

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (TWSE: 8299). Please see the details of our consolidated earnings of Y2019 below:

KEY TAKEAWAYS

- 2019 consolidated revenue totaled **NT\$44.693bn, up 10% YoY**, refreshing history record high.
- 4Q 2019 consolidated revenue totaled **NT\$13.173bn, up 30% YoY**, refreshing history record high.
- 4Q 2019 gross profit totaled **NT\$3.48bn, up 62% YoY**, refreshing history record high.
- 2019 **EPS NT\$23.05**, hitting history 3rd record high.
- Both **annual and 4Q controller IC shipment of 2019** hit history record high.

Phison's 2019 revenue totaled **NT\$44.693bn, up 10% YoY**. Revenue for 4Q 2019 totaled **NT\$13.173bn, up 30% YoY**. Both annual and 4Q revenues of 2019 hit **history record high**, and 2019 annual EPS NT\$23.05 also reaches **history 3rd high** even facing highly-competitive NAND industry and most peers suffering from revenue and profit drop in 2019, **proving** PHISON's [twin-growth-engines model](#) (NAND controller and NAND storage solutions) can effectively drive company's development against the downside tides.

FY2019 Earnings (PHISON 8299)	NT\$bn	YoY	Remarks
Annual Consolidated Revenue	44.693	10%	History Record High
4Q Consolidated Revenue	13.173	30%	History Record High
4Q Gross Profit	3.48	62%	History Record High

Breaking down the shipment details, total memory module shipment of 4Q 2019 grows over 23% YoY, SSD and eMMC module shipment rises nearly 78% YoY, and PCIe SSD module shipment increases nearly 440% YoY. Furthermore, **both annual and 4Q controller IC shipment of 2019 hits history record high**.

Analyzing the revenue categories, total memory module revenue of 4Q 2019 grows nearly 48% YoY, accumulated SSD and eMMC module revenue of 2019 increases 65% YoY, and annual PCIe SSD module revenue even hits 620% YoY, demonstrating **PHISON is growing in both revenue and market share healthily**, and high-end PCIe SSD adoption keeps raising as projected.

FY2019 Business Highlights (PHISON 8299)	YoY
4Q 2019 Total Memory Module Shipment	23 %
4Q 2019 SSD and eMMC Module Shipment	78 %
4Q 2019 PCIe SSD Module Shipment	440 %
4Q 2019 Total Memory Modul Revenue	48 %
2019 SSD and eMMC Module Revenue	65 %
2019 PCIe SSD Module Revenue	620 %

K.S. Pua, CEO and Chairman of PHISON, said that the operating expenses of Y2019 is 34% higher than Y2018. This is because 5G technology is expected to drive growth of NAND-storage-related applications such as networking infrastructure, AIoT, cloud services, and autonomous vehicle, etc., according to various market intelligence firms, and thus we continuously **invest advanced process of NAND controllers**. Moreover, PHISON's strategic **development of high-end NAND storage applications** such as server, industrial, embedded, and automotive markets also requires massive experienced engineers and related equipment.

In comparison with last quarter, the non-operating income of 4Q 2019 from KSI (Kingston Solutions Inc.) has returned from loss to profit. Furthermore, if putting aside the exchange losses due to dynamically international situation in 2019, PHISON's annual EPS could be increased roughly by NT\$0.7. All these earnings result indicates that **PHISON outperforms peers despite the facts that Y2019 is a harsh year for most industry companies**. To prospect Y2020, PHISON will keep working steadily and making solid progress, and continuously develop high-end NAND storage markets strategically.

FY2019 Statement of Comprehensive Income (PHISON 8299)	Unconsolidated	Consolidated
Net Operating Revenue	44,479,275	44,693,441
Gross Profit	11,152,581	11,149,275
Operating Income	5,212,694	5,210,013
Income Before Tax	5,340,446	5,350,934
Net Income	4,543,489	4,545,837
Total Comprehensive Income	4,762,958	4,764,337
EPS (Basic, in NTD)	23.05	23.05

* In Thousands of NTD, except EPS

Best regards,

[PHISON's Quick Facts]

- **Over 20 years** experiences in NAND controller IC design and module integration.
- Over 2,000 employees globally, and more than **75% are engineers**
- **Over 1900** memory-related patent globally.
- **3 major focuses:** enterprise, embedded, and consumer market.
- **600M** average annual controller shipment.
- **\$1.45B** sales revenue in 2019 (no debt).
- **Confident** that our [unique business model](#) can produce consistently strong cashflows and profits over the long-term amidst NAND memory market cycles.
- **Strongly** maintain long-term partnerships with our global NAND flash supply sources and with our downstream module customers.

[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.

PHISON Website: <https://www.phison.com/en/company/about-us>

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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.