

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (8299TT). Please see the details of our consolidated earnings of 4Q 2020 below:

KEY TAKEAWAYS

- Consolidated revenue in the fourth quarter was NT\$12.84 billion, an increase of nearly 8% from the previous quarter (QoQ).
- The net profit after tax and EPS in the fourth quarter reached NT\$3.784 billion and NT\$19.2 respectively; the net profit after tax and EPS for the whole year of 2020 also reached NT\$8.707 billion and NT\$44.14, all setting new historical highs over the same period.
- Phison will seize market opportunities through the "growth formula", and then return profits to employees and shareholders, and continue to increase R&D investment, forming a positive cycle of long-term stable profit model, and then achieve sustainable operation.

Phison Electronics announced today (3/11) the results of its consolidated financial results for the fourth quarter of 2020. Consolidated revenue was NT\$12.84 billion, an increase of nearly 8% (QoQ) compared to the previous quarter. Consolidated revenue for the whole year of 2020 also hit a record high of NT\$48.496 billion, an increase of nearly 9% from the previous year (YoY). Gross profit of the fourth quarter reached NT\$2.961 billion, an 8% increase compared to the previous quarter (QoQ). In the fourth quarter, the gross profit margin not only maintained an excellent 23.06%, the overall gross profit margin for the whole year of 2020 also reached 25.25%, the second highest in the same period in history. In addition, the net profit after tax and EPS in the fourth quarter reached NT\$3.784 billion and NT\$19.2 respectively. The EPS affected by the benefit of Hefei Core-Storage and related expenses was about NT\$12.26, meaning the regularly operated EPS in the fourth quarter was approximately NT\$6.94. Furthermore, the net profit after tax and EPS for the whole year of 2020 also reached NT\$8.707 billion and NT\$44.14, all setting new historical highs over the same period.

2020 Earnings (PHISON 8299)	NT\$	Growth Rate	Remarks
4Q20 Consolidated Revenue	12.84 bn	8% QoQ	
4Q20 Gross Profit	2.961 bn	8% QoQ	
4Q20 Net Profit after Tax	3.784 bn	/	The highest in a single season
4Q20 EPS (NT\$)	19.2	/	The highest in a single season
2020 Consolidated revenue	48.496 bn	9% YoY	Historical high
2020 Net Profit after Tax	8.707 bn	/	Historical high
2020 EPS (NT\$)	44.14	/	Historical high

Compared with the same period in 2019 (YoY), total PCIe SSD controller shipments in the fourth quarter of 2020 have grown by 42%. Furthermore, in the cumulative part of the

year (1Q to 4Q), the total shipments of PCIe SSD controller have grown by nearly 82%, a record high over the same period in history; the total shipments of BGA SSD modules grew by 270%; and the total shipments of memory bits (Total Bits) grew by nearly 12%, which also set a record high for the same period in history. According to the shipment data, PCIe SSD has gradually become the main growth driver of the storage market. Whether in the Retail market, the PC market, the NB market, even the industrial market and the server market, the penetration rate of PCIe SSDs is constantly increasing. With its leading technology in PCIe Gen4 SSD controller, Phison will have the opportunity to become a major winner in this wave of PCIe SSD conversion trends.

2020 Business Highlights (PHISON 8299)	YoY	Remarks
4Q20 Total shipments of PCIe SSD controller	42 %	
2020 Cumulative annual total shipments of PCIe SSD controller	82 %	Historical high over the same period
2020 Cumulative annual total shipments of BGA SSD module	270 %	
2020 Cumulative annual total shipments of memory bit	12 %	Historical high over the same period

K.S. Pua, the CEO and chairman of Phison, said that in the fourth quarter of 2020, research and development expenses accounted for 80% of overall operating expenses, and the entire year's research and development expenses reached a record high of NT\$6.75 billion. The main reason is that in addition to increasing R&D investment to maintain technological leadership, Phison is also actively planning for the future growth, including the establishment of an enterprise-level SSD controller R&D center with strategic partners in Colorado, the development of new-generation automotive storage controllers with strategic partners, and the development of customized BGA SSD storage solutions for high-end portable gaming devices, and the development of industrial-grade storage solutions that meet wide temperature and high reliability, etc. We hope to create the greatest benefits for employees and shareholders through a comprehensive strategy.

K.S. Pua went on to explain that compared with the same period last year (YoY), in the fourth quarter of 2020, non-operating investments have increased profits by more than 26 times, mainly including the disposal benefit of Hefei Core-Storage of NT\$4 billion. In the future, Phison will continue to expand the Chinese mainland market through the reinvestment company Shenzhen Hosin-Global. 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 addition, Phison will also seize market opportunities through the "growth formula", and then return profits to employees and shareholders, and

continue to increase R&D investment, forming a positive cycle of long-term stable profit model, and then achieve sustainable operation.

[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 2,300 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.
- \$1.64B sales revenue in 2020.
- 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.