

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (TWSE: 8299). Please see the details of our consolidated earnings of 3Q 2020 below:

KEY TAKEAWAYS

- Consolidated revenue in the third quarter was NT\$11.934 billion, an increase of nearly 10% from the previous quarter (QoQ).
- The overall gross profit margin in the third quarter not only remained at an excellent level of 23.02% compared to Phison’s peers, but also reached 26.04% in the first three quarters of 2020, the second highest in the same period in history.
- Through a comprehensive strategy, Phison will be creating the greatest benefits for employees and shareholders.

Phison Electronics announced today (11/12) the results of its consolidated financial results for the third quarter of 2020. Consolidated revenue was NT\$11.934 billion, an increase of nearly 10% (QoQ) compared to the previous quarter. Gross profit reached NT\$2.748 billion, a 3% increase (QoQ) compared to the previous quarter. In the third quarter, the overall gross profit margin not only maintained an excellent level of 23.02% compared to Phison’s peers, but also reached 26.04% in the first three quarters of 2020, the second highest in the same period in history. In addition, after-tax net profit and EPS have both reached the second highest in history, reaching NT\$1.84 billion and NT\$9.3 respectively.

Due to the impact of the epidemic, the third quarter of this year was weaker than the traditional peak season. However, Phison benefited from the technological leadership of PCIe Gen4 SSD controller, coupled with the launch of Gaming Consoles and the shopping festival in the second half of 2020, Phison still maintained better operating results than its peers.

3Q 2020 Earnings (PHISON 8299)	NT\$bn	QoQ	Remarks
Consolidated Revenue	11.934	10%	
Gross Profit	2.748	3%	
Net Profit after Tax	1.84	55%	The second highest in a single season
EPS (NT\$)	NT\$ 9.3	55%	The second highest in a single season

Compared with the same period in 2019 (YoY), total PCIe SSD controller shipments in the third quarter of 2020 have grown by 102%. Furthermore, in the cumulative part of the year (1Q to 3Q), the total shipments of SSD and eMMC memory modules have grown by nearly 21%, a record high over the same period in history. The total shipments of PCIe SSD controllers grew by 111%, a record high over the same period in history; and the

total shipments of memory bits (Total Bits) grew by nearly 13%, which also set a new record for the same period in history.

The shipment figures show that the consumer market, driven by high-end PCIe Gen4 SSDs, still has strong demand for high-speed storage. Furthermore, Phison’s long-term deployment of embedded ODM storage market and gaming modules continue to increase in revenue ratio, which will be helpful for Phison’s long-term stable profitability.

3Q 2020 Business Highlights (PHISON 8299)	YoY	Remarks
Total shipments of PCIe SSD controller	102 %	
Cumulative annual total shipments of SSD and eMMC memory modules	21 %	Historical high over the same period
Cumulative annual total shipments of PCIe SSD controller	111 %	Historical high over the same period
Cumulative annual total shipments of memory bit	13 %	Historical high over the same period

K.S. Pua, the CEO and chairman of Phison, said that in the third quarter of 2020, research and development expenses accounted for 82% of overall operating expenses, and the entire year's research and development expenses are more likely to hit a record high. The main reason is that in addition to increasing R&D investment to maintain technological leadership, Phison is also actively planning for the future, including the establishment of a Colorado R&D center in the United States, the launch of a new generation of flagship PCIe Gen4 SSD controller PS5018-E18, and the establishment of an automotive storage R&D team. It is hoped that through the comprehensive strategy, Phison will be invincible in future market changes and create the greatest benefits for employees and shareholders.

K.S. Pua went on to explain that compared with the same period last year (YoY), in the third quarter of 2020, non-operating investments such as KSI (Kingston Solutions Inc.) and Hosin-Global have increased profits by more than 600%, including KSI’s gain on disposal of investments, NT\$ 967 million. As for the part that affects gross profit due to the depreciation of the US dollar, apart from continuing to launch high-margin products and maintaining good inventory management to stabilize gross profit margin, Phison will also carefully manage the US-dollar-based assets and liabilities to reduce the impact of foreign exchange losses in the industry.

[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.

PHISON Spokesperson

Antonio Yu
TEL: 037-586-896 #1019
Mobile: 0979-105-026
Email: antonioyu@phison.com

PHISON Deputy Spokesperson

Kuo-Ting Lu
TEL: 037-586-896 #2622
Mobile: 0979-075-330
Email: kuoting_lu@phison.com

[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.