubtful accounts	(5)	(1)
	233,744	211,546

The changes in the allowances are summarized as follows:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Allowances for doubtful accounts			
Balance, beginning of year	569	20	5
Additions (reversals) charged to expense, net	(549)	(15)	(4)
Balance, end of year	20	5	1

5. INVENTORIES

The components of inventories are as follows:

	December 31	
	2024	2025
	US$	US$
Finished goods	51,118	71,821
Work in process	59,267	177,661
Raw materials	88,844	172,316
	199,229	421,798

The Company wrote down US$7,920 thousand and US$6,120 thousand and US$1,360 thousand in 2023, 2024 and 2025, respectively, for obsolete or unmarketable inventory.

6. LONG-TERM INVESTMENTS

As of December 31, 2024 and 2025, the Company held equity investments in several privately-held and listed companies with the carrying value as follows:

	Percentage of Ownership		December 31	
	2024	2025	2024	2025
			US$	US$
Non-marketable equity securities:				
Cashido Corp. (Cashido)	0%	0%	—	—
Vastview Technology, Corp. (Vastview)	0%	0%	—	—
Kinara, Inc (Kinara)	12%	0%	6,500	—
			6,500	—
Marketable equity securities:				
BIWIN Storage Technology Corp. (BIWIN)	0%	0%	6,034	11,432
Shenzhen Techwinsemi Technology Corp (TWSC)	0%	0%	4,792	18,244
			17,326	29,676

In June 2018, the Company invested US$3,000 thousand in the preferred stock of Kinara which is accounted for under the cost method. Kinara, previously known as Deep Vision, is a developer of low-power deep-learning processors. In March 2020 and May 2021, the Company invested US$2,000 thousand and US$1,500 thousand, respectively, in the preferred stock of Kinara. In November 2025, the Company disposed all of Kinara and recognized a disposal gain of US$21,076 thousand.

In July 2021, the Company invested US$2,041 thousand in the common stock of BIWIN, which is a leading module maker in China focusing on solid state storage devices. BIWIN is one of our customers and was listed on the Science and Technology Innovation Board of Shanghai Stock Exchange in December 2022. In the fourth quarter of 2024, the Company disposed of common stock of BIWIN with a carry value of US$4,374 thousand and recognized a disposal gain of US$58 thousand. For the years ended December 31, 2023, 2024 and 2025, the Company recorded an unrealized holding gain of US$8,002 thousand, an unrealized holding loss US$76 thousand, and an unrealized holding gain US$5,204 thousand, respectively, related to BIWIN.

In December 2024, the Company invested US$4,173 thousand in the common stock of TWSC, which is a leading module maker in China focusing on solid state storage devices and is one of our customers and was listed on the Science and Technology Innovation Board of Shenzhen Stock Exchange in 2022. The Company had unrealized holding gains of US$619 thousand and US$13,196 thousand for the year ended December 31, 2024 and 2025, respectively.

7. PROPERTY AND EQUIPMENT

	December 31	
	2024	2025
	US$	US$
Cost:		
Land	67,640	67,640
Buildings	28,507	95,481
Machinery and equipment	75,326	85,851
Furniture and fixtures	9,506	12,707
Leasehold and buildings improvement	9,590	33,707
Software	69,854	82,403
Total	260,423	377,789
Accumulated depreciation:		
Buildings	7,172	8,347
Machinery and equipment	51,791	61,433
Furniture and fixtures	7,148	6,635
Leasehold and buildings improvement	6,488	6,226
Software	62,680	76,943
	135,279	159,584
Prepayment and construction in progress	63,254	761
	188,398	218,966

In October 2023, the Company disposed of its office building in Taipei, Taiwan, recognizing a gain of US$594 thousand for the year ended December 31, 2023.

As of December 31, 2024 and 2025, the Company's Shanghai office building had net carrying values of US$8,655 thousand and US$8,636 thousand, respectively, with US$2,354 thousand and US$782 thousand leased out.

In September 2018, the Company acquired land in Hsinchu, Taiwan, for US$58,931 thousand to construct its Taiwan headquarters. Construction of the building commenced in January 2021 and was completed in 2025. Upon completion, the building was capitalized at a total cost of US$67,038 thousand.

8. REFUND LIABILITIES

Estimated sales returns and other allowances are made and adjusted based on historical experience and the consideration of varying contractual terms.

The changes in the refund liabilities are summarized as follows:

	Year Ended December 31	
	2024	2025
	US$	US$
Refund liabilities		
Balance, beginning of year	3,329	5,968
Additions	5,209	1,838
Actual sales return and discount	(2,570)	(1,794)
Balance, end of year	5,968	6,012

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2024	2025
	US$	US$
Wages and bonus	45,478	65,718
Dividends	51,365	51,298
License fees and royalties	9,739	12,801
Research and development payable	10,733	14,996
Fixture	1,450	3,558
Lease liabilities – current portion	2,528	2,586
Equipment	2,308	4,218
Professional fees	11,316	6,484
Contract liabilities	5,032	82,117
Construction payment due	2,373	6,610
Others	20,334	25,954
	162,656	276,340

Contract liabilities are comprised of deferred revenue and reflect the Company's obligation to transfer goods or services primarily to a customer for which the Company has received consideration. The amount of revenue recognized during the year ended December 31, 2025, that was included in deferred revenue balance at December 31, 2024 was not material.

As of the end of the reporting period, certain performance obligations associated with contracts remain unsatisfied or only partially satisfied. The Company has elected the practical expedient and does not disclose the value of unsatisfied performance obligations for contracts with an original expected duration of one year or less.

10. PENSION PLAN

SMI Taiwan, the Company's largest operating company, is a Taiwan registered company and subject to Taiwan's Labor Pension Act (the "New Act"), which became effective on July 1, 2005, and the pension mechanism under the New Act is deemed a defined contribution plan. The employees who were subject to the Labor Standards Law prior to July 1, 2005 (the "Old Act") could choose to be subject to the pension mechanism under the New Act or continue to be subject to the pension mechanism under the Old Act. For those employees who were subject to the Old Act and still work for the Company after July 1, 2005 and have chosen to be subject

to the Old Act, their seniority as of July 1, 2005 remained. The New Act prescribes that the rate of contribution by an employer to employees' pension accounts per month will not be less than 6% of each employee's monthly salary. According to the New Act, SMI Taiwan made monthly contributions and recognized pension costs of US$3,369 thousand, US$3,542 thousand and US$4,386 thousand for the years ended December 31, 2023, 2024 and 2025, respectively.

