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PHISON

Financial Results & Company Outlook

2022 First Quarter

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May 6, 2022

Forward-Looking Statement

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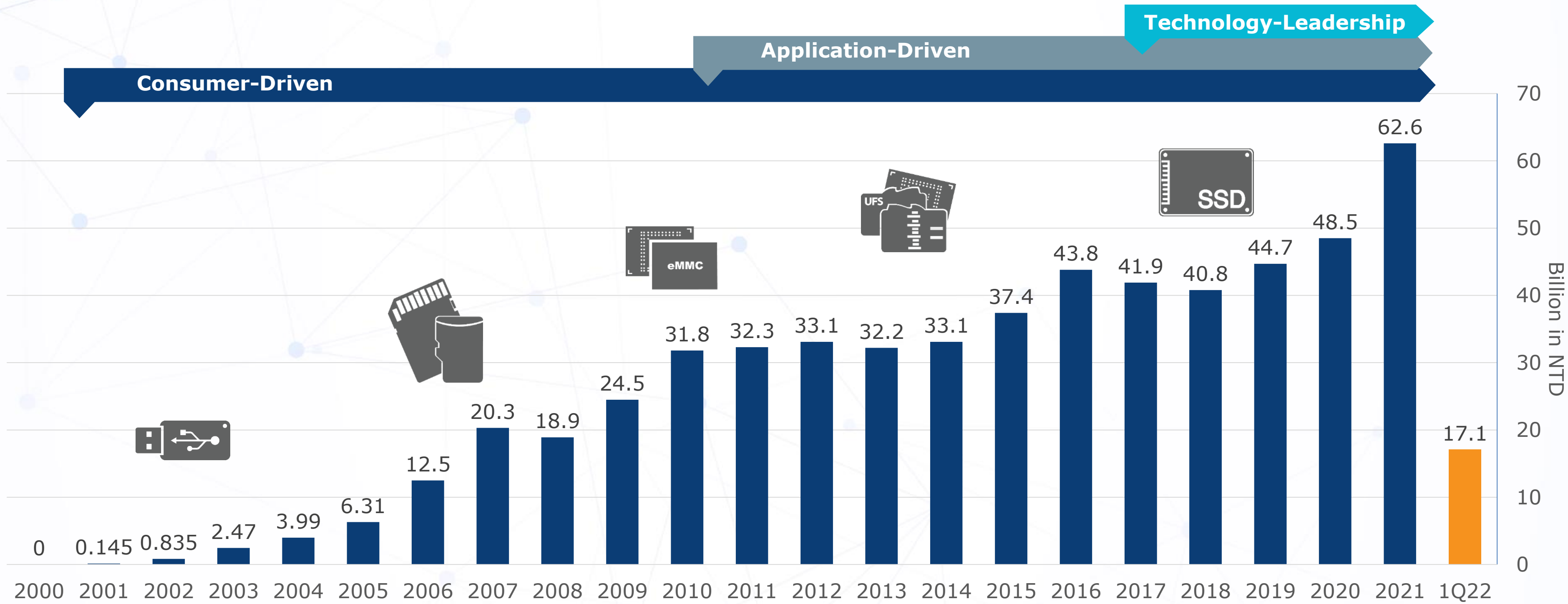
Executive Summary

- 1** Phison's Business Transformation
- 2** Financial Results
- 3** Business Highlights
- 4** Technology Leadership Update
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1 Phison's Business Transformation

