

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (8299TT). Please see the details of our consolidated earnings of 2Q 2021 below:

KEY TAKEAWAYS

- 2Q21 consolidated revenue was NT\$15.9 billion, an increase of 23% (QoQ) compared to the previous quarter, a record high in the same period and a record single-season high.
- 2Q21 after-tax net profit and EPS reached NT\$2.26 billion and NT\$11.49, both of which set new historical highs over the same period.

Phison Electronics (8299TT) announced today (08/06) the results of its consolidated financial results for the second quarter of 2021. Consolidated revenue was NT\$15.9 billion, an increase of 23% (QoQ) compared to the previous quarter, a record high in the same period and a record single-season high. Cumulative revenue in the first half of 2021 reached NT\$28.79 billion, a growth of 21% (YoY) over the same period of the previous year, setting a new record for the same period in history. The gross profit in the second quarter reached NT\$5.16 billion, a growth of nearly 36% (QoQ) compared to the previous quarter, setting a new record for the same period in history and a single-season record; the cumulative gross profit in the first half of 2021 also reached a record high of NT\$8.96 billion in the same period, a year-on-year increase of 37% (YoY). In addition, the overall gross profit margin in the second quarter reached 32.46%, a record high over the same period in history. Furthermore, in the second quarter, after-tax net profit and EPS reached NT\$2.26 billion and NT\$11.49, both of which set new historical highs over the same period.

2Q 2021 Earnings (PHISON 8299)	NT\$	Growth Rate	Remarks
2Q21 Consolidated Revenue	15.9 bn	23% QoQ	Single-season historical high for the same period
2Q21 Gross Profit	5.16 bn	36% QoQ	Single-season second highest for the same period
2Q21 Net Profit after Tax	2.26 bn	34% QoQ	Single-season second highest for the same period
2Q21 EPS (NT\$)	11.49	/	Single-season second highest for the same period
1H21 Consolidated Revenue	28.79 bn	21% YoY	
1H21 Gross Profit	8.96 bn	37% YoY	

Compared with the same period last year (YoY), the total shipments of SATA and PCIe controllers in the second quarter of 2021 grew by nearly 50%, of which the total shipments of PCIe SSD controllers grew by nearly 190%, setting a new historical single-season high; the total number of memory bits (Total Bits) shipments grew by nearly 86% (YoY), which also set a new historical single-season high. In addition, the annual cumulative total

shipment of BGA SSD controller (1H21) has an annual growth rate of nearly 130% (YoY). The shipment data shows that not only PCIe SSD continues to be the main growth driver of the NAND storage market, but the overall SSD market also continues to move towards high capacity. All these will have a positive effect on the future revenue and profit of Phison.

2Q 2021 Business Highlights (PHISON 8299)	YoY	Remarks
2Q21 Total shipment of SATA and PCIe SSD controller	50 %	
2Q21 Total shipment of PCIe SSD controller	190 %	Historical single-season high
2Q21 Cumulative annual total shipment of memory bit	86 %	Historical single-season high
Cumulative total shipments of BGA SSD controllers in 1H21	130 %	

K.S.Pua, the chairman of Phison, said that in the second quarter of 2021, R&D expenses accounted for more than 80% of overall operating expenses, and R&D engineers have reached more than 1,800 (accounting for more than 75% of the global total number of employees). The main reason is that apart from Phison’s continued R&D and investment in next-generation NAND controllers to maintain technological leadership, Phison is also actively deploying the momentum for future operational growth, including [the release of the world's fastest PCIe Gen4 SSD controller PS5018-E18 new combination solution](#), and [the self-defense SSD storage solution jointly launched with strategic partner Cigent](#). In addition, Phison also continues to help global brand customers and partners to win awards on well-known review websites ([Best SSDs 2021 award link](#)), fully demonstrating Phison’s long-term commitment to global customers and partners.

K.S. Pua went on to explain that 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.

Looking to the future, since the third quarter is the traditional peak season, coupled with the successive unblocking of European and American countries, it is expected that the market will gradually resume demand; Phison will work together with global partners and customers to solve the impact of tight semiconductor production capacity and rising production costs in the supply chain, and create a win-win situation.

In addition, Phison's board of directors approved below resolutions on August 6:

1. The proposal of the earnings distribution of the first half of 2021: the Board has adopted a proposal to allocate a cash dividend of NT\$10 per share to shareholders.

2. Proposal for Issue of Domestic Unsecured Corporate Bonds: The Board approved the company to offer and issue the first domestic unsecured convertible corporate bonds, in order to suffice the needs of business development for purchasing real estate, plant and equipment capital requirements and to enrich working capital to improve capital scheduling capabilities. The estimated total number of bonds issued this time will be limited to 35,000, and the denomination of each bond will be NT\$100 thousand, and the total denomination of the bonds will be expected to be limited to NT\$3,500,000 thousand. The issuance is based on 100.5% of the par value, and the estimated total issuance limit is NT 3,517,500 thousand. The tenor is three years and the coupon rate is 0%. The bookbuilding method is proposed to be used for public underwriting. After the actual issuance conditions of this case are submitted to the competent authority to declare and take effect, the issuance conditions and the actual issuance operations will be set in accordance with relevant laws and regulations and the financial environment and market conditions.

[PHISON IR Distribution List Application Form]

If you would like to receive PHISON press release or announcement, please register our IR distribution application form from the link: [Phison IR Distribution List](#)

[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.