11. INCOME TAXES

Income Tax Provision

Income before income tax is comprised of the following:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Cayman	(17,082)	(5,305)	(21,802)
Income recorded in Hong Kong	23,741	34,983	14,208
Income from other foreign operations	54,389	77,731	147,721
Income before taxes	61,048	107,409	140,127

The components of income tax provision (benefit) were as follows:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Current taxes:			
Hong Kong taxes — current	3,983	5,428	1,728
Foreign taxes — current	3,764	13,154	15,937
Total current taxes	7,747	18,582	17,665
Deferred taxes:			
Hong Kong taxes — deferred	—	—	—
Foreign taxes — deferred	428	(422)	(173)
Total deferred taxes	428	(422)	(173)
Income tax expense	8,175	18,160	17,492
Effective tax rate	13.4%	16.9%	12.5%

Effective Tax Rate Reconciliation

The Company adopted ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, on a prospective basis. The Company consists of a Cayman Islands parent company with various foreign and U.S. subsidiaries. Under the current laws of Cayman Islands, the Company is not subject tax on its income. The Company conducts its core business activities across East Asia, including China, Hong Kong, Macau, and Taiwan. The Hong Kong statutory income tax rate of 16.5% reflects the Company's economic and administrative center and most closely approximates the Company's effective tax rate across its principal operating jurisdictions. While applicable statutory tax rates vary among these jurisdictions and may be subject to preferential regimes or adjustments, management believes that the Hong Kong statutory income tax rate provides the most representative measure of the Company's overall tax profile. Accordingly, for purposes of reconciling statutory tax rate to effective income tax rate pursuant to ASU 2023-09, the Company has evaluated and determined to apply Hong Kong statutory tax rate of 16.5%, starting from 2025. The statutory tax rates in the jurisdictions the Company operates range from 12% to 21%. For the year ended December 31, 2025, the Company's effective tax rate was 12.5%, a decrease from 13.4% and 16.9% in 2023 and 2024, respectively,

primarily due to changes in the proportional income earned by operations in key jurisdictions. Effective tax rates in each jurisdiction are generally lower than statutory rates due to tax credits for research and development and other tax incentive programs and are determined by different government policies in each of the jurisdictions where the Company operates.

A reconciliation of the Hong Kong statutory rate of 16.5% to the Company's effective tax rate for the year ended December 31, 2025 was as follows :

	2025	
	US$	%
Tax at Hong Kong Statutory Rate	23,121	16.5
Other Jurisdiction Tax Effects		
Cayman Islands		
Statutory tax rate difference between Hong Kong and Cayman Islands	(3,482)	(2.5)
Nontaxable or nondeductible items	7,078	5.1
Other	290	0.2
Macau		
Statutory tax rate difference between Hong Kong and Macau	(2,075)	(1.5)
Other	(131)	(0.1)
China		
Statutory tax rate difference between Hong Kong and China	3,154	2.3
Tax Credits	(4,825)	(3.4)
Changes in Valuation Allowances	762	0.5
Other	(202)	(0.1)
U.S.		
Statutory tax rate difference between Hong Kong and U.S.	(1,855)	(1.3)
Changes in Valuation Allowances	2,589	1.9
Other	31	0.0
Other Foreign Jurisdictions		
Statutory tax rate difference between Hong Kong and Other Foreign Jurisdictions	1,046	0.8
Other	638	0.5
Changes in Unrecognized Tax Benefits	(8,647)	(6.2)
Provision for income taxes and effective tax rate	17,492	12.5

A reconciliation of the Company's income tax expense at Cayman statutory rate and provision for income tax prior to adoption of ASU 2023-09 is shown below:

	2023	2024
	US$	US$
Tax expense at Cayman statutory rate	—	—
Differences between Cayman and other statutory tax rates	9,979	16,107
Permanent differences	206	365
Temporary differences	(1,614)	(2,703)
Alternative minimum tax	1	1
Income tax on undistributed earnings	—	193
Net changes in income tax credit	(205)	(101)
Net changes in valuation allowance of deferred income tax assets	3,260	5,014
Net operating loss carryforwards	(1,805)	497
Liabilities related to unrealized tax benefits	5,482	(42)
Adjustment of prior years' taxes and others	(7,129)	(1,171)
Income tax expense	8,175	18,160

Income Taxes Paids

The following table presents income taxes paid, net of refunds received, for the year ended December 31, 2025.

	Year ended December 31, 2025
	US$
Hong Kong	5,729
Macau	10,078
Others	906
Total income tax paid, net of refunds	16,713

Deferred and Current Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes.

Significant components of our deferred tax assets (liabilities) at the end of each period are as follows:

	December 31	
	2024	2025
	US$	US$
Stock-based compensation	1,520	3,090
Allowance for sales return	1,024	472
Inventory reserve	3,122	1,939
Foreign currency translation	(126)	7
Property and equipment	(628)	(568)
Investment tax credits	3,596	3,603
Net operating loss carryforwards	21,607	24,636
Others	6,563	7,228
Valuation allowance	(27,800)	(31,356)
Net deferred tax assets	8,878	9,051

The valuation allowance shown in the table above relates to net operating loss carryforwards, tax credits and temporary differences for which the Company believes that realization is uncertain. Valuation allowance increased by US$4,680 thousand and US$3,556 thousand for the year ended December 31, 2024 and 2025, respectively. The increase in valuation allowance in 2024 and 2025 had been based on all information that is currently available, particularly the earnings history and forecasts of future taxable income in each respective jurisdiction.

As of December 31, 2025, the Company's U.S. federal net operating loss carryforwards for federal income tax purposes were approximately US$23,605 thousand as of December 31, 2025, expiring at various times starting from 2026 through 2037 for federal losses generated through December 31, 2017, if not utilized. As a result of the U.S. Tax Cuts and Jobs Act (TCJA), all federal net operating losses of US$27,848 thousand that are generated beginning January 1, 2018 and beyond will carryforward indefinitely.

As of December 31, 2025, the Company's U.S. federal and state research and development tax credit carryforwards for federal and state income tax purposes were approximately US$2,205 thousand and US$1,398 thousand, respectively. If not utilized, the federal tax credit carryforwards will expire starting in 2045, while the state tax credit carryforward has no expiration date in California.

Current U.S. federal and California state laws include substantial restrictions on the utilization of net operating losses and credits in the event of an "ownership change" of a corporation. Accordingly, the Company's ability to utilize net operating loss and tax credit carryforwards may be limited as a result of such "ownership change". Such a limitation could result in the expiration of carryforwards before they are utilized.

As of December 31, 2025, the Company had accumulated undistributed earnings from a foreign subsidiary of US$569 million. No deferred tax liability was recorded in respect of those amounts as these earnings are considered indefinitely reinvested. It is not practicable to estimate the amount of unrecognized deferred tax liabilities for these undistributed foreign earnings.