Phison's Continuous Transformation Improves Non-consumer Storage Market Results

Gaming Enterprise Automotive Industrial Embedded ODM

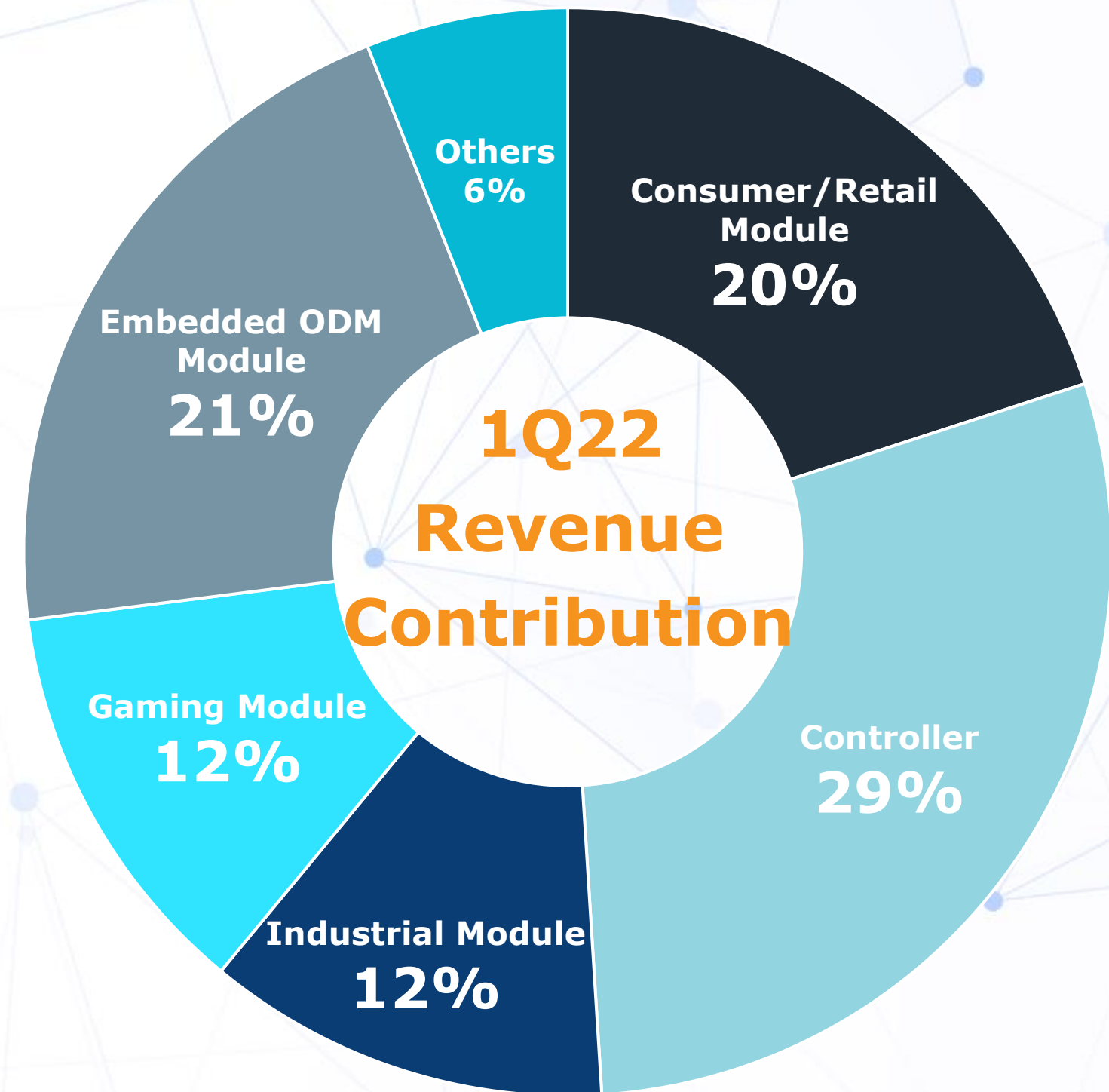


Consolidated revenue in NT\$ Billion

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

Revenue from Non-consumer/retail Products

70%



Note: Controller revenue contribution includes controllers directly shipped and applied to modules

The New Focus of Phison's 5+5 Growth Strategy



2 1Q22 Financial Results

1Q22 Revenue and Gross Profit

1Q22 Revenue
\$17.1B

Revenue up 32.7% YoY

A record high for the same period
A record high for single quarter

1Q22 Gross Profit
\$5.395B

Gross profit 41.8% YoY

A record high for the same period
A record high for single quarter

Revenue in \$NT

1Q22 Business performance

ASIC

- 29%** of total revenue in 4Q 2021
- 26%** YoY SATA and PCIe total controller unit growth
- 77%** YoY PCIe controller unit growth

