

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (TWSE: 8299). Please see the details of our consolidated earnings of 2Q 2020 below:

KEY TAKEAWAYS

- In 2Q 2020, consolidated revenue reached NT\$10.854bn, YoY grew by 11%, reaching single-season historical high for the same period.
- In 2Q 2020, EPS reached NT\$6.0, YoY grew by 52%, refreshing the third highest in a single season for the same period.
- Recently, Phison has continued to adjust its strategic investment layout and structure in order to ensure that Phison can continue to stand firm in the turbulent global market and finally achieve the goal of sustainable development.

Phison's 2Q 2020 revenue totaled NT\$10.854bn, up 11% YoY, setting a new high in history over the same period. Gross profit reached NT\$2.672bn, the second highest in a single quarter in history for the same period and YoY growth reached 23%. The overall gross profit margin not only maintained an excellent level of 24.62% compared to the industry in the second quarter, but also hit the second highest level of 27.56% over the same period in the first half of 2020. In addition, after-tax net profit and EPS also set the third highest in history during the same period, reaching NT\$1.184bn and NT\$6 respectively. In the second quarter of 2020, as COVID-19 continues to affect the global economy, in addition to benefiting from the long-term stable customer base of Phison, the slow recovery of the economies of all countries is another factor for Phison's stable performance.

2Q 2020 Earnings (PHISON 8299)	NT\$bn	YoY	Remarks
Consolidated Revenue	10.854	11%	Single-season historical high for the same period
Gross Profit	2.672	23%	The second highest in single season for the same period
Net Profit after Tax	1.184	52%	The third highest in a single season for the same period
EPS	6	52%	The third highest in a single season for the same period

Compared with the same period in 2019 (YoY), the total shipments of SSD and eMMC controller in the second quarter of 2020 increased by 38%, and the total shipments of PCIe SSD controller increased by 111%, showing that the consumer market, driven by high-end PCIe Gen4 SSDs, still has strong demand for high-speed storage. Furthermore, in the cumulative part of the year (1Q to 2Q), the total sales of SSD and eMMC increased by 51%, the total sales of PCIe SSD increased by 170%, and the total number of memory bits (Total Bits) shipments increased by nearly 18 %, all hit a record high over the same period in history. These data show that although market demand in the second quarter was weaker than that in the first quarter, Phison still strives to manage various storage application opportunities, assist customers in solving problems, actively win customer

orders, and establish a long-term trust and cooperation basis with customers. Therefore, when the market conditions are depressed, stable revenue and profit can still be maintained.

2Q 2020 Business Highlights (PHISON 8299)	YoY	Remarks
Total shipments of SSD and eMMC controller	38 %	
Total shipments of PCIe SSD controller	111 %	
Cumulative annual total sales of SSD and eMMC	51 %	Historical high over the same period
Cumulative annual total sales of PCIe SSD	170 %	Historical high over the same period
Cumulative annual total shipments of memory bit	18 %	Historical high over the same period

K.S. Pua, CEO and chairman of Phison, said that the operating expenses of the second quarter of 2020 increased by about 50% compared to the same period in 2019, mainly due to Phison's increased R&D investment, continuous expansion of R&D headcounts, and continuous development of advanced process controllers. Furthermore, coupled with the incentive bonus and dividends compiled by the company to thank colleagues for their long-term efforts, we hope to maintain the company's long-term stable development. Looking forward to the future, Phison will also seize business opportunities globally and increase revenue and profit through continuous technological leadership.

K.S. Pua went on to explain that compared with the same period last year (YoY), in the second quarter of 2020, the profits of strategic investment in KSI (Kingston Solutions Inc.) and Hosin Global Electronics have grown by nearly 99%. Recently, Phison has continued to adjust its strategic investment layout and structure. The purpose is to ensure that Phison can continue to stand firm in the turbulent global market, so that it can respond to various changes in the market and finally reach an invincible state, which is the ultimate company's operation goal: sustainable development.

[PHISON IR Distribution List Application Form]

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[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.