Unrecognized Tax Benefit

A reconciliation of the beginning and ending balances of the total amounts of unrecognized tax benefits is as follows:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Balance, beginning of year	37,105	43,764	43,584
Increases in tax positions taken in current year	16,054	4,376	6,328
Decrease in tax position taken in prior year primarily related to the resolution of tax audit	(9,395)	(4,556)	(14,654)
Balance, end of year	43,764	43,584	35,258

At December 31, 2025, the Company had US$35,258 thousand of unrecognized tax benefits that if recognized would affect the effective tax rate. For the year ended December 31, 2023 the total amount of interest expense and penalties related to uncertain tax positions recorded in the provision for income tax expense was approximately US$1,072 thousand. For the years ended December 31, 2024 and 2025, the Company derecognized approximately US$1,053 thousand and US$ 465 thousand, respectively, for the interest expense and penalties previously accrued because of a lapse in the statute of limitations. The total amount of accrued interest and penalties recognized as of December 31, 2024 and 2025 was US$6,797 thousand and US$6,332 thousand, respectively. The Company does not expect uncertain tax positions to change in the next twelve months, except in the case of settlements with tax authorities, the likelihood and timing of which are difficult to estimate.

The Company files income tax returns in the U.S. and foreign jurisdictions. The following table summarizes the Company's major jurisdictions and tax years that remain subject to examination by tax authorities as of December 31, 2025:

Tax Jurisdiction	Tax Years
China	2022 and onward
Hong Kong	2022 and onward
Taiwan	2020 and onward
United States	2020 onward

12. SHAREHOLDERS' EQUITY

Dividends

The Company's quarterly dividends are as follows:

	2023		2024		2025	
	Dividends Per Share (US$)	Amount (in US$ thousand)	Dividends Per Share (US$)	Amount (in US$ thousand)	Dividends Per Share (US$)	Amount (in US$ thousand)
First quarter	$ —	$ —	$0.1250	$16,841	$0.1250	$16,988
Second quarter	—	—	0.1250	16,843	0.1250	16,779
Third quarter	—	—	0.1250	16,844	0.1250	16,781
Fourth quarter	0.1250	16,708	0.1250	16,846	0.1250	16,781
		$16,708		$67,374		$67,329

On November 2, 2015, the board of directors adopted a policy to declare the annual dividend to be paid in four quarterly installments. On October 30, 2023, October 28, 2024 and October 27, 2025, the board of directors declared annual dividends of US$2.0, US$2.0 and US$2.0 per ADS, equivalent to US$0.5, US$0.5 and US$0.5 per common share, to be paid in four quarterly installments. Future dividends, if any, will be declared by and subject to the discretion of the Company's board of directors.

Share Repurchase

On February 6, 2025, the board of directors of the Company authorized the repurchase of up to US$50 million of the Company's ADSs over a 6-month period.

For the year ended December 31, 2025, the Company repurchased 426 thousand ADSs at a total cost of US$24,312 thousand. The weighted average purchase price per ADS repurchased was US$57.04. The authorized repurchase program was completed in August 2025.

13. EQUITY INCENTIVE PLAN

2015 Equity Incentive *Plan and 2025 Equity* Incentive *Plan*

Restricted stock units are converted into the Company's ordinary shares upon vesting on one-for-one basis. The vesting of restricted stock unit is subject to the employee's continuing service to the Company. The cost of these awards is determined using the fair value of the Company's ordinary share on the date of the grant, and compensation is recognized on a straight-line basis over the requisite service period. The Company's restricted stock units are considered non-vested share awards as defined under ASC 718.

On June 3, 2015, the Company adopted its 2015 Equity Incentive Plan ("the 2015 Plan"). The 2015 Plan provides for the grant of stock options, stock bonuses, restricted stock awards, restricted stock units and stock appreciation rights, which may be granted to employees (including officers), directors and consultants. The 2015 Plan reserved 20,000 thousand shares of ordinary shares for issuance upon exercise of stock options and restricted stock units.

On June 4, 2025, the Company adopted its 2025 Equity Incentive Plan ("the 2025 Plan"). The 2025 Plan provides for the grant of stock options, stock bonuses, restricted stock awards, restricted stock units and stock appreciation rights, which may be granted to employees (including officers), directors and consultants. The 2025 Plan reserved 20,000 thousand shares of ordinary shares for issuance upon exercise of stock options and restricted stock units.

Restricted Stock Units Activity

The following is a summary of the 2015 Plan and the 2025 Plan, which includes restricted stock units:

	Unit (in Thousands)
Available for grant at January 1, 2023	9,580
Restricted stock units granted	(624)
Restricted stock units forfeited	51
Available for grant at December 31, 2023	9,007
Restricted stock units granted	(1,225)
Restricted stock units forfeited	18
Available for grant at December 31, 2024	7,800
Authorized-2025 Plan	20,000
Terminated-2015 Plan	(7,749)
Restricted stock units granted	(1,460)
Restricted stock units forfeited	24
Available for grant at December 31, 2025	18,615

The related tax effect for stock-based compensation benefit (expense) were US$(178) thousand, US$173 thousand and US$(105) thousand for 2023, 2024 and 2025, respectively. The related tax benefit from stock-based compensation expense for restricted stock units exercised during 2023, 2024 and 2025 was US$4,925 thousand, US$3,073 thousand and US$3,490 thousand, respectively. The related tax effect was determined using applicable tax rates.

Restricted Stock Units

A summary of the status of restricted stock units and changes is as follows:

	Number of Non-vested Stock Units (in Thousands)	Weighted Average Grant Date Fair Value (US$)	Weight Average Remaining Recognition Period (Years)
Non-vested at January 1, 2023	1,977	17.89	0.66
Restricted stock units granted	624	13.51	
Restricted stock units vested	(1,460)	18.36	
Restricted stock units forfeited	(51)	16.38	
Non-vested at December 31, 2023	1,090	15.00	0.13
Restricted stock units granted	1,225	15.68	
Restricted stock units vested	(1,089)	14.94	
Restricted stock units forfeited	(18)	15.26	
Non-vested at December 31, 2024	1,208	15.68	0.25
Restricted stock units granted	1,460	19.51	
Restricted stock units vested	(1,186)	15.63	
Restricted stock units forfeited	(24)	19.44	
Non-vested at December 31, 2025	1,458	19.46	0.29

As of December 31, 2025, there was US$6,873 thousand of total unrecognized compensation cost related to restricted stock units granted under the 2015 Plan and the 2025 Plan.

Stock-based Compensation Expense

The following table shows total stock-based compensation expense included in the Consolidated Statements of Income for the years ended December 31, 2023, 2024 and 2025.

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Cost of sales	406	311	411
Research and development	11,709	11,284	17,874
Sales and marketing	1,858	1,954	3,428
General and administrative	3,574	3,407	4,570
	17,547	16,956	26,283

14. LEASE

Operating Leases

The Company entered into various operating lease agreements, which consist of real property and office equipment with lease periods expiring between fiscal years 2025 and 2033. The Company recognized leased assets in operating lease assets of US$14,674 and US$13,195 thousand and corresponding accrued expenses and other current liabilities of US$2,528 and US$2,586 thousand, and other long-term liabilities of US$12,413 and US$11,464 thousand, as of December 31, 2024 and 2025, respectively. The weighted average remaining lease term was 7.79 years and 6.94 years, and the weighted average discount rate was 2.49% and 2.43% as of December 31, 2024 and 2025, respectively.

The maturities of the operating lease liabilities as of December 31, 2025, were as follows:

	Operating Lease Obligations
Fiscal Year:	
2026	$ 2,887
2027	2,308
2028	1,788
2029	1,698
2030	1,698
2031 and thereafter	4,813
Total	15,192
Less imputed interest	1,142
Present value of lease liabilities	14,050
Less operating lease liabilities-current	2,586
Long-term operating lease liabilities	$11,464

Operating lease expenses for the years ended December 31, 2023, 2024 and 2025 are US$5,261 thousand, US$4,339 thousand, and US$4,165 thousand, respectively. For the supplemental cash flow information related to lease, the cash paid for amounts included in the measurement of operating lease liabilities was US$3,825 thousand, US$2,569 thousand and US$2,687 thousand for the year ended December 31, 2023, 2024 and 2025, respectively. The Company recognized right-of-use assets of US$13,823 thousand, US$3,198 thousand, and US$189 thousand upon entering into operating lease arrangements for the years ended December 31, 2023, 2024, and 2025, respectively.

15. COMMITMENTS AND CONTINGENCIES

Office Building Construction

On February 18, 2021, the Company won a bid with a third-party to build an office building in Taipei and we entered into a property development agreement in May 2021, pursuant to which it delivered a performance bond secured by a certificate of deposit. The agreement requires completion of construction within three years after obtaining the construction license. The project broke ground in April 2026, and the remaining performance bond of US$2,504 thousand will be released upon completion of construction. The total development cost is estimated at approximately US$101 million, and completion of the project is expected by the end of 2029.

Litigation

On October 5, 2023, the Company filed a claim in the SIAC against MaxLinear for breaching the Merger Agreement. In the arbitration, the Company is seeking payment of the termination fee of US$160 million, together with further substantial damages, interests, and costs. Following hearings were conducted in October 2025 and March 2026, the arbitration proceedings have concluded, and the parties are awaiting the issuance of the final award. If the Company succeeds in its claims, MaxLinear will likely be ordered to pay the Company's legal fees and the costs of the arbitration. If the Company does not succeed in some or all of its claims and/or in defending the counterclaim, it may be ordered to pay some or all of MaxLinear's legal fees and the costs of the arbitration. The quantum of the legal fees and costs to be paid by either party will be decided by the tribunal. No assurance can be given that if an award is granted in the Company's favor, that the award can be collected or that the Company will not be required to take further measures to be able to collect the award. Under the SIAC Arbitration Rules, all matters relating to the proceedings are confidential.

On August 31, 2023, the Company ADS holder (the "Plaintiff") filed a putative class action complaint in the United States District Court for the Southern District of California, captioned Water Island Event-Driven Fund v. MaxLinear, Inc., No. 23-cv-01607 (S.D. Cal.), asserting claims against MaxLinear and two of its officers (the "MaxLinear Defendants") for alleged violations of (i) Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder and (ii) Section 20(a) of the Exchange Act, in connection with alleged false and misleading statements made by the MaxLinear Defendants between June 6, 2023 and July 26, 2023 concerning MaxLinear's intent to consummate the Merger Agreement. On August 28, 2024, the court dismissed the complaint against the MaxLinear Defendants without prejudice for lack of standing. On September 18, 2024, the Plaintiff filed an amended complaint against the MaxLinear Defendants, and also added Silicon Motion and two of our officers, Messrs. Kou and Lai (the "Silicon Motion Defendants"), asserting substantially similar claims under the Exchange Act. The complaint seeks compensatory damages, including interest, costs and expenses, and such other equitable or injunctive relief that the court deems appropriate. The Silicon Motion Defendants filed a motion to dismiss the amended complaint on November 25, 2024, as did the MaxLinear Defendants. The U.S. District Court granted the Silicon Motion Defendants' motion to dismiss all claims asserted against them with prejudice on July 15, 2025. The Plaintiff has appealed the dismissal of their claims to the United States Court of Appeals for the Ninth Circuit on August 8, 2025. The Silicon Motion Defendants believe that the claims asserted against them are without merit and intend to continue to defend themselves vigorously on appeal.

16. SEGMENT AND GEOGRAPHIC INFORMATION

The Company is the global leader and pioneer in developing NAND flash controllers for solid state storage devices. The Company currently operates as one reportable segment. The Chief Operating Decision Maker ("CODM") is the Chief Executive Officer, who is directly involved in the Company's operations and product development. The CODM is ultimately responsible for and actively involved in the allocation of resources and the assessment of the Company's performance using consolidated net income reported on the consolidated statements of income, supplemented by revenue information disaggregated by geographic region and target customers. The measure of segment assets is reported on the consolidated balance sheet as total assets. The CODM uses consolidated net income to evaluate income generated in determining whether to reinvest profits in

the segment or to deploy such profits for other purposes, such as acquisitions or share repurchases. Net income is also used to monitor budgeted results compared to actual performance. In addition, the CODM uses consolidated net income in competitive analyses by benchmarking the segment's performance against that of the Company's competitors. These competitive analyses, together with comparisons of budgeted and actual results, are used in assessing segment performance and in determining management and variable compensation. The Company's organizational structure is functionally aligned with department heads and shared resources reporting directly to the CODM. The Company employs a highly integrated product development approach, with proprietary technologies utilized across multiple products and substantially all integrated circuits manufactured using similar processes. As a result, the Company operates as a single operating segment.

The following table presents selected financial information, including significant expenses and other expense information provided to CODM, with respect to the Company's single operating segment for the years ended December 31, 2023, 2024 and 2025:

	2023	2024	2025
	US$	US$	US$
Net sales	639,142	803,552	885,627
Less:			
Product costs (1)	364,405	430,784	454,124
Stock-compensation and related payroll expense	142,156	154,831	203,305
Integrated Circuit design related costs	46,429	73,263	72,069
Depreciation and amortization	21,810	25,331	30,174
Income tax expense	8,175	18,160	17,492
Dispute related expenses	6,973	14,385	12,988
Other operating expenses (2)	17,490	14,069	19,930
Interest income	(12,246)	(14,528)	(9,663)
Other segment items (3)	(8,923)	(1,992)	(37,427)
Net income	52,873	89,249	122,635

(1) Product costs primarily include material, labor and other product related costs, excluding the other categories above.

(2) Other operating expenses primarily include facilities expenses, sales promotion expenses, professional service expenses and other expenses.

(3) Other segment items primarily include unrealized holding gain on investment, gain from disposal of long-term investment, foreign exchange gain or loss, interest expense and other income, net as reported in our consolidated statements of income.

This expense information reflects management's internal classification used to assess financial and operational performance and may not align with classifications used by peer companies. As a result, this expense information should not be considered in isolation or as substitute for analysis of the Company's results in conjunction with the accompanying consolidated financial statements and notes thereto.

Long-lived assets (property and equipment, net) by geographic area are as follows:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Taiwan	155,334	177,335	208,415
China	11,118	10,369	10,006
Others	965	694	545
	167,417	188,398	218,966

The Company groups its products into two categories, based on the markets in which they may be used. The following summarizes the Company's revenue by product category:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
Mobile Storage	632,813	796,365	877,195
Others	6,329	7,187	8,432
	639,142	803,552	885,627

Revenue is attributed to a geographic area based on the bill-to location and is summarized as follows:

	Year Ended December 31		
	2023	2024	2025
	US$	US$	US$
China	229,037	331,664	495,107
Japan	36,431	143,130	123,870
Singapore	127,642	144,595	78,432
Taiwan	74,284	58,114	74,629
Korea	48,633	73,057	22,551
United States	55,504	13,019	7,966
Others	67,611	39,973	83,072
	639,142	803,552	885,627

Major customers representing at least 10% of net sales are as follows:

	Year Ended December 31					
	2023		2024		2025	
	US$	%	US$	%	US$	%
PHISEMI	*	*	107,407	13	216,456	24
Kioxia	*	*	119,727	15	105,704	12
AFASTOR	70,046	11	82,678	10	104,248	12
Micron	144,011	22	151,780	19	86,201	10
SK Hynix	75,836	12	*	*	*	*

* Less than 10%

Exhibit 11.1

Silicon Motion Technology Corporation

Insider Trading and Investor Communications Policy

Introduction and Purpose

This Insider Trading and Investor Communications Policy (this "Policy") is being delivered to all employees and members ("Board Members") of the Board of Directors ("Board") of Silicon Motion Technology Corporation and its subsidiaries (collectively, the "Company" or "Silicon Motion") as a notice to all of our employees and Board Members (collectively, "Company Personnel") of their obligations and the potential liability under U.S. securities laws. The purpose of this Policy is to prohibit (i) the unauthorized disclosure of nonpublic Company information acquired in the workplace and (ii) the misuse of material nonpublic information (as set forth below) in securities trading by Company Personnel, consultants and contractors to the Company, and their immediate family (as defined below) members. It is also the policy of the Company that no Company Personnel (or any other person designated as subject to this Policy) who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a customer or supplier of the Company, may trade in that company's securities until such information becomes public or is no longer material. In addition, in order to best comply with U.S. securities laws and in accordance with our current Corporate Disclosure Policy (the "Corporate Disclosure Policy"), only designated Company spokespersons are authorized to speak to investors, journalists, or market professionals, including broker-dealers, investment analysts, investment advisers, institutional investment managers and investment companies.

The Company is regularly involved in matters that are sensitive in nature and important to the Company, the Company Personnel, and the Company's shareholders. U.S. securities laws impose certain obligations on the Company regarding the disclosure of material information to the public and certain prohibitions on trading in the Company's securities ("Company Securities") by any person in possession of undisclosed material information. To satisfy requirements of U.S. securities laws, the Company has established the following policies and procedures that are applicable to all of its Company Personnel, consultants and contractors to the Company, and members of their immediate family. In addition, we have adopted these policies and procedures to avoid even the appearance of improper conduct on the part of anyone employed by or associated with the Company.

Definitions and Explanations

(a) **Compliance Officer.** As used in this Policy, the term refers to the principal legal officer of the Company, or such other officer of the Company as the Board may designate. In the Compliance Officer's absence, the Chief Financial Officer of the Company (the "CFO") or other officer of the Company designated by the Compliance Officer will be responsible for administration of this Policy.

(b) **Covered Person.** As used in this Policy, the term refers to (i) Board Members, (ii) senior management (as defined by the U.S. Securities and Exchange Commission (the "SEC") in Form 20-F) of the Company, (iii) certain Company employees deemed by the Compliance Officer based on their positions at the Company, and (iv) certain other Company employees that the Company may designate from time to time as "Covered Persons" because of their position, responsibilities, or their actual or potential access to material nonpublic information. "Covered Persons" also includes the immediate family members and Controlled Entities (as defined below) of such Covered Person.

(c) **Insider.** As used in this Policy, the term "Insider" includes: (i) any Company Personnel; (ii) any immediate family member of Company Personnel; and (iii) Company contractors and consultants (e.g., Company auditors, consultants, or attorneys) who may have access to material nonpublic information relating to the Company.

(d) **Immediate Family.** As used in this Policy, "immediate family" refers to (i) those family members who live in your household, including a spouse, a child, a child away at college, a stepchild, a grandchild, parents, stepparents, grandparents, siblings and in-laws, and other relatives living in your household, and (ii) any family members who do not live in your household but whose transactions in Company Securities are directed by you or are subject to your influence or control, such as parents or children who consult with you before they trade in Company Securities.

(e) **Material.** As used in this Policy, "material" information includes any information that would influence a reasonable investor to make an investment decision (buy, sell or hold) regarding Company Securities. Any information that could be expected to affect the price of Company Securities, positively or negatively, is considered material. When in doubt about whether particular nonpublic information is material, you should presume it is material. If you are unsure whether information is material, you should consult the Compliance Officer before making any decision to disclose such information or to trade in or recommend securities to which that information relates. Some examples of "material" information, including but not limited to, are:

- Financial performance and projections
- Significant proposed or pending mergers and acquisitions, investments, divestitures or sales of assets
- Major personnel changes and changes in management
- Labor negotiations
- Significant strategic and technology agreements
- Significant price changes on key products or services
- Significant changes in operations
- Major marketing changes
- Positive or negative developments to the Company in outstanding significant litigations
- Substantial contracts not in the ordinary course of business
- Actual or threatened significant litigation or inquiry by a governmental or regulatory authority
- New equity or debt offerings
- Changes in dividend policies
- Stock splits and reverse stock splits
- Share repurchases
- Significant product defects or modifications
- New product or project announcements of a significant nature
- Impending bankruptcy or financial liquidity problems
- The gain or loss of a significant product sale
- The gain or loss of a substantial customer or supplier
- Any other facts which might cause the Company's financial results to be substantially affected

(f) **Nonpublic.** As used in this Policy, information is considered to be "nonpublic" unless and until it has been fully disclosed to the public *and* sufficient time has passed for the stock market to digest the information. To establish that the information has been disclosed to the public, it **must** have been disclosed in a widely disseminated manner that makes the information available to investors. Information would be considered public, for example, if it had been published in a widely available newspaper or website, or if it had been disclosed in a filing with the SEC. Information that is not public would include, for example, information available to select individuals or only to Company Personnel. Information will be considered nonpublic until the close of the market on the second trading day after the information was publicly disclosed.

PART I - INSIDER TRADING PROHIBITED

I. General Policy

(a) **Insider Trading Prohibited**. No Insider may engage in transactions in Company Securities while in possession of material nonpublic information about the Company, except as otherwise specified in this Policy under the headings "Exceptions" and "Rule 10b5-1 Plans." This restriction also applies to material nonpublic information relating to any other company with publicly-traded securities, including our customers or suppliers, obtained in the course of employment by or association with the Company.

(b) **Tipping Prohibited**. No Insider who knows of any material nonpublic information about the Company may communicate that information to ("tip") any other person, including immediate family members and friends, or otherwise disclose such information without Compliance Officer's written authorization (including by email).

(c) **Trading or Tipping with Respect to Certain Other Issuers Prohibited**. No Insider may trade in the securities of another company while in possession of material nonpublic information regarding such company gained through his or her work at Silicon Motion. Additionally, no Insider may trade in the securities of another company while in possession of material nonpublic information regarding Silicon Motion that could potentially affect such other company. No Insider who knows of any such material nonpublic information may communicate that information to, or tip, any other person, including immediate family members and friends, or otherwise disclose such information without Compliance Officer's written authorization (including by email).

II. Transactions Subject to this Policy

This Policy applies to all transactions in Company Securities, including the Company's common stock, options to purchase common stock, or any other type of securities that the Company may issue from time to time, including (but not limited to) American Depositary Shares ("ADS"), preferred stock, convertible debentures and warrants, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to Company Securities. Transactions subject to this Policy include purchases, sales and bona fide gifts of Company Securities.

Gifts of Company Securities are also subject to the restrictions of this Policy. You may not gift Company Securities to others while in possession of material nonpublic information, and Covered Persons must comply with the applicable blackout and pre-clearance requirements described below before gifting Company Securities.

III. Exceptions

This Policy does not apply to the, as applicable, following transactions (collectively, the "Exempted Transactions"), except as specifically noted:

(a) **Employee Stock Purchase Plan**. Purchases of Company Securities through periodic, automatic payroll contributions to an employee stock purchase plan (an "ESPP") established by the Company are exempt from this Policy. However, electing to enroll in an ESPP, making any changes in your elections under an ESPP, and selling any Company Security acquired under an ESPP are subject to trading restrictions under this Policy.

(b) **Stock Options**. This Policy does not apply to the exercise of stock options granted under the Company's equity incentive plans when exercised (i) for cash or (ii) through net settlement procedures in which the optionee pays for the options exercise by giving shares back to the Company sufficient to compensate the Company for the exercise price at the shares' then current market value. In addition, this Policy does not apply to the exercise of a tax withholding right pursuant to which the Company withholds shares of stock to satisfy tax withholding requirements upon the exercise of stock options. This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, or any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

(c) **401(k) Plan**. This Policy does not apply to purchases of Company Securities in the Company's 401(k) plan resulting from your periodic contribution of money to the plan pursuant to a payroll deduction election. This Policy does apply, however, to certain elections you may make under the 401(k) plan, including (i) an election to increase or decrease the percentage of your periodic contributions that will be allocated to a Company Securities fund; (ii) an election to make an intra-plan transfer of an existing account balance into or out of a Company Securities fund; (iii) an election to borrow money against your 401(k) plan account if the loan will result in a liquidation of some or all of your Company Securities fund balance; and (iv) an election to pre-pay a plan loan if the pre-payment will result in an allocation of loan proceeds to a Company stock fund.

(d) **Dividend Reinvestment Plan.** This Policy does not apply to purchases of Company Securities under the Company's dividend reinvestment plan (the "DRIP") resulting from reinvestment of dividends paid on Company Securities. This Policy does apply, however, to voluntary purchases of Company Securities resulting from additional contributions you choose to make to the DRIP, and to your election to participate in the DRIP or increase your level of participation in the DRIP. This Policy also applies to your sale of any Company Securities purchased pursuant to the DRIP.

(e) **Restricted Stock Awards**. This Policy does not apply to the vesting of restricted stock, or the exercise of a tax withholding right pursuant to which the Company withholds shares of stock to satisfy tax withholding requirements upon the vesting of restricted stock. This Policy does apply, however, to any market sale of stock in connection with the vesting of restricted stock.

(f) **Restricted Stock Units ("RSUs") and Performance Stock Units ("PSUs")**. This Policy does not apply to the vesting of RSUs or PSUs, or the exercise of a tax withholding right pursuant to which the Company withholds shares of stock to satisfy tax withholding requirements upon the vesting of any RSU or PSU. This Policy does apply, however, to any market sale of stock in connection with the vesting of RSUs or PSUs.

IV. Individual Responsibility.

Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while in possession of material nonpublic information. Persons subject to this Policy must not engage in illegal trading and must avoid the appearance of improper trading. Each individual is responsible for making sure that he, she, or they complies with this Policy, and that any immediate family member, household member, or Controlled Entity whose transactions are subject to this Policy, also comply with this Policy. Each individual is prohibited from disclosing to anyone inside or outside the Company any nonpublic information obtained at or through the Company, except when such disclosure is part of their regular duties and is needed to enable the Company to carry out its business properly and effectively. Any individual who violates this Policy or any federal or state laws governing insider trading or tipping, or knows of any such violation by any other individual, must report the violation immediately to the Compliance Officer.

In all cases, the responsibility for determining whether an individual is in possession of material nonpublic information rests with that individual, and any action on the part of the Company, the Compliance Officer, or any other officer, employee, or Board Member pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company for any conduct prohibited by this Policy or applicable securities laws.

V. Transactions by Entities that You Influence or Control

This Policy applies to any entities that you influence or control, including any corporations, partnerships or trusts (collectively referred to as "Controlled Entities"), and transactions by these Controlled Entities should be treated for the purposes of this Policy and applicable securities laws as if they were for your own account.

VI. Administration of this Policy.

The Compliance Officer administers this Policy. All determinations and interpretations by the Compliance Officer shall be final and not subject to further review.

VII. Post-Termination Transactions

If an individual is in possession of material nonpublic information when his or her service terminates, that individual may not trade in Company Securities until that information has become public or is no longer material.

VIII. Additional Trading Restrictions for Covered Persons

(a) **Blackout Periods.** All Covered Persons are prohibited from trading in Company Securities during blackout periods as defined below.

Quarterly Blackout Periods. All Covered Person are prohibited from trading in Company Securities during the period beginning at the close of the market seven calendar days before the end of each fiscal quarter and ending at the close of the market on the second trading day following the date the Company's financial results are publicly disclosed ("Quarterly Blackout Period(s)"). The Company's Administrative Department will inform all Covered Person by email when a Quarterly Blackout Period begins and ends.

Special Blackout Periods. From time to time, other types of material nonpublic information regarding the Company (such as merger negotiations or significant regulatory enforcement issues) may be pending and not publicly disclosed. While such material nonpublic information is pending, the Company may impose special blackout periods ("Special Blackout Period(s)") during which Covered Persons are prohibited from trading in Company Securities. If the Company imposes a Special Blackout Period, it will notify the Covered Persons affected. The existence of a special blackout period will not be announced to the Company as a whole, and should not be communicated to any other person. The imposition of a Special Blackout Period should be treated as material nonpublic information.