Module

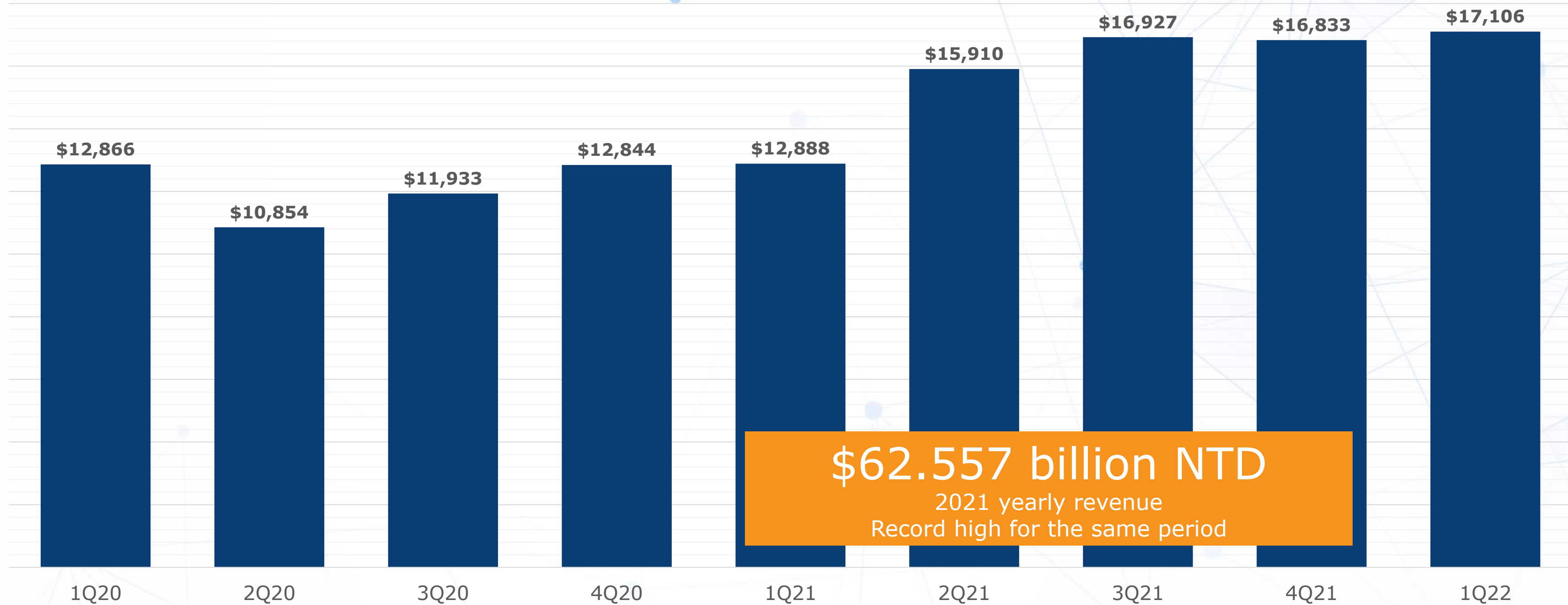
- 65%** of total revenue in 4Q 2021
- 3%** YoY unit growth in BGA SSD modules
- 18%** YoY revenue growth in gaming modules
- 125%** YoY revenue growth in embedded ODM modules

Revenue Trend

Successful transformation of the non-consumer storage market, maintaining stable revenue growth

Single-quarter revenue hits record high

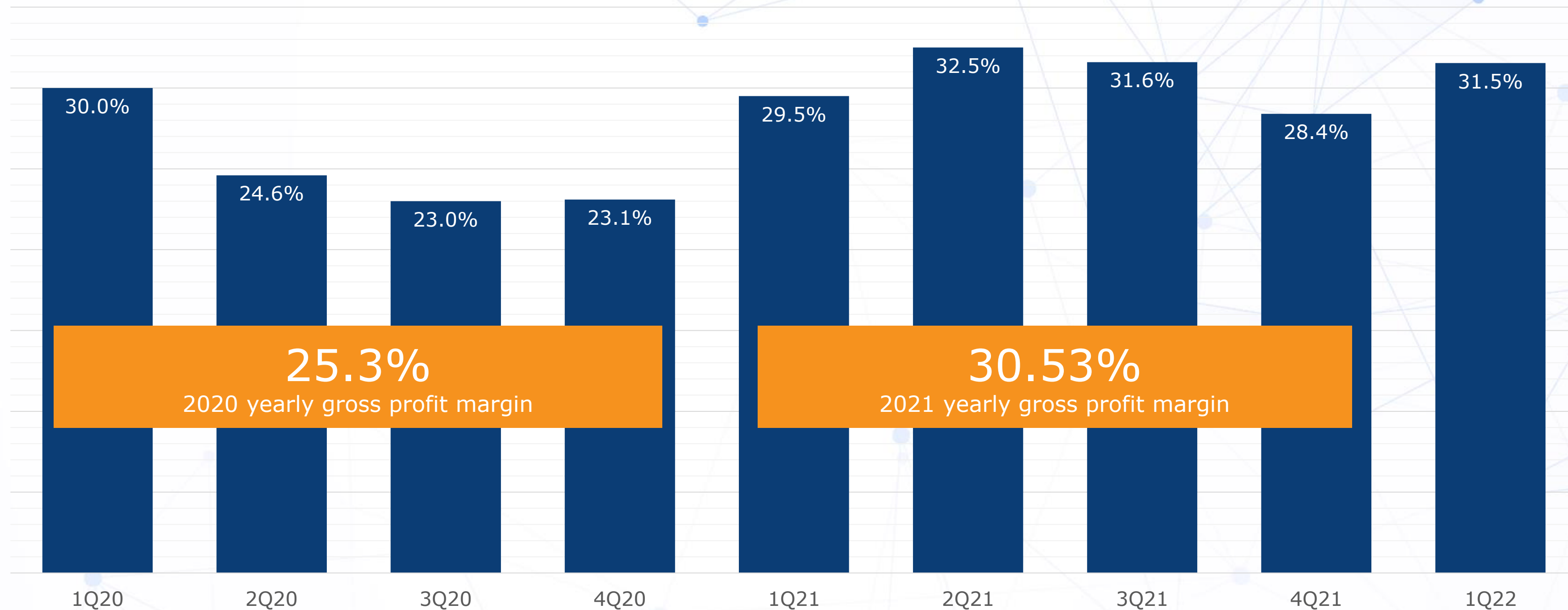
■ Revenue NT\$ millions



Gross Margin Rate Trend

Continue to improve the non-consumer product portfolio, maintaining a stable gross margin rate

■ Gross Margin %



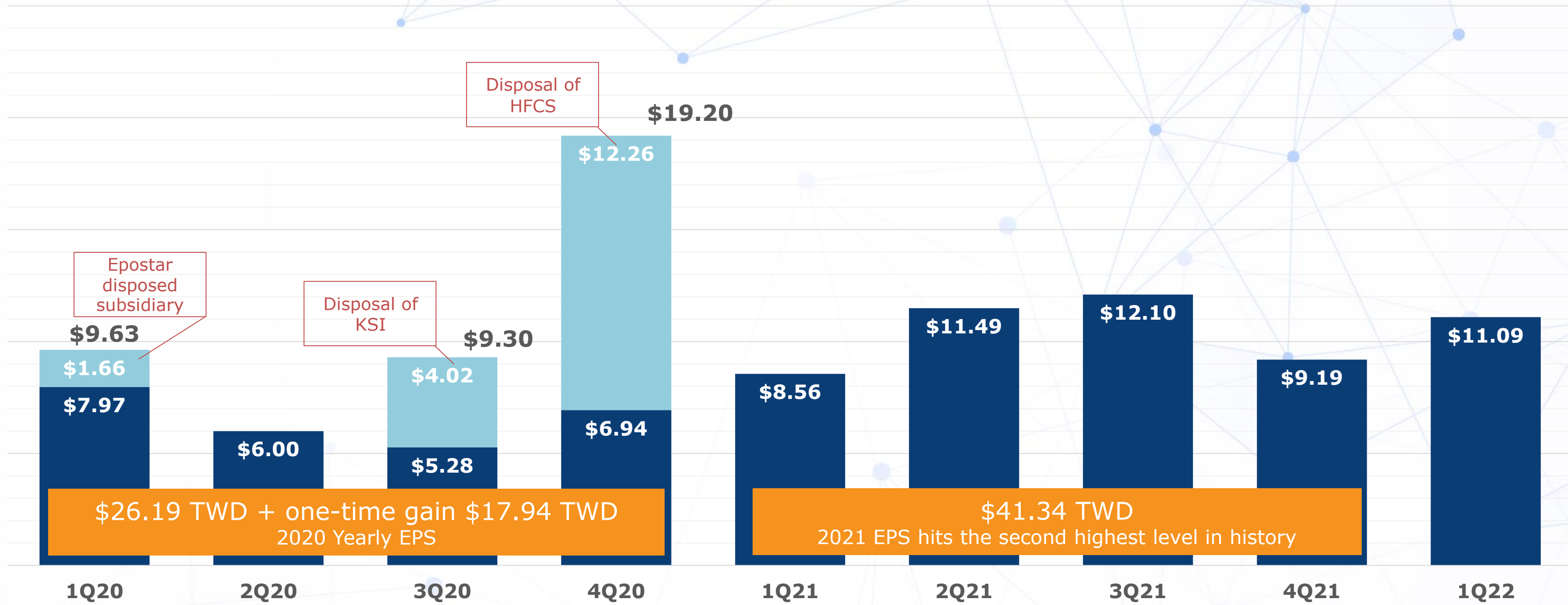
Note:

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.

Earnings Per Share Trend

Phison's unique business model drives strong profitability

In \$NT



*EPS contribution from one-time gain is in light blue.

Income Statement Highlights

A record high over the same period in history

NT\$m	1Q22	4Q21	Q/Q (%)	1Q21	Y/Y (%)
Revenue in US\$Mn	613	605	1.3	455	34.7
Revenue	17,106	16,833	1.6	12,888	32.7
Gross Profit	5,395	4,776	13.0	3,804	41.8
Operating Expenses	2,935	2,916	0.7	1,968	49.1
Operating Profit	2460	1,860	32.3	1836	34.0
Non-Operating gains (losses)	163	208	(21.6)	217	(24.9)
Pretax Income	2,623	2,068	26.8	2,053	27.8
Tax Expenses	438	256	71.1	365	20.0
Net Income to Phison	2,185	1,812	20.6	1,688	29.4
Basic EPS (NT\$)	11.09	9.19	20.7	8.59	29.1
Adjusted EBITDA*	2,955	2,488	18.8	2,339	26.3
Key Financial Ratios (%)					
Gross Margin	31.5%	28.4		29.5%	
Operating Margin	14.4%	11.0		14.2%	
Net Profit Margin	12.8%	10.8		13.1%	
Average Exchange Rate--USD/NTD	27.99	28.00		29.55	

*Adjusted EBITDA which takes earnings and adds back net interest, taxes, depreciation/amortization charges and employee stock option expenses, plus other adjustments related to disposal of long-term investments.

Balance Sheet Highlights

NT\$m	1Q22		4Q21		1Q21	
	Amount	%	Amount	%	Amount	%
Total Assets	63,155	100.0	63,021	100.0	51,716	100.0
Cash & Current Financial assets at fair value	13,947	22.1	20,248	32.1	18,676	36.1
Account Receivable	10,003	15.8	8,729	13.9	7,760	15.0
Inventories	23,780	37.7	19,497	30.9	13,159	25.4
Long-term Investments	5,333	8.4	5,241	8.3	4,608	8.9
Net PP&E	6,866	10.9	6,651	10.6	4,916	9.5
Total Liabilities	25,853	40.9	25,713	40.8	15,161	29.3
Current Liabilities	20,166	31.9	21,827	34.6	14,701	28.4
Bonds Payable	3,420		3,413	5.4	-	-
Total Equity	37,302	59.1	37,308	59.2	36,555	70.7
BVPS(NT\$)	189		189		185	
Key Financial Ratios						
A/R Turnover Days	50		43		47	
Inventory Turnover Days	168		125		117	
ROE (%)	23.4		22.5		18.8	
ROA (%)	13.9		14.8		13.6	

April 2022 Consolidated Revenue

April 2022 Consolidated Revenue

\$5.902B

Revenue up 16% YoY

A record high over the same period in history

**Cumulative Consolidated Revenue
(Jan to Apr in 2022)**

\$23.008B

Revenue up 28% YoY

A record high over the same period in history

***The unit of revenue is NTD**

3 Business Highlights

Phison Ranked Top 10 Storage Companies Globally

Phison Ranked Top 10 Storage Companies Globally in 2021

Top 14 in Storage Revenue in \$ Million

Rank 2021	Rank 2020	Vendors	2020 revenue	2021 revenue	2020/21 growth	Business
1	1	SK hynix	26,346	35,511	35%	DRAM, flash chips
2	2	Micron	21,435	27,705	29%	DRAM, flash chips, SSD
4	3	WD	16,736	16,922	1%	HDD, SSD, NAND
3	4	Dell**	16,410	16,465	0%	Storage subsystems
5	5	Seagate	10,509	10,681	2%	HDD
6	6	Kioxia	8,414	10,040	19%	NAND, SSD, flash cards
7	NA	AWS* (estim.)		9,000	NA	Cloud storage services
8	7	NetApp	5,412	5,744	6%	Storage subsystems
9	8	HPE *	4,685	4,763	2%	Storage subsystems
10	10	Phison	1,706	2,202	29%	SSD controllers
11	11	Pure Storage	1,684	2,181	30%	AFA
12	9	Dropbox	1,914	2,158	13%	Cloud storage
13	12	Nutanix	1,308	1,394	7%	HCI storage software
14	13	Marvell*	1,138	1,152	1%	Storage and network controller
		TOTAL	117,697	136,918	16%	

(Compilation by StorageNewsletter.com)

* storage only

**storage products only



<https://www.storagenewsletter.com/2022/03/22/top-storage-companies-in-2021/>

1Q22 Business Highlights



Retail

- Phison Gen4 SSD E16, E19T, and E18 were adopted by multiple retail SSD brands.
- Phison Gen4 E21T SSD started to ship for retail market.
- Phison USB3.2 U17 solution delivered extreme SSD-like performance for portable devices.



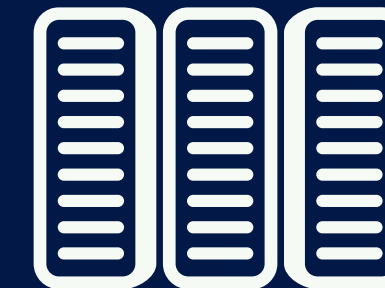
OEM

- Phison Gen4 E21T SSD solution started to ramp up for PC OEMs.
- Phison Gen4 E19T BGA SSD installed in thin NB models.
- Phison UFS 3.1 PS8317 solution adopted by tablet devices.
- Phison eMMC PS8232 enabled smart phones.



Gaming

- Phison Gen4 E19T SSD enabled multiple gaming NB models
- Phison Gen3 E13T BGA SSD got approved by gaming phones.
- Phison Gen4 E18 SSD matched upgrade requirement for gaming console PS5 by multiple SSD brands.



Server / DC

- Phison SATA S12DC SSD solution qualified by data centers
- Phison SATA S12DC SSD installed in NAS systems.



Industrial

- Phison PS8211 SD card solution installed in networking switch.
- Phison PS8231 SD card solution adopted by automotive surveillance systems.
- Phison Gen3 E13T delivered power-saving performance for POS machines.
- Phison automotive-grade eMMC PS8231 solution enabled auto-management systems.

2Q22 NAND Market Highlights

Seagate and Phison Broaden Partnership to Bolster Portfolio of Enterprise-Class SSDs



