

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (TWSE: 8299). Please see the details of our consolidated earnings of 1Q 2020 below:

KEY TAKEAWAYS

- In 1Q 2020, consolidated revenue reached NT\$12.866bn, YoY grew by 38%, reaching the second highest in a single quarter.
- In 1Q 2020, EPS reached NT\$9.63, YoY grew by 115%, refreshing historical single-season high.
- In 1Q 2020, PCIe SSD finished modules increased by 190% compared with the same period last year, indicating that the demand for high-speed storage has grown steadily.

Phison's 1Q 2020 revenue totaled NT\$12.866bn, up 38% YoY, setting a record high in a single quarter. Gross profit reached NT\$3.865bn, a new single-quarter high and YoY growth of up to 85%. The overall gross profit margin rate has reached 30.04%, which is the second highest in history, due to the gradual increase in the revenue contribution of high-end products such as embedded and industrial solutions. In addition, after-tax net profit and EPS both set new historical highs, reaching NT\$1.898bn, and NT\$9.63, respectively. In the first quarter of 2020, under the circumstance of coronavirus gradually raging, in addition to benefiting from the European and American transfer orders caused by the epidemic, the high-end products gradually showing results is another factor that caused the first quarter's dazzling results.

1Q 2020 Earnings (PHISON 8299)	NT\$bn	YoY	Remarks
Consolidated Revenue	12.866	38%	History 2nd High Quarterly
Gross Profit	3.865	85%	History Record High Quarterly
Net Profit after Tax	1.898	115%	History Record High Quarterly
EPS	9.63	115%	History Record High Quarterly

In terms of total shipments, compared with the same period in 2019 (YoY), total shipments of memory modules in the first quarter of 2020 grew by nearly 6%, and total shipments of SSD and eMMC memory modules grew by nearly 48%. Furthermore, the total shipment of SSD finished modules grew by nearly 28%, while the total shipment of PCIe SSD finished products grew by nearly 190%. In addition, the annual cumulative memory bit (Total Bits) shipments also maintained a 45% growth. These shipment data show that Phison not only continues to gain market share in the global NAND storage application market, but the penetration rate of high-speed storage such as PCIe SSD is also growing steadily driven by applications such as high-definition video and game consoles.

1Q 2020 Business Highlights (PHISON 8299)	YoY
Total Memory Module Shipment	6 %
SSD and eMMC Module Shipment	48 %
SSD Module Shipment	28 %

PCIe SSD Module Revenue	190 %
Annual Cumulative Total Bit Shipments	45 %

K.S. Pua, CEO and chairman of Phison, said that operating expenses in the first quarter of 2020 have doubled compared with the same period in 2019, mainly because Phison is still optimistic about the related NAND storage application demands driven by 5G technology, including edge computing, HD image processing, high-end gaming, cloud services, etc., so we continue to invest in advanced next-generation NAND controllers. Furthermore, coupled with intensive deployment of high-end storage applications such as in-vehicle system market, Phison has invested a lot of high-end manpower and verification processes and equipment. With the comprehensive strategy, coupled with IP licensing and ASIC design services, we continue to improve customer service and get rid of price competition.

Compared with the same period of last year (YoY), the profit from the investment in KSI (Kingston Solutions Inc.), etc. in the first quarter of 2020 increased by more than 300% to reach NT\$430mn. Phison's first-quarter operating results benefited from the European and American orders-transferred effect and Phison's successful strategy in high-end products, the overall revenue and profitability were eye-catching. However, because the epidemic has not eased in the second quarter, Phison will maintain a diligent attitude towards the coming quarters and concentrate on research and development to prepare for the next wave of growth after the epidemic.

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.

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.