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***PHISON***

# Financial Results & Company Outlook

## 2025 First Quarter

K.S.Pua | CEO

May 7, 2025

# Forward-Looking Statement

Information included in this earning meeting that are not historical in nature are "forward looking statements". Phison cautions readers that forward looking statements are based on Phison's reasonable knowledge and current expectations and are subject to various risks and uncertainties. Actual results may differ materially from those contained in such forward looking statements for a variety of reasons including without limitation, risks associated with demand and supply change, manufacturing and supply capacity, design win, time to market, market competition, industrial cyclicity, customer's financial condition, exchange rate fluctuation, legal actions, amendments of the laws and regulations, global economy change, natural disasters, and other unexpected events which may disrupt Phison's business and operations. Accordingly, readers should not place reliance on any forward-looking statements. Except as required by law, Phison undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.



# Executive Summary

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Phison's Business Transformation

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Q&A

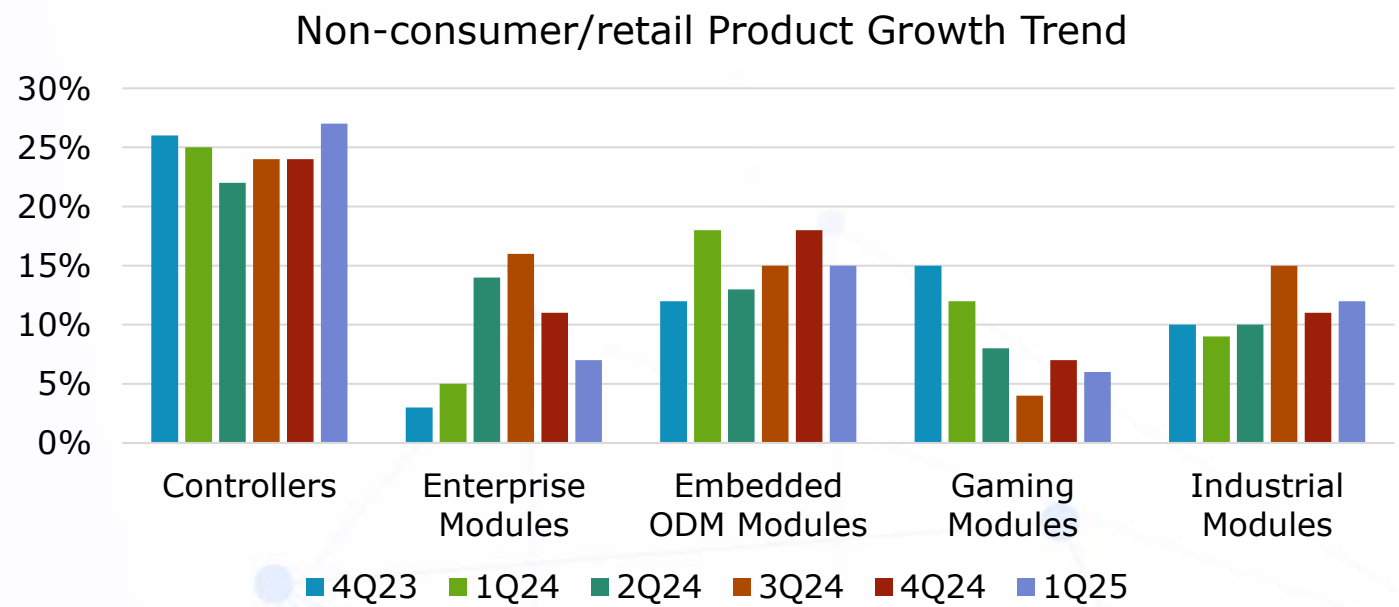
# **1 Phison's Business Transformation**



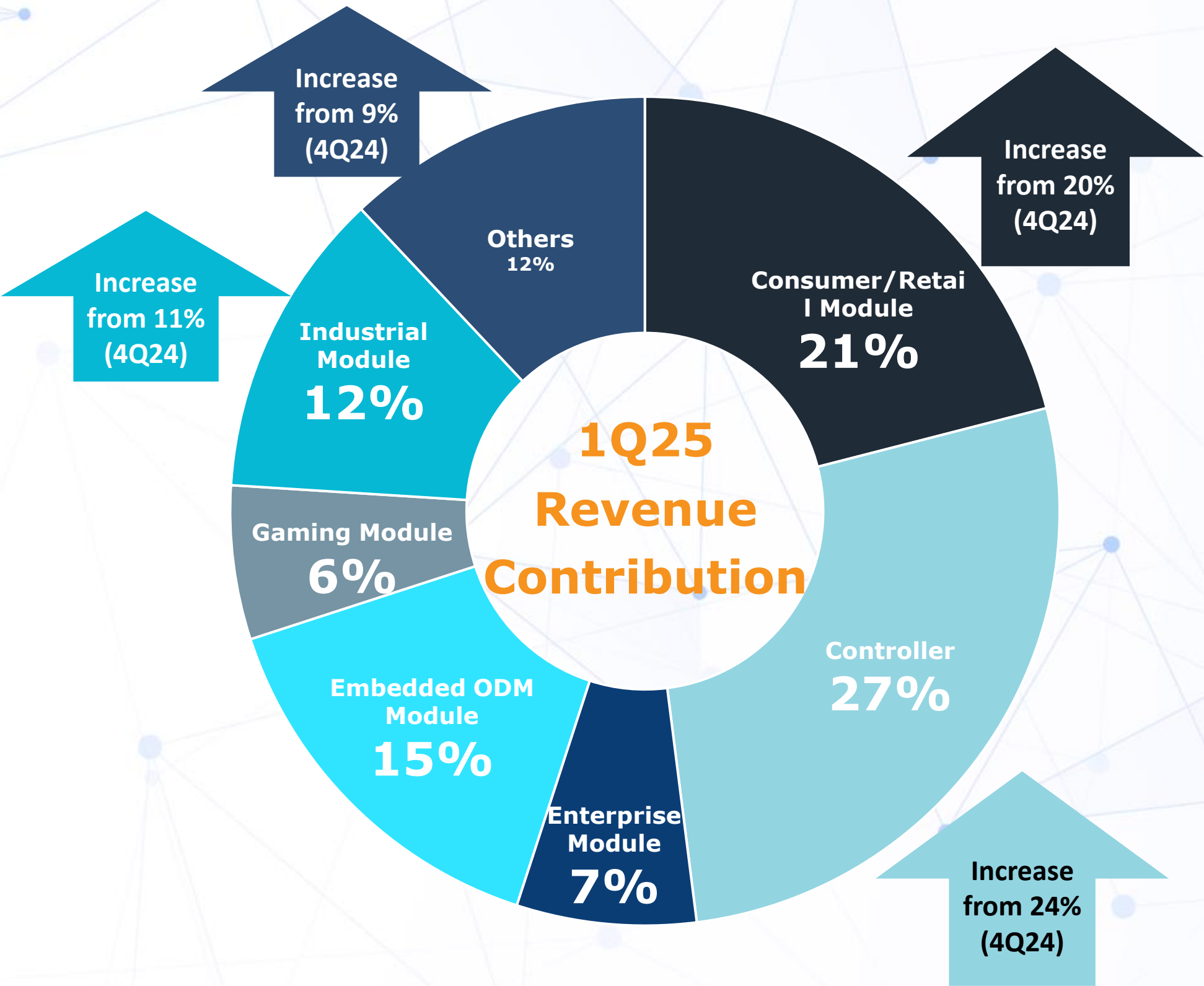
# Phison's Non-consumer Deployment Reduces NAND Market Fluctuation Impact

Revenue from Non-consumer/retail Products

70%+



Note: Controller Revenue Contribution includes both direct shipments and controllers applied to modules.