Coming soon

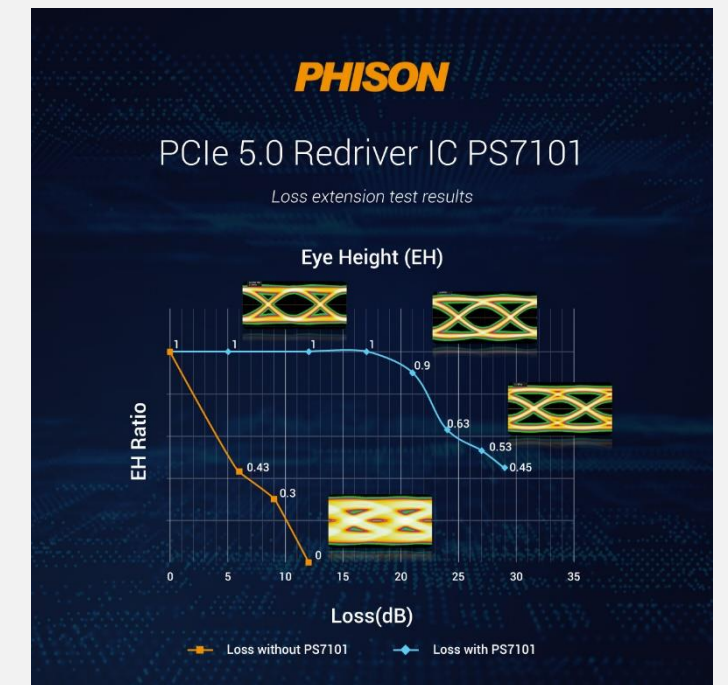
Phison Strengthens its Position in Automotive Storage Market: Secures Automotive Functional Safety Certification ISO 26262



Phison Gen5 SSD Controller E26 Awarded Best Of CES 2022



Phison's Self-Designed ReDriver IC PS7101 already Passed all PCIe 5.0 Tests by PCI-SIG (World's First)

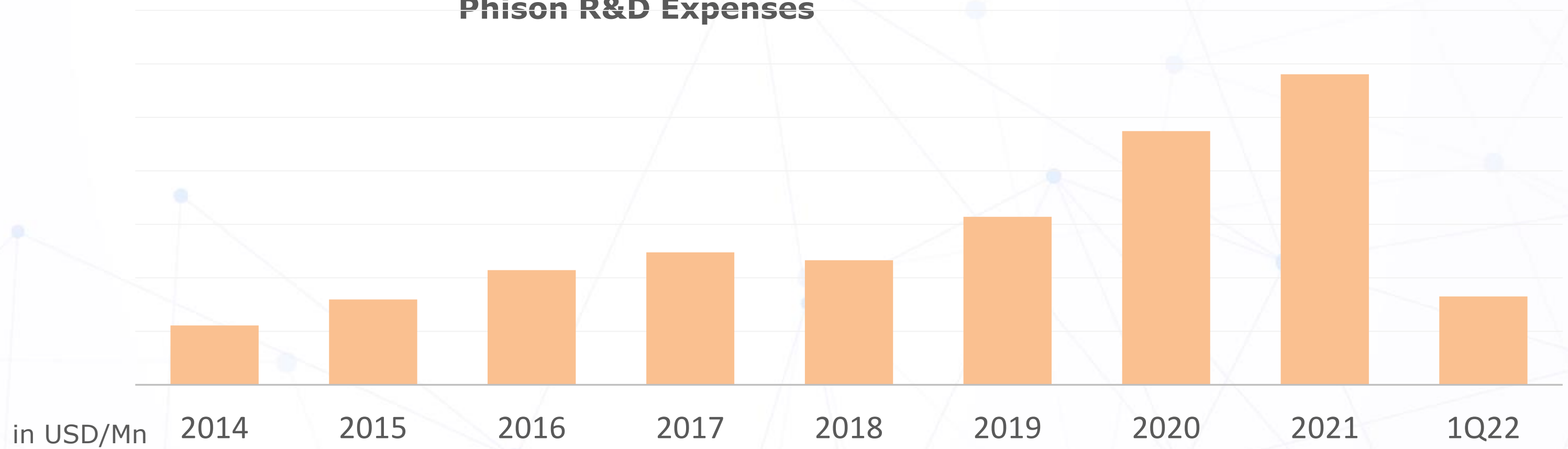


4 Technology Leadership Update

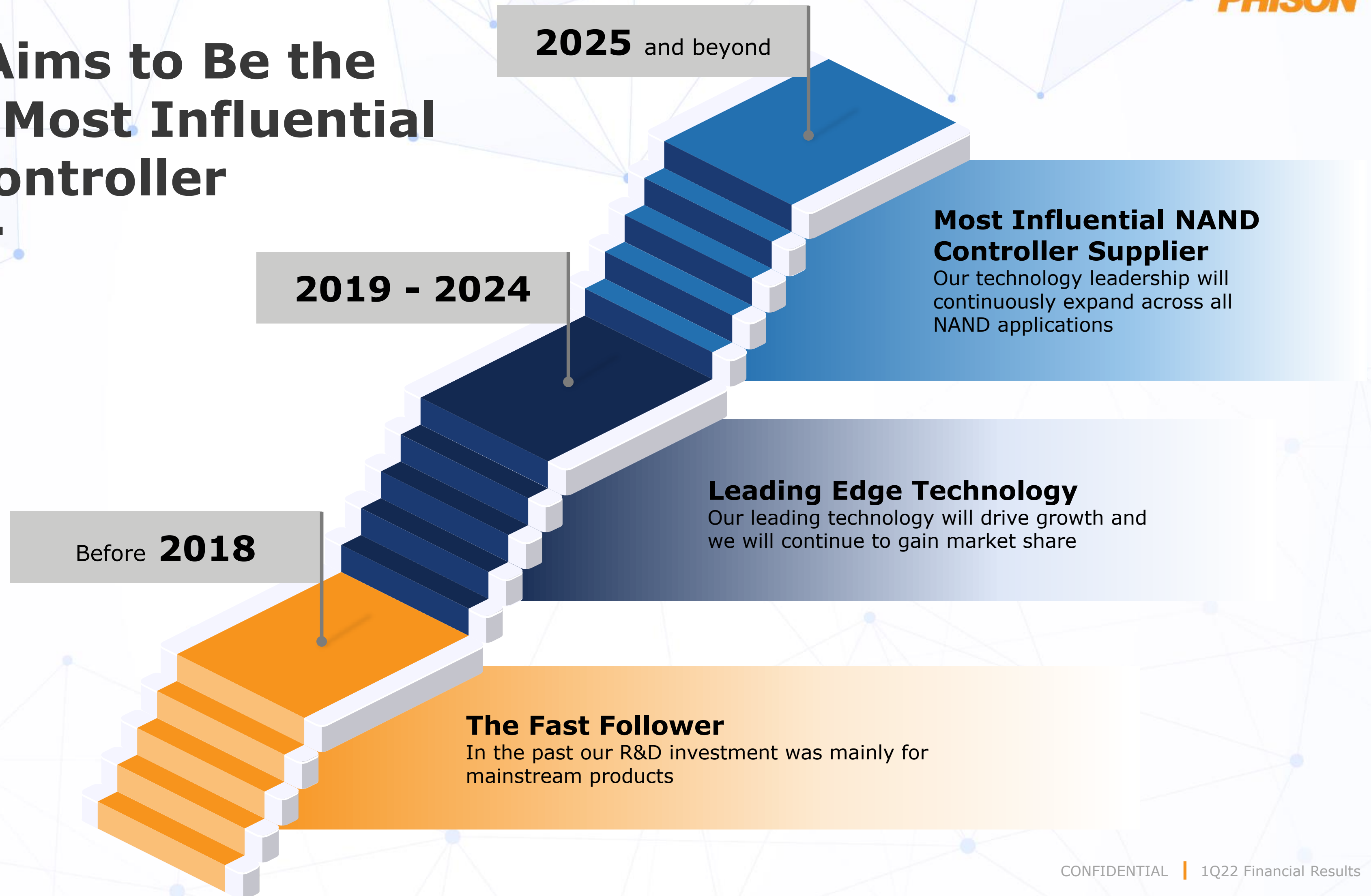
Continue to Strengthen Phison Leading Technology Position

Category	2014	2015	2016	2017	2018	2019	2020	2021	1Q22
R&D Exp. / Revenue (%)	5%	6%	7%	9%	9%	11%	14%	13%	14%
R&D Exp. / Operating Exp.	65%	71%	73%	78%	79%	79%	81%	81%	79%

Phison R&D Expenses



Phison Aims to Be the World's Most Influential NAND Controller Supplier



If you have any other questions,
please feel free to ask