(b) **Trading Window**. Covered Persons are permitted to trade in Company Securities when no blackout period is in effect. Generally, this means that Covered Persons can trade during the period beginning at the close of the market on the second trading day following the date the Company's financial results are publicly disclosed and ending at the close of the market seven calendar days before the end of each fiscal quarter. However, even during this trading window, a Covered Person who is in possession of any material nonpublic information must not trade, unless such trades are made via an Exempted Transaction or a Rule 10b5-1 Plan (as defined below), in Company Securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout is imposed and will re-open the trading window once the Special Blackout Period has ended.

(c) **Pre-Clearance Procedures.** Because Covered Persons are likely to obtain material nonpublic information on a regular basis, the Company requires all such Covered Persons to refrain from trading, even during a trading window as noted above, without first pre-clearing all transactions in Company Securities. A written request (including by email) for pre-clearance should be submitted to the Compliance Officer at least two trading days in advance of the proposed transaction. When a request for pre-clearance is made, the requestor should carefully consider whether he or she may be aware of any material nonpublic information about the Company and certify in writing (including by email) that he or she is not in possession of material nonpublic information concerning the Company. The requestor must not engage in the transaction unless and until the Compliance Officer provides his or her approval in writing (including by email). If approved by the Compliance Officer, clearance of a transaction is valid only for a five trading day period. The Compliance Officer is under no obligation to approve a transaction submitted for pre-clearance and may determine not to permit the transaction. If a person seeks pre-clearance and permission to engage in the transaction is denied by the Compliance Officer, then the Covered Person should refrain from initiating such transaction in Company Securities and should not inform any other person of the restriction. If the Compliance Officer is or becomes a Covered Person, the CFO will assume the role of Compliance Officer for the purpose of the pre-clearance procedures herein regarding such transactions contemplated by the Compliance Officer.

Further, pre-clearance does not, in any circumstance, relieve anyone of his or her legal obligation to refrain from trading while in possession of material nonpublic information. The requestor should also be prepared to comply (i) with Rule 144 of the Securities Act of 1933, as amended, and file Form 144, if necessary, at the time of any sale and (ii) with all applicable reporting obligations under Section 16 ("Section 16") of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), if applicable.

(d) **Exceptions.** Blackout periods and pre-clearance procedures do not apply to (i) the Exempted Transactions or (ii) purchases and sales of Company Securities under an approved Rule 10b5-1 Plan, as described herein. With respect to any purchase or sale under a Rule 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer within one trading day after the transaction.

For purposes of the "Pre-Clearance Procedures" section above, a purchase, sale, gift, or other acquisition or disposition will be deemed to occur at the time the person or entity becomes irrevocably committed to it (for example, in the case of an open market purchase or sale, this occurs when the trade is executed, not when it settles).

IX. Rule 10b5-1 Plans

Rule 10b5-1 ("Rule 10b5-1") under the Exchange Act provides a defense from insider trading liability under Rule 10b-5 of the Exchange Act. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 plan for transactions in Company Securities that meets certain conditions specified in Rule 10b5-1 (a "Rule 10b5-1 Plan") and must be in accordance with the Company's "Guidelines for Rule 10b5-1 Plans" (below). If the plan meets the requirements of Rule 10b5-1, transactions in Company Securities may occur even when the person who has entered into the Rule 10b5-1 Plan is aware of material nonpublic information.

Once the Rule 10b5-1 Plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The Rule 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. The Rule 10b5-1 Plan must be approved by the Compliance Officer and meet the requirements of Rule 10b5-1, this Policy and the below guidelines. Any Rule 10b5-1 Plan must be submitted for approval at least five trading days prior to the entry into the Rule 10b5-1 Plan. The Compliance Officer is under no obligation to approve the Rule 10b5-1 Plan.

Guidelines for Rule 10b5-1 Plans:

(a) You may not enter into, modify or terminate a Rule 10b5-1 Plan during a blackout period or otherwise while you are aware of material nonpublic information.

(b) For officers (as defined by Exchange Act Rule 16a-1(f) ("Section 16 Officers") and Board Members, no transaction may take place under a Rule 10b5-1 Plan until the later of (a) 90 days after adoption or modification (as specified in Rule 10b5-1) of the Rule 10b5-1 Plan or (b) two business days following the disclosure of the Company's financial results in a Form 6-K or Form 20-F for the fiscal quarter in which the Rule 10b5-1 Plan was adopted or modified (as specified in Rule 10b5-1). In any event, the cooling-off period is subject to a maximum of 120 days after adoption or modification of the Rule 10b5-1 Plan.

(c) For persons other than Section 16 Officers and Board Members, no transaction may take place under a Rule 10b5-1 Plan until 30 days following the adoption or modification (as specified in Rule 10b5-1) of a Rule 10b5-1 Plan.

(d) Subject to certain limited exceptions specified in Rule 10b5-1, you may not enter into more than one Rule 10b5-1 Plan at the same time.

(e) Subject to certain limited exceptions specified in Rule 10b5-1, you are limited to only one Rule 10b5-1 Plan designed to effect an open market purchase or sale of the total amount of Company Securities subject to the 10b5-1 Plan as a single transaction in any 12-month period.

(f) You must act in good faith with respect to a Rule 10b5-1 Plan. A Rule 10b5-1 Plan cannot be entered into as part of a plan or scheme to evade the prohibition of Rule 10b-5 of the Exchange Act. Therefore, although modifications to an existing Rule 10b5-1 Plan are not prohibited, a Rule 10b5-1 Plan should be adopted with the intention that it will not be amended or terminated prior to its expiration.

(g) Section 16 Officers and Board Members must include a representation to the Company in their Rule 10b5-1 Plan at the time of adoption or modification of such plan that (i) the person is not aware of material nonpublic information about the Company or Company Securities and (ii) the person is adopting such plan in good faith and not as part of plan or scheme to evade the prohibitions of Rule 10b-5 of the Exchange Act.

X. Consequences of Violations

Penalties for trading on or communicating material nonpublic information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) **Legal Penalties**. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material nonpublic information can be sentenced to a substantial jail term and required to pay a criminal penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material nonpublic information. Tippers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipper did not profit from the transaction.

Insider trading violations are pursued vigorously by the SEC, U.S. Attorneys, and state enforcement authorities. Punishment for insider trading violations is severe, and could include significant fines and imprisonment. While the regulatory authorities concentrate their efforts on the individuals who trade, or who tip inside information to others who trade, the federal securities laws also impose potential liability on companies and other "controlling persons" if they fail to take reasonable steps to prevent insider trading by company personnel.

(b) **Company-imposed Penalties.** Company Personnel who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause. Any exceptions to this Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place.

(c) **Expenses Related to a Breach.** Neither the Company nor any of its Company Personnel will be liable for the legal or financial consequences of any approval or pre-clearance, refusal to approve or pre-clear or delay in reviewing any requests for approval or pre-clearance of any transaction, Rule 10b5-1 Plan or other request under this Policy.

XI. Section 16 Compliance

Each Board Member and Section 16 Officer (each, a "Section 16 Reporting Person") is personally responsible for ensuring timely and accurate compliance with all applicable reporting obligations under Section 16. While the Company may, as a matter of administrative convenience, assist Section 16 Reporting Persons with the preparation and filing of such reports, the ultimate responsibility of for compliance, including the completeness, accuracy and timeliness of each filing, rests solely with the applicable Section 16 Reporting Person. Failure to comply with Section 16 reporting obligations may result in personal liability, regulatory penalties and public disclosure of delinquent filings.

PART II - INVESTOR COMMUNICATIONS

I. Maintaining Confidential Information

Premature or otherwise unauthorized disclosure of material information relating to the Company will adversely affect the Company's ability to discharge effectively its disclosure obligations under U.S. securities laws. Each Company Personnel member, therefore, must maintain the confidentiality of the Company's material nonpublic information.

Accordingly, all Company Personnel are prohibited from disclosing any nonpublic material inside information to anyone outside the Company (including family members, relatives or friends), except for: (1) disclosures, made in performing authorized Company business, to external parties covered under a properly authorized Company-approved non-disclosure agreement, and (2) disclosures to the public by authorized Company spokespersons, made on a broadly disseminated basis in compliance with the Corporate Disclosure Policy. All employees are also required to sign non-disclosure agreements with the Company contractually obligating them to abide by these prohibitions.

Prohibited disclosures of material nonpublic information include all oral and written communications, such as face-to-face oral disclosures, telephone calls, meetings, writings, e- mails, instant messenger messages or conversations, text messages, social media postings, webcasts, blogs, or other electronic communication exchanges with third parties outside of the Company, or disclosures contained in advertising, press releases, speeches, presentations, marketing literature, professional and trade articles and interviews.

Without limiting the generality of the foregoing, persons covered by this Policy are prohibited from participating and posting any information (whether or not material and whether public or nonpublic) relating to the Company and its business relations with other companies, on message boards, social media or on other similar electronic communication forums.

Company Personnel must treat all Company information with discretion and discuss confidential information only with those Company Personnel who have a right and need to know such information to perform their job responsibilities. **Company Personnel may not discuss confidential information with friends, relatives and acquaintances.**

II. Designated Spokespersons

Other than the Company's designated spokespersons, no Company Personnel are authorized to speak on behalf of the Company with respect to Company actions or rumors relating to the Company that could affect the Company's stock. Therefore, unless Company Personnel has been expressly authorized to make such disclosure, Company Personnel members who receive any inquiry from a third party (whether a securities analyst, an investor or potential investor, a member of the media or other person) regarding the Company, must immediately refer the inquiry, without further comment, to one of the following designated Company spokespersons who will be authorized to speak to the third party: Chief Executive Officer, Chief Financial Officer, Director of Investor Relations, and other Investor Relations specialists as named in the Corporate Disclosure Policy.

COMPANY ASSISTANCE

Any person who has a question about this Policy or its application to any proposed transaction may obtain additional guidance from the Compliance Officer. The Compliance Officer is the Company's principal legal officer, and the contact information is as follows:

Address: No. 162, Sec. 2, Fuxing 3rd Rd., Zhubei City, Hsinchu County 302052, Taiwan
Phone: +886-3552-6888
Email: compliance@siliconmotion.com

CERTIFICATION

All Company Personnel must certify their understanding of, and intent to comply with, this Policy by signing and returning to the Compliance Officer the Acknowledgment and Certification included at the end of this Policy.

ACKNOWLEDGMENT AND CERTIFICATION

I hereby certify that:

1. I have read and understand the Insider Trading and Investor Communications Policy (the "Policy") of Silicon Motion Technology Corporation and its subsidiaries (collectively, the "Company").
2. I understand that the Company's Compliance Officer is available to answer any questions I have regarding the Policy.
3. Since February 2, 2026, or such shorter period of time that I have been a Company Personnel member, I have complied with the Policy.
4. I will continue to comply with the Policy for as long as I am subject to the Policy.

Print name and position with Company: _____

Signature: _____

Date: _____

Exhibit 12.1

Certification by the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Wallace C. Kou, the Chief Executive Officer of Silicon Motion Technology Corporation, certify that:

1. I have reviewed this annual report on Form 20-F of Silicon Motion Technology Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2026

/s/ Wallace C. Kou

Name: Wallace C. Kou

Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

Certification by the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jason Tsai, Chief Financial Officer of Silicon Motion Technology Corporation, certify that:

1. I have reviewed this annual report on Form 20-F of Silicon Motion Technology Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2026

/s/ Jason Tsai

Name: Jason Tsai

Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned each hereby certifies that, to his knowledge, the annual report on Form 20-F of Silicon Motion Technology Corporation for the year ended December 31, 2025 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and that the information contained in the periodic report fairly presents, in all material respects, the financial condition and results of operations of Silicon Motion Technology Corporation.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350 solely for purposes of complying with the provisions of Section 906 of the Sarbanes-Oxley Act of 2002, is not intended to be used or relied upon for any other purpose and is not being filed as part of the periodic report or as a separate disclosure document.

Date: April 30, 2026

/s/ Wallace C. Kou

Name: Wallace C. Kou

Title: President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jason Tsai

Name: Jason Tsai

Title: Chief Financial Officer
(Principal Financial Officer)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-204876 and 333-287771 on Form S-8 of our reports dated April 30, 2026, relating to the consolidated financial statements of Silicon Motion Technology Corporation and the effectiveness of Silicon Motion Technology Corporation's internal control over financial reporting, appearing in the Annual Report on Form 20-F for the year ended December 31, 2025.

/s/ Deloitte & Touche
Taipei, Taiwan
Republic of China

April 30, 2026

Board of Directors

James Chow
Chairman of the Board
Silicon Motion Technology Corporation

Wallace C. Kou
President & Chief Executive Officer
Silicon Motion Technology Corporation

Steve Chen
Chairman
Mercuries Co., Ltd.

Tsung-Ming Chung
Chairman
Dynapack International Technology Corp.

Lien-Chun Liu
Director
International Council of Women.

Han-Ping D. Shieh
Life Chair Professor
National Yang Ming Chiao Tung University

Kenneth Kuan-Ming Lin
Chairman
Premier Capital Management Corp.

Cain Lin
Managing Director
Cedar Capital Inc.

Nelson Duann
Senior VP of Client & Automotive Storage Business
Silicon Motion Technology Corporation

Executive Officers

Wallace C. Kou
President & Chief Executive Officer

Jason Tsai
Chief Financial Officer

Nelson Duann
Senior VP of Client & Automotive Storage Business

ADS Listing

Our American Depositary Shares (ADSs) trade on the NASDAQ Global Select Market under the symbol "SIMO"

ADS Depositary

The Bank of New York Mellon New York, NY

Independent Auditors

Deloitte & Touche Taipei, Taiwan

Legal Counsel

K&L Gates, Taipei, Taiwan

Investor Relations

For more information about Silicon Motion, please visit our website at **www.siliconmotion.com** or e-mail us at **ir@siliconmotion.com**



www.siliconmotion.com