

4Q24 Consolidated Financial Report and February Revenue Announcement

Phison discloses Taiwan-International Financial Reporting Standards (TIFRS) financial measures and also provides Non-Taiwan-International Financial Reporting Standards (Non-TIFRS)^{Note1} financial measures as supplemental information. Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Earnings distribution is made in accordance with financial statements based on TIFRS.

4Q24: Taiwan-International Financial Reporting Standards (TIFRS) Financial Measures

- ◆ **The consolidated operating revenue for this quarter was NT\$12.572 billion, a decrease of 9.8% from the previous quarter and a decrease of 20.2% compared to the same period last year.**
- ◆ **The consolidated gross margin rate for this quarter was 30.8%, an increase of 1.6% from the previous quarter and a decrease of 5.2% compared to the same period last year.**
- ◆ **The consolidated operating income for this quarter was NT\$-0.937 billion, a decrease of 176.7% from the previous quarter and a decrease of 160.8% compared to the same period last year.**
- ◆ **The consolidated net income for this quarter was NT\$2.392 billion; with earnings per share of NT\$11.63.**
- ◆ **The consolidated operating revenue of 2024 full-year was NT\$58.936 billion, with earnings per share of NT\$38.95.**

Consolidated Revenue

Phison Electronics announced financial results of fourth-quarter ended December 31, 2024. The consolidated operating revenue for the fourth-quarter of 2024 was NT\$12.572 billion, representing a decrease of 9.8% compared to the previous quarter and a decrease of 20.2% compared to the same period last year.

The consolidated operating revenue of 2024 full-year was NT\$58.936 billion and an increase of 22.2% compared to last year.

Consolidated Gross Profit and Gross Margin

The consolidated gross profit for this quarter was NT\$3.876 billion, reflecting a 4.9% decrease from the previous quarter and a 31.7% decrease from the same period last year.

The consolidated gross margin for the quarter was 30.8%, making a 1.6% increase from the previous quarter and a 5.2% decrease from the same period last year.

The consolidated gross profit for 2024 full-year was NT\$19.099 billion, reflecting a 18.5% increase from the same period last year.

The consolidated gross margin for 2024 full-year was 32.4%, making a 1.0% decrease from the same period last year.

Consolidated Operating Expenses

The operating expenses for this quarter amounted to NT\$4.813 billion (38.3% of revenue), compared to NT\$2.854 billion (20.5% of revenue) in the previous quarter and NT\$4.132 billion (26.2% of revenue) for the same period last year.

Operating expenses for the quarter included:

- ◆ R&D expenses totaled NT\$4.035 billion (32.1% of operating revenue), which is higher than the previous quarter's NT\$2.161 billion (15.5% of operating revenue) and higher than the same period last year's NT\$3.426 billion (21.8% of operating revenue).
- ◆ Marketing expenses amounted to NT\$0.510 billion (4.1% of operating revenue), higher than the previous quarter's NT\$0.375 billion (2.7% of operating revenue) and higher than the same period last year's NT\$0.391 billion (2.5% of operating revenue).
- ◆ General and administrative expenses amounted to NT\$0.348 billion (2.8% of operating revenue), higher than the previous quarter's NT\$0.214 billion (1.5% of operating revenue) and lower than the same period last year's NT\$0.354 billion (2.3% of operating revenue).

The operating expenses for 2024 full-year amounted to NT\$15.566 billion (26.4% of operating revenue), compared to NT\$12.492 billion (25.9% of operating revenue) for the same period last year.

Consolidated Operating Income and Operating Margin

The operating income for this quarter was NT\$-0.937 billion, which was a decrease of 176.7% from the previous quarter and a decrease of 160.8% from the same period last year. The operating profit margin for this quarter was -7.5%, lower than the previous quarter's 8.8% and lower than the same period last year's 9.8%.

The operating income for 2024 full-year was NT\$3.533 billion, which was a decrease of 2.5% from the same period last year. The operating profit margin for 2024 full-year was 6.0%.

Consolidated Non-Operating Income (loss) and Income Tax

The non-operating incomes for this quarter was NT\$4.217 billion, or 33.5% of operating revenue. This was mainly due to the gains of disposal of investments for using the equity method, the gains and losses of investments for using the equity method, the net foreign exchange gains and gains and losses on financial assets at fair value through profit or loss. The income tax expense for this quarter was NT\$0.888 billion.

The non-operating incomes for 2024 full-year was NT\$6.216 billion, or 10.5% of operating revenue.

The income tax expense for the full-year was NT\$1.795 billion.

Consolidated Net Income, Net Profit Margin and EPS

The net income for this quarter was NT\$2.392 billion, an increase of 246.0% from the previous quarter and an increase of 14.8% from the same period last year. The net profit margin for this quarter was 19.0%, higher than the previous quarter's 5.0% and higher than the same period last year's 13.2%.

Earnings per share (EPS) for this quarter was NT\$11.63, higher than the previous quarter's NT\$3.37 and higher than the same period last year's NT\$10.39.

The net income for 2024 full-year was NT\$7.954 billion, an increase of 119.5% from the same period last year. The net profit margin for the full-year was 13.5% and earnings per share (EPS) for the full-year was NT\$38.95, higher than the same period last year's NT\$18.48.

Consolidated Cash and Financial Assets-Current

Cash and Financial assets at fair value-current at the end of this quarter was NT\$20.726 billion, which presents 29.9% of total assets. Cash and Financial assets at fair value-current was NT\$15.762 billion and NT\$15.201 billion at the end of the previous quarter and the same period last year, respectively. Financial assets-current portfolio includes funds, domestic listed stocks, derivatives and so on.

Consolidated Accounts Receivable

The net accounts receivable at the end of this quarter was NT\$8.011 billion, with an average accounts receivable turnover of 55 days (calculated based on the average net receivables for this quarter and the annualized current sales revenue), which is same as the 55 days of the previous quarter and lower than the 64 days of the same period last year.

Consolidated Inventory

The net inventory at the end of this quarter amounted to NT\$24.614 billion. The company's inventory is mostly applied to the Non-Retail market. The company will continue to closely monitor market demand and adjust inventory according to its strategies.

The average inventory turnover days for this quarter is 225 days (calculated based on the average net inventory for this quarter and the annualized cost of goods sold), which is lower than the 232 days of the previous quarter and lower than the 255 days of the same period last year.

Note1: Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Reconciliations between TIFRS and Non-TIFRS results include share-based compensation, tax effect and other items. Further information is included in supplemental information.

Revenue for February 2025

Phison's consolidated revenue for February was NT\$4.527 billion, reflecting a month-over-month (MoM) growth of 25%. Cumulative revenue for the year up to February reached NT\$8.141 billion, marking the third highest in the company's history for the same period.

Market Overview

K.S. Pua, CEO of Phison Electronics, stated that operating expenