

## 2Q25 Consolidated Financial Report Announcement

Phison discloses Taiwan-International Financial Reporting Standards (TIFRS) financial measures and also provides Non-Taiwan-International Financial Reporting Standards (Non-TIFRS)<sup>Note1</sup> financial measures as supplemental information. Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Earnings distribution is made in accordance with financial statements based on TIFRS.

### 2Q25: Taiwan-International Financial Reporting Standards (TIFRS) Financial Measures

- ◆ The consolidated operating revenue for this quarter was NT\$17.890 billion, an increase of 29.3% from the previous quarter and an increase of 12.6% compared to the same period last year.
- ◆ The consolidated gross margin rate for this quarter was 29.1%, a decrease of 1.8% from the previous quarter and a decrease of 5.8% compared to the same period last year.
- ◆ The consolidated operating income for this quarter was NT\$2.346 billion, an increase of 102.0% from the previous quarter and an increase of 17.5% compared to the same period last year.
- ◆ The consolidated net income for this quarter was NT\$0.745 billion; with earnings per share of NT\$3.60.

### Consolidated Revenue

Phison Electronics announced financial results of second-quarter ended June 30, 2025. The consolidated operating revenue for the second-quarter of 2025 was NT\$17.890 billion, representing an increase of 29.3% compared to the previous quarter and an increase of 12.6% compared to the same period last year.

### Consolidated Gross Profit and Gross Margin

The consolidated gross profit for this quarter was NT\$5.199 billion, reflecting a 21.5% increase from the previous quarter and a 6.2% decrease from the same period last year.

The consolidated gross margin for the quarter was 29.1%, making a 1.8% decrease from the previous quarter and a 5.8% decrease from the same period last year.

### Consolidated Operating Expenses

The operating expenses for this quarter amounted to NT\$2.853 billion (15.9% of revenue), compared to NT\$3.119 billion (22.5% of revenue) in the previous quarter and NT\$3.544 billion (22.3% of revenue) for the same period last year.

Operating expenses for the quarter included:

- ◆ R&D expenses totaled NT\$2.248 billion (12.6% of operating revenue), which is lower than the previous quarter's NT\$2.566 billion (18.5% of operating revenue) and lower than the same period last year's NT\$2.853 billion (18.0% of operating revenue).

- ◆ Marketing expenses amounted to NT\$0.371 billion (2.1% of operating revenue), higher than the previous quarter's NT\$0.347 billion (2.5% of operating revenue) and lower than the same period last year's NT\$0.400 billion (2.5% of operating revenue).
- ◆ General and administrative expenses amounted to NT\$0.210 billion (1.2% of operating revenue), lower than the previous quarter's NT\$0.244 billion (1.8% of operating revenue) and lower than the same period last year's NT\$0.269 billion (1.7% of operating revenue).

### **Consolidated Operating Income and Operating Margin**

The operating income for this quarter was NT\$2.346 billion, which was an increase of 102.0% from the previous quarter and an increase of 17.5% from the same period last year. The operating profit margin for this quarter was 13.1%, higher than the previous quarter's 8.4% and higher than the same period last year's 12.6%.

### **Consolidated Non-Operating Income (loss) and Income Tax**

The non-operating losses for this quarter was NT\$1.345 billion, or 7.5% of operating revenue. This was mainly due to the gains and losses of investments for using the equity method, the net foreign exchange gains and gains and losses on financial assets at fair value through profit or loss. The income tax expense for this quarter was NT\$0.256 billion.

### **Consolidated Net Income, Net Profit Margin and EPS**

The net income for this quarter was NT\$0.745 billion, a decrease of 34.7% from the previous quarter and a decrease of 69.6% from the same period last year. The net profit margin for this quarter was 4.2%, lower than the previous quarter's 8.2% and lower than the same period last year's 15.4%.

Earnings per share (EPS) for this quarter was NT\$3.60, lower than the previous quarter's NT\$5.53 and lower than the same period last year's NT\$11.97.

### **Consolidated Cash and Financial Assets-Current**

Cash and Financial assets at fair value-current at the end of this quarter was NT\$14.077 billion, which presents 20.2% of total assets. Cash and Financial assets at fair value-current was NT\$18.538 billion and NT\$16.583 billion at the end of the previous quarter and the same period last year, respectively. Financial assets-current portfolio includes funds, domestic listed stocks, derivatives and so on.

### **Consolidated Accounts Receivable**

The net accounts receivable at the end of this quarter was NT\$10.948 billion, with an average accounts receivable turnover of 55 days (calculated based on the average net receivables for this

quarter and the annualized current sales revenue), which is lower than the 56 days of the previous quarter and lower than the 57 days of the same period last year.

### **Consolidated Inventory**

The net inventory at the end of this quarter amounted to NT\$29.089 billion. The company's inventory is mostly applied to the Non-Retail market. The company will continue to closely monitor market demand and adjust inventory according to its strategies.

The average inventory turnover days for this quarter is 221 days (calculated based on the average net inventory for this quarter and the annualized cost of goods sold), which is lower than the 253 days of the previous quarter and lower than the 235 days of the same period last year.

Note1: Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Reconciliations between TIFRS and Non-TIFRS results include share-based compensation, tax effect and other items. Further information is included in supplemental information.

### **Market Overview**

K.S. Pua, CEO of Phison Electronics, stated that in the second quarter, facing the ongoing challenge of tight supply in the global storage market, Phison will focus on expanding its presence in the mid- to high-end storage segments, competing on product value to avoid falling into low-price competition. He further noted that substrate boards required for NAND controllers and SiP/System-in-Package storage modules remain in short supply, while capacity constraints and price increases at packaging and testing facilities have also led to delivery delays. In response to these challenges, Phison continues to maintain close communication with its supply chain partners and customers to fulfill global order demand to the greatest extent possible.

On the product side, Phison has steadily expanded its market share in the mobile segment, while revenue from enterprise-grade PCIe 5.0 SSDs has already surpassed that of PCIe 4.0 products, reflecting the stable growth in demand for high-speed storage in servers and data centers. At the same time, the company continues to leverage customization to help automotive manufacturers create differentiated in-vehicle storage solutions, steadily increasing its market share. In the AI domain, Phison's aiDAPTIV+ solution, following the adoption of AITPC (AI Training PC) in schools, has begun to gain broad traction, and the company will continue driving large-scale deployment to contribute to positive growth momentum.

K.S.Pua further emphasized that in the face of short-term rapid depreciation of the U.S. dollar, which is putting pressure on exporters' profitability, Phison will continue to launch high-margin products and maintain healthy inventory management to sustain gross margins. Moreover, since the company's major raw materials are primarily priced and settled in U.S. dollars, this helps offset

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the impact of exchange rate fluctuations. By prudently managing its U.S. dollar-denominated assets and liabilities, Phison aims to reduce the risk of non-operating foreign exchange losses. At the same time, anticipating potential supply tightness in the NAND storage market and continued growth in enterprise SSD demand, Phison has launched its third issuance of convertible bonds to strengthen capital and prepare for future market opportunities and challenges.

## 【Supplemental Information】

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

NT\$/million		2Q25	1Q25	2Q24	Q/Q (%)	Y/Y (%)
TIFRS	Operating Profit	2,346	1,162	1,997	101.9%	17.5%
	Operating Profit Margin (%)	13.11%	8.39%	12.56%		
Reconciliations	Shares-based payment (reversal)	(1)	(3)	26		
Non-TIFRS	Operating Profit	2,345	1,159	2,023	102.3%	15.9%
	Operating Profit Margin (%)	13.11%	8.37%	12.73%		

TIFRS	Net Income	745	1,141	2,451	(34.7%)	(69.6%)
	Net Income (%)	4.16%	8.24%	15.42%		
	Basic EPS (NT\$)	3.6	5.53	11.97		
Reconciliations	Shares-based payment (reversal)	(1)	(3)	26		
	Tax effect	-	-	(4)		
Non-TIFRS	Net Income	744	1,138	2,473	(34.6%)	(69.6%)
	Net Income (%)	4.16%	8.22%	15.56%		
	Basic EPS (NT\$)	3.6	5.52	12.08		

Note1: Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Reconciliations between TIFRS and Non-TIFRS results include share-based compensation, amortization of acquisition related assets, tax effect and other items. Earnings distribution is made in accordance with financial statements based on TIFRS.

Note2: Sums may not equal totals due to rounding.

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### **[PHISON's Quick Facts]**

- Over 23 years experiences in NAND controller IC design and module integration.
- Over 4,000 employees globally, and more than 70% are engineers
- Nearly 2,000 memory-related patents globally.
- Target long-term revenue of NT\$100 billion through the 5+5 growth strategy
- The global market share of SSD controller exceeds 20%
- The global market share of automotive-grade controller exceeds 40%
- Phison, along with NAND makers such as KIOXIA, Micron, Western Digital, Samsung, SK Hynix, and others, are long-term partners.
- Over 70% of Phison's revenue contribution comes from "non-consumer" NAND storage applications, including servers, automotive systems, embedded systems, industrial applications, gaming consoles, and generative AI, allowing Phison to maintain relatively stable revenue and profitability despite fluctuations in the NAND industry.
- Phison's mastery of the entire NAND industry ecosystem, including its relationships with upstream NAND makers, supply chain partners for NAND controllers and storage modules, and downstream NAND storage application customers, represents invaluable and irreplaceable value that Phison brings to its global clients and partners. It is also a key advantage that enables Phison to stand firm in the NAND industry.

### **[About PHISON]**

Phison Electronics Corp. (TPEX:8299) is a global leader in NAND Flash controller IC and storage solutions. We provide a variety of services from controller design, system integration, IP licensing to total turnkey solutions, covering applications across SSD (PCIe/SATA/PATA), eMMC, UFS, SD and USB interfaces, reaching out to consumer, industrial and enterprise markets. As an active member of industry associations, Phison is on the Board of Directors for SDA, ONFI, UFSA and a contributor for JEDEC, PCI-SIG, MIPI, NVMe and IEEE-SA.

To know more about Phison, please visit [Phison Website](#) or [Phison Q&A](#) for details.

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### **[Forward-looking Statements]**

Information included in this press release 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 cyclicality, 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.