# **2 1Q25 Financial Results**



# 1Q25 Revenue and Gross Profit

**1Q25 Revenue**

**\$13.839B**

Revenue up 10.1% QoQ  
Revenue down 16.3% YoY

**1Q25 Gross Profit**

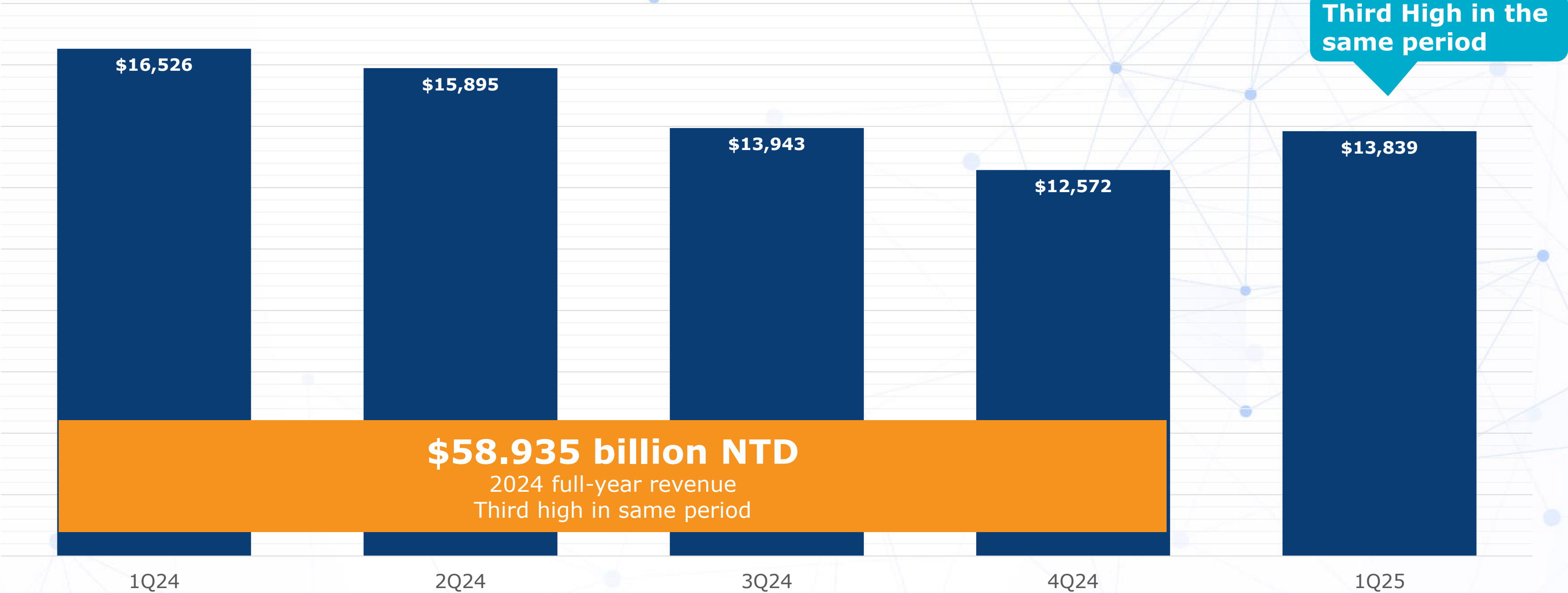
**\$4.281B**

Gross profit up 10.4% QoQ  
Gross profit down 23.7% YoY

Revenue in \$NT

# Revenue Trend

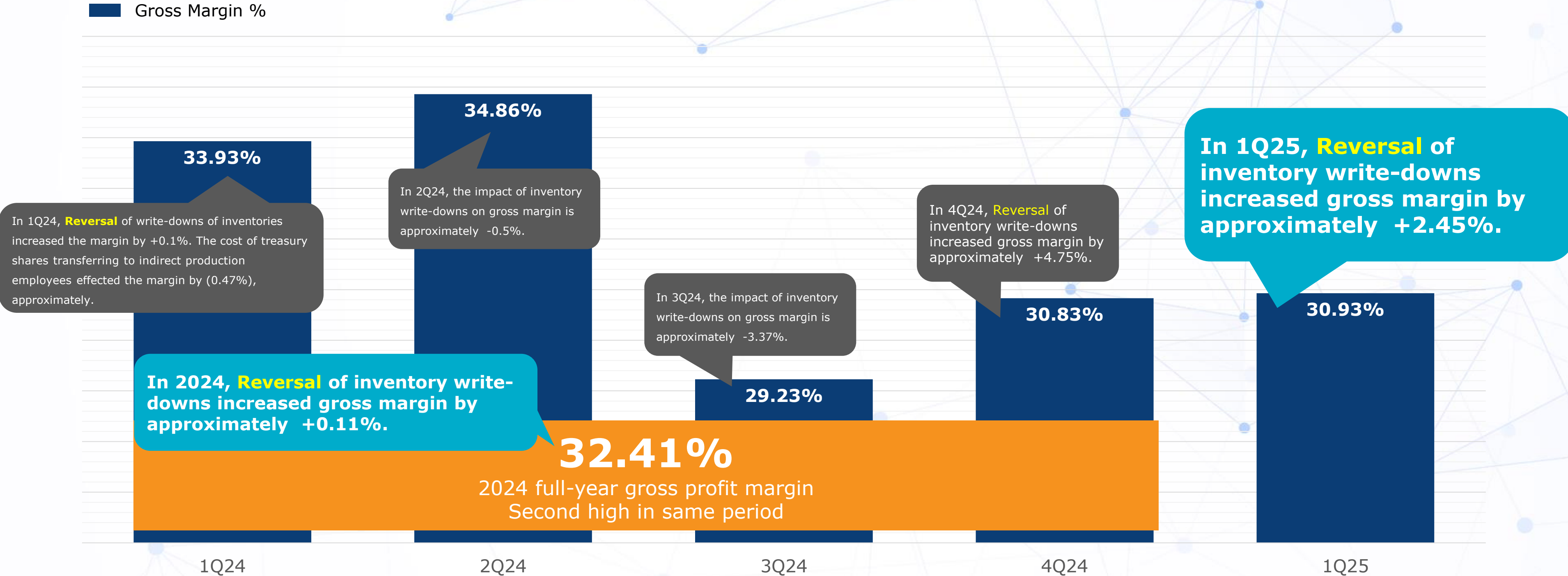
Revenue NT\$ millions





This slide will be explained in both Chinese and English

# Gross Margin Rate Trend

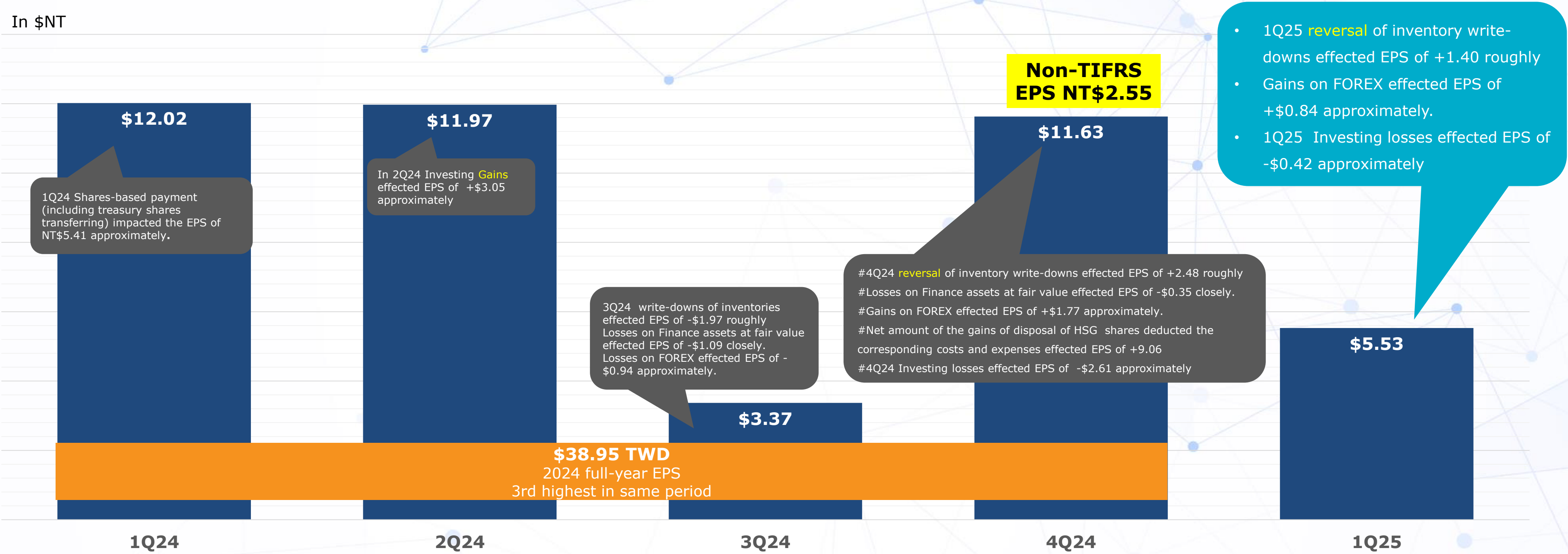


**Note:**  
By the accounting rule, we evaluate the lower of cost and the market price (LCM) to reserve the allowance of inventory price loss. When the market price hiking, we will reversal the allowance of inventory price loss.

This slide will be explained in both Chinese and English

# Earnings Per Share Trend

In \$NT



\*Basic EPS contribution from one-time gain was in light blue.



This slide will be explained in both Chinese and English

# 1Q25 Income Statement Highlights

Taiwan-International Financial Reporting Standards (TIFRS)

Third High in the same period

NT\$m	1Q25	4Q24	1Q24	Q/Q (%)	Y/Y (%)
Revenue in US\$Mn	422	390	527	8.1	(20.0)
Revenue	13,839	12,572	16,526	10.1	(16.3)
Gross Profit	4,281	3,876	5,607	10.4	(23.7)
Marketing Exp.	347	510	409		
General & Adm. Exp.	244	348	449		
Research & Development	2,566	4,035	3,536		
Expected credit losses	(38)	(80)	(39)		
Operating Expenses	3,119	4,813	4,355	(35.3)	(28.4)
Operating Profit	1,162	(937)	1,252	223.9	(7.2)
Non-Operating gains (losses)	189	4,217	1,582		
Pretax Income	1,351	3,280	2,834	(58.8)	(52.3)
Tax Expenses	210	888	414		
Net Income to Phison	1,141	2,392	2,420	(52.3)	(52.9)
Basic EPS (NT\$)	5.53	11.63	12.02		
Key Financial Ratios (%)					
Gross Margin	30.9%	30.8%	33.9%		
Operating Margin	8.4%	(7.5%)	7.6%		
Net Profit Margin	8.2%	19.0%	14.6%		
Average Exchange Rate--USD/NTD	32.89	32.11	31.45		

- 1 Revenue in NTD: QoQ is increased 10.1%. Revenue in USD: QoQ is increased 8.1%%.
- 2 In 1Q25, The gross margin was 30.9%. The reversal of inventory write-down effected the gross margin by +2.45% approximately.
- 3 1Q25 OPEX was lower than 4Q24 and 1Q24, it's due to higher employee compensation corresponding to the gains of disposal HSG shares and mask fee in 4Q24, and the expenses of treasury shares transferring in 1Q24. Phison keeps investing in research and development to maintain technological leadership. corresponding
- 4 The non-operating gains in 1Q25 mainly for recognizing the losses of equity method investment, the gains of forex and the gains/losses from finance assets valuations.

\*EBITDA which takes earnings and adds back interests, taxes, and depreciation/amortization charges.

# Balance Sheet Highlights

Taiwan-International Financial Reporting Standards (TIFRS)

NT\$mn	1Q25	4Q24	1Q24
<b>Total Assets</b>	<b>71,936</b>	<b>69,339</b>	<b>75,753</b>
<b>Cash &amp; Current Financial assets at fair value</b>	18,538	20,726	15,262
<b>Account Receivable</b>	8,921	8,011	9,917
<b>Inventories</b>	28,176	24,614	30,158
<b>Long-term Investments</b>	4,503	4,369	5,931
<b>Net PP&amp;E</b>	7,697	7,745	7,324
<b>Total Liabilities</b>	<b>23,709</b>	<b>20,273</b>	<b>29,212</b>
<b>Current Liabilities</b>	17,656	14,220	23,279
<b>Bonds Payable</b>	5,635	5,611	5,541
<b>Total Equity</b>	<b>48,227</b>	<b>49,066</b>	<b>46,541</b>
<b>BVPS(NT\$)</b>	<b>233</b>	<b>238</b>	<b>227</b>
<b>Key Financial Ratios</b>			
<b>A/R Turnover Days</b>	56	55	54
<b>Inventory Turnover Days</b>	253	225	228
<b>ROE (%)</b>	9.38	17.32	21.67
<b>ROA (%)</b>	6.59	12.17	14.12

**1** Cash: the change is a result of operating profit and the management of inventory purchasing.

**2** Inventories: Inventories will be adjusted according to changes in the industry and to maintain a safe level based on operational needs.  
**Most of our inventory is allocated to the Non-Retail market.**

**3** Total Equity: the change is a mixed result of the Net profit of 1Q25 deducting the surplus distribution of 2H24 (NT\$12 Cash dividend per share) and the exercises of employee stock options.



## 【Supplemental Information】

### Reconciliations of TIFRS Results to Non-TIFRS Results

#### ◎ Forward-Looking Statement ◎

The Non Taiwan International Financial Reporting Standards(Non-TIFRS) results supplemented in this presentation are reconciliation results which exclude the financial impact of share-based payment, tax effect and other items.

The supplemental information is for reference only, and is not a substitute for information based on TIFRS. The final actual surplus distribution will be made in accordance with financial statements based on TIFRS.

# Reconciliations of TIFRS Results to Non-TIFRS Results (1Q25)

NT\$/million		1Q25	4Q24	1Q24	Q/Q (%)	Y/Y (%)
TIFRS	Operating Profit	1,162	(937)	1,252	223.9%	(7.2%)
	Operating Profit Margin (%)	8.39%	(7.46%)	7.57%		
Reconciliations	Shares-based payment (reversal)	(3)	8	1,271		
	The costs and expenses corresponding to the gains of disposal of HSG shares	-	1,701	-		
Non-TIFRS	Operating Profit	1,159	772	2,523	50.1%	(54.1%)
	Operating Profit Margin (%)	8.37%	6.14%	15.27%		

TIFRS	Net Income	1,141	2,392	2,420	(52.3%)	(52.9%)
	Net Income (%)	8.24%	19.02%	14.64%		
	Basic EPS (NT\$)	5.53	11.63	12.02		
調節項目	Shares-based payment (reversal)	(3)	8	1,271		
	The costs and expenses corresponding to the gains of disposal of HSG shares	-	1,701	-		
	The gains of disposal of HSG shares	-	(4,290)	-		
	Tax effect	-	713	(182)		
Non-TIFRS	Net Income to Phison	1,138	524	3,509	117.2%	(67.6%)
	Net Income (%)	8.22%	4.17%	21.23%		
	Basic EPS (NT\$)	5.52	2.55	17.43		

Non-TIFRS EPS Increased 1Q25 EPS by approximately (NT\$0.01), mainly effected by the reversal of shares-based payment..

Note1: Please note, Non-TIFRS results here is a supplement and not a substitute for the Information based on TIFRS, which excluded the share-based payment, tax effect and other items. The final actual surplus distribution is based on the financial statements of TIFRS.

Note2: The numbers may not equal, it is due to rounding.



# Consolidated Revenue for April 2025

**April Revenue**

**\$6.003B**

Revenue 5% MoM

**Consolidated Revenue  
from Jan. to April**

**\$19.841B**

Revenue -8% YoY  
Third highest in history for the same period

Revenue in \$NT



## **4 Business Highlights (Enterprise SSD)**





- **Multiple Country** Distributing. (CSP/OEM/Enterprise application)
- Almost **5X** sales growth from 2023 to 2024 and Expected more in 2025.
- Niche Market **Customization** Project Design In Case (SCM/SR-IOV)



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# Ultra-Capacity 128TB PCIe Gen5 Storage for Next-Level Data Performance



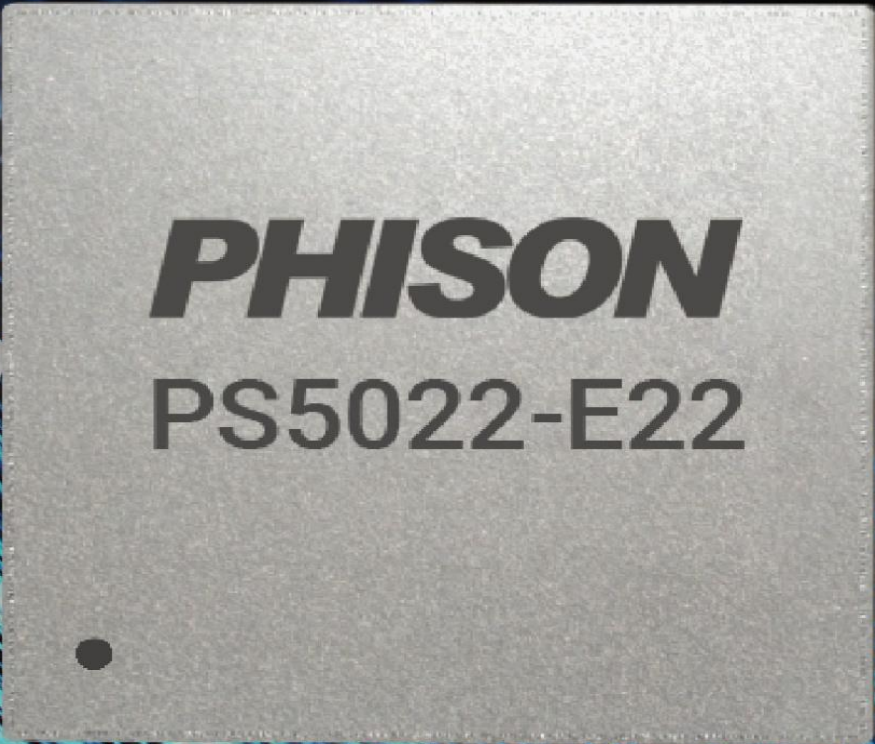


# **5 Business Highlights (Automotive)**



# Phison's PS5022 Awarded as the World's First SSD Controller to Achieve ISO 26262 ASIL-B Compliance Automotive Certification

**PHISON**



SGS

SGS TÜV SAAR

CERTIFICATE NO.: FS/71/220/25/1679

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LICENCE HOLDER

PHISON ELECTRONICS CORP.  
NO.1, QUN YI RD., JHUNAN,  
MIAOLI,  
TAIWAN 350, R.O.C.

Project-No./ID

LICENSED TEST MARK

Report No.

T0WH

SGS TÜV SAAR

ASIL B COMPLIANT  
Product of Safety  
ISO 26262  
www.sgs-tuv.com

T0WH0001

Tested according to

ISO 26262:2018 (Parts 2, 4, 5, 6, 7, 8, 9)

Certified Product(s)

PCIe SSD Controller "PS5022"  
PCIe Gen 4x4 SSD controller  
+ embedded software/firmware; QS version

Technical Data/Parameter

The above-mentioned product has been approved in a standard configuration (see certification report for details). The identified technical and process parameters are in compliance with ASIL B requirements.

Specific Requirements

The certificate is for type approval and based on a detailed functional safety assessment. Any changes to the design or processes may require repetition of some of the assessment steps in order to retain type approval.  
The certificate report is an integral part of this certificate. All requirements and specifications of the current valid revision of this report shall be met.

Certification Body for Functional Safety  
SGS-TÜV Saar GmbH

100%

100%

Puchheim, February 11<sup>th</sup>, 2025



L.V. Marcus Reu

The validation status is documented via SGS Certification Database.

The test mark regulation is an integral part of this certificate.

SGS-TÜV Saar GmbH, Becherstr. 26  
62758 Puchheim 65101 Mannheim, Germany  
Website: www.sgs-tuv.com  
E-Mail: tu@sgs.com

A stylized background image featuring a blue car silhouette, possibly a sports car, set against a dark blue background with abstract digital data patterns, including glowing lines and numbers like 104.6, 308.771, 360.360, 719.110, 881.450, 475.092, 943.83, 211.188, 264.125, and 10.050.

CONFIDENTIAL | 1Q25 Financial Results



# PHISON's Auto Storage Solutions Ready for Automated Driving (1/2)



## PCIe Gen4 Automotive BGA SSD

### **Incredible Performance**

Consistent and stable write speed

### **Robust Reliability**

Compliant with AEC-Q100 standard

### **High Endurance**

Support pSLC to meet high TBW (Terabytes Written)

***PHISON is on the road with Japan, Korea  
and European Automakers !***



# **6 Business Highlights** (High Performance Solutions)



# E28 The Ultimate Gen5 SSD

## Sequential Performance

Read: Up to 14.5GB/s | Write: Up to 14.5GB/s

## Random Performance

Read: Up to 3,000K IOPS | Write: Up to 3,000K IOPS

## Power

8.5W Avg.



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# Phison PCIe Retimer & Redriver

## Phison's World No.1

PCIe 5.0 Redriver World's Largest Market Share.

PCIe 5.0 Retimer First & The Only Retimer Approved by CXL 2.0

PCIe 6.0 Redriver First Launch to Market

## Market Growth Drivers

Server & PC Increasing Adoption rate of PCIe 5.0 I/F

PCIe 6.0 I/F Will Need More Retimer & Redriver IC

## Phison Sales Target Achieved

More than 10 Millions IC Shipped



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**7**

***ai*DAPTIV<sup>+</sup>**

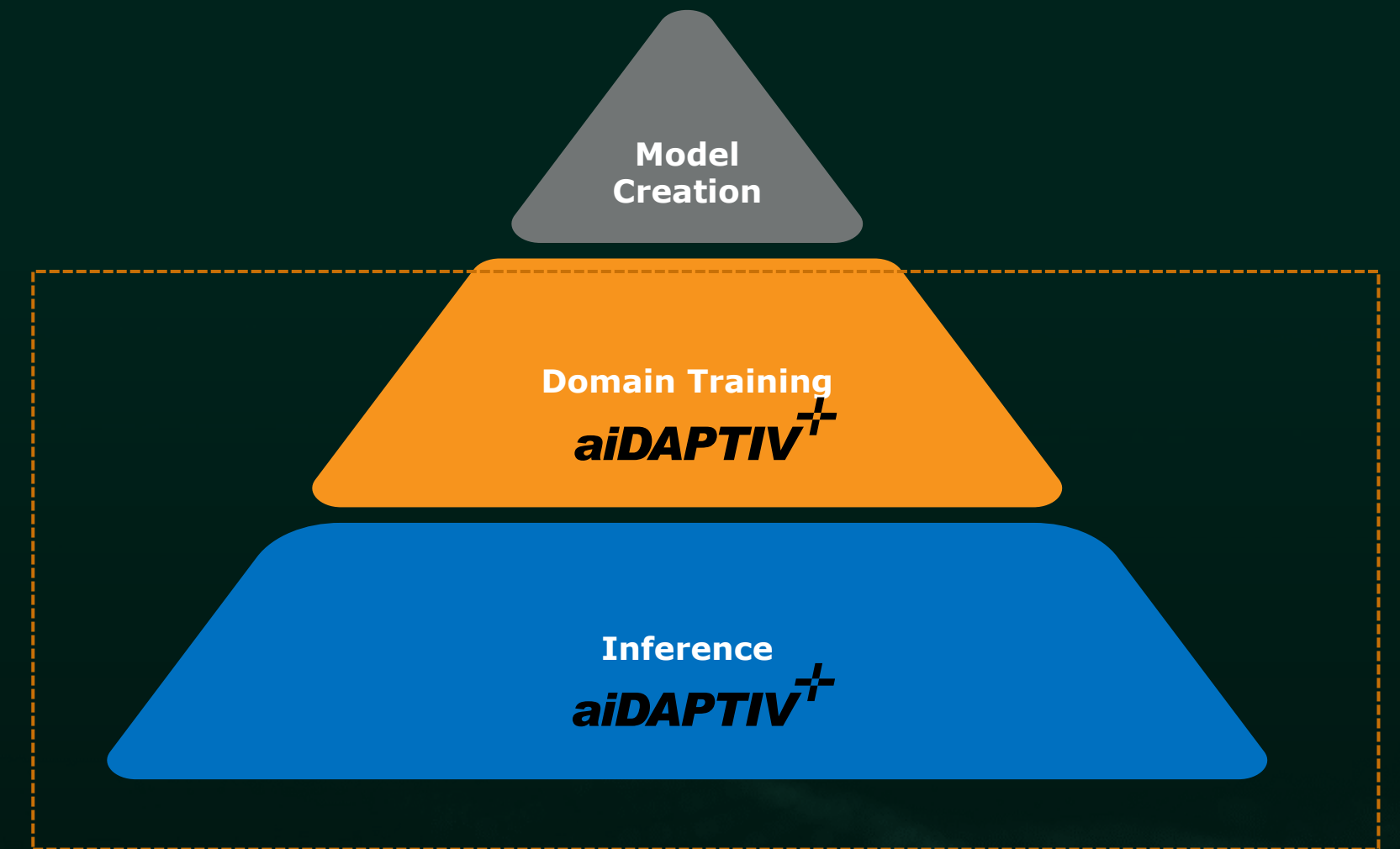


1

Enabling Large-Scale  
Commercial Applications

## From Training to Inference

The application scenarios for Inference are more extensive, and market demand is continuously expanding. It will bring greater business opportunities for aiDAPTIV's transformation.

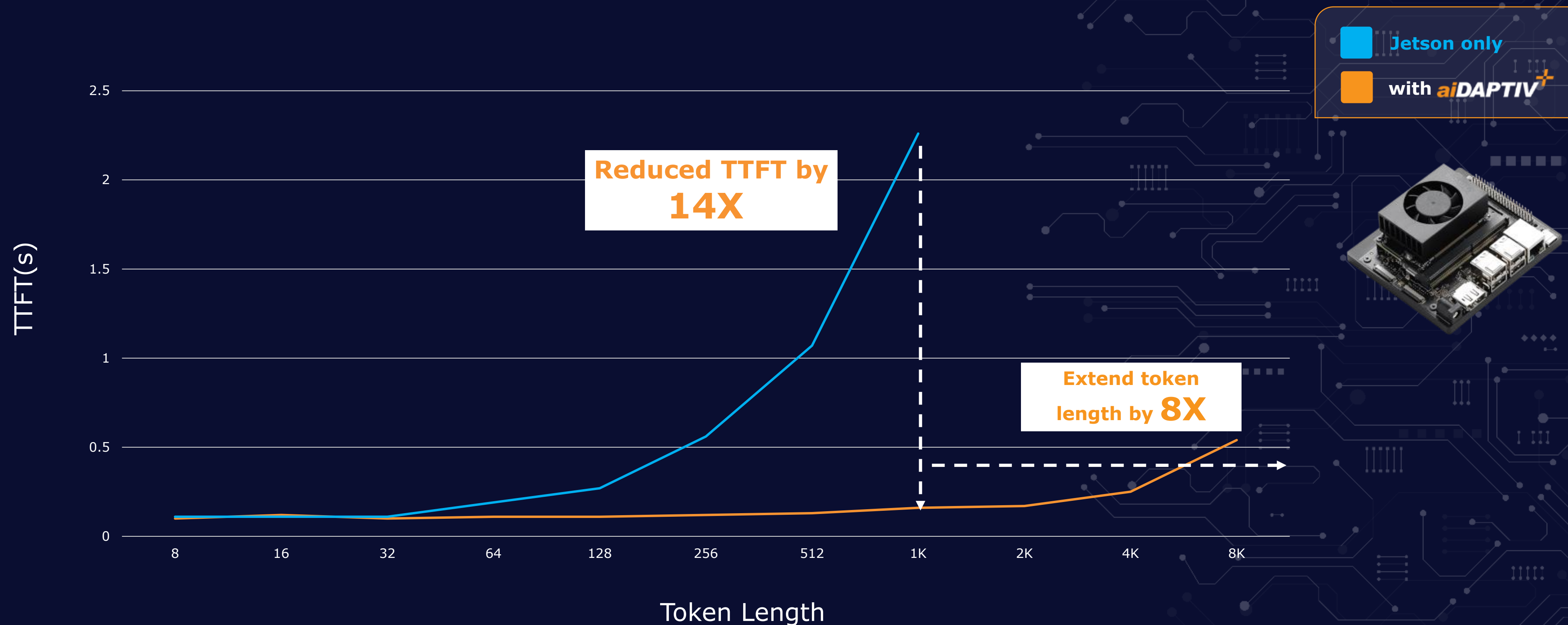


Inference  
**High Market Demand**



# > NVIDIA Jetson Solution

## Improves Inference Performance w/ *aiDAPTIV*<sup>+</sup>



Note:

1. Estimated figures are based on Llama 3.1-8B
2. System : NVIDIA Jetson Orin Nano Super 8GB

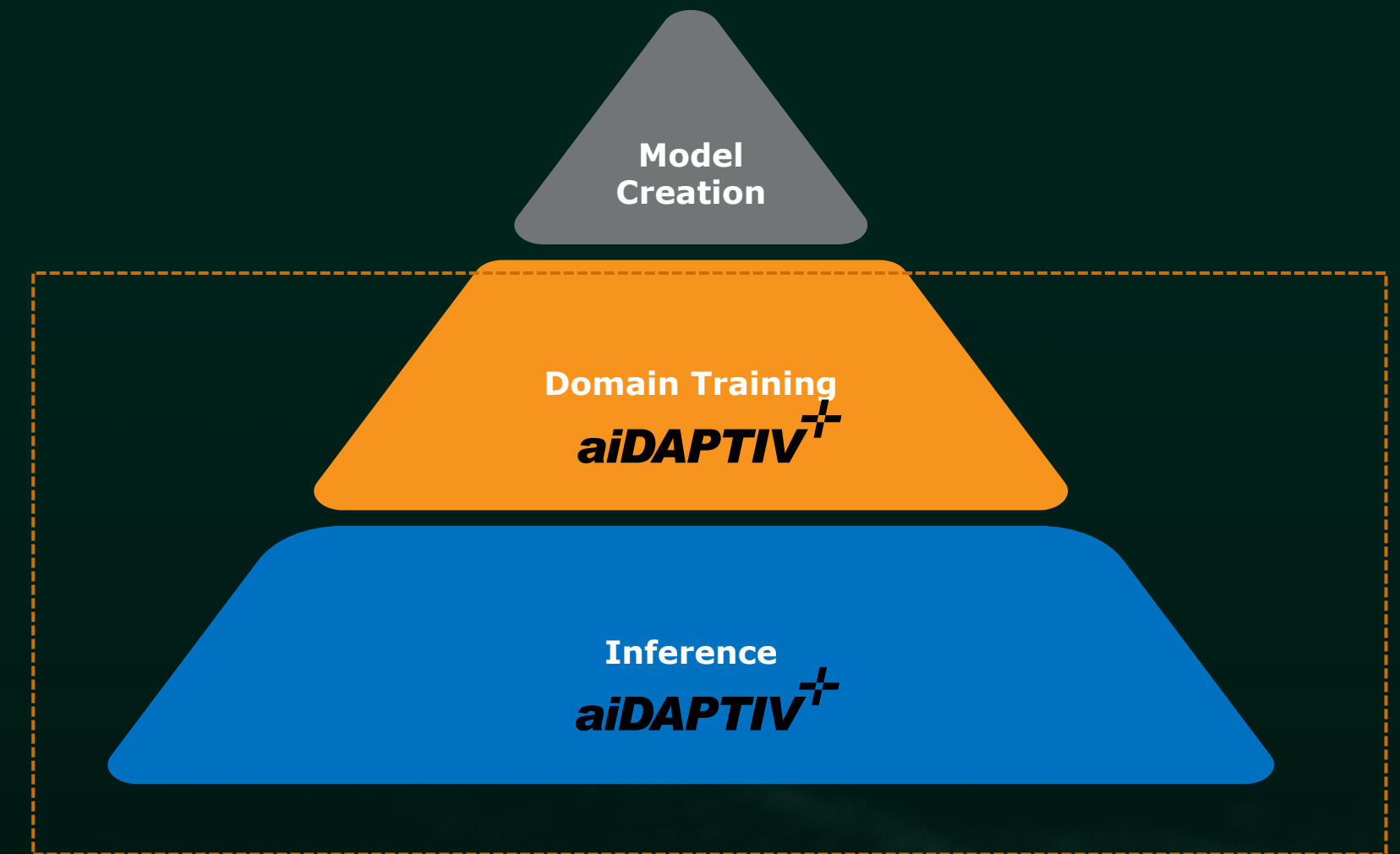


2

Collaborating with Tier 1 OEMs

Driving Complete  
System Solutions

**aiDAPTIV<sup>+</sup>**



Inference  
**High Market Demand**



# 3

## Establishing Strategic Partnerships with Vertical Service Providers

**Taiwan Mobile collaborates with Phison Electronics to launch AI2 x aiDAPTIV + Edge Solution**  
"Plug and Play" for immediate enterprise AI upgrade

**Integration of software and hardware, edge deployment**

**Breaking the barriers to AI implementation, generative AI is no longer limited to cloud applications**

**"Co-research, Co-marketing, Co-expansion"**  
**Building a local generative AI ecosystem**

Co-research — Software development collaboration  
Co-marketing — Channel and application promotion  
Co-expansion — Joint brand and market expansion





# 4

## Successful Shipments in Various Fields

**Healthcare**

**Finance**

**Government**

**Education**

**Manufacturing**



Through Phison's Edge AI solutions - **aiDAPTIV<sup>+</sup>**  
Customers can achieve digital transformation  
enhancing service quality and operational efficiency.



# 5

## From Taiwan to the Global Market

Through collaboration with international partners, continuously optimize products to meet the needs of different markets. And achieving global development.





# 6 Farming POC



## AI-Powered Pest & Disease Detection

Farmers physically go to the pest lamp, take a photo of trapped insects using their phone, and send it to the AI chatbot for instant identification and management recommendations.

## Paddy Doctor Chatbot

Unlock instant, multilingual paddy knowledge – Malay, English, and Mandarin – with the "Paddy Doctor" chatbot, your comprehensive Q&A resource.

## Weather Monitoring

Local weather stations collect data, enabling AI to advise on optimal planting and irrigation schedules. All crucial insights are delivered on a single platform.



# 8 Technology Leadership Update



# Continue to Strengthen Phison Leading Technology Position

Category	2019	2020	2021	2022	2023	2024	1Q25
R&D Headcount	1,450	1,531	2,228	2,891	3,087	3,441	3,418
R&D Exp. / Revenue (%)	11%	14%	13%	14%	22%	21%	19%
R&D Exp. / Operating Exp.	79%	81%	81%	77%	82%	81%	82%

**2000+**  
Global Patents

**4000+**  
Global Employees

**75%+**  
Proportion of Engineers

Note: Global patents including Granted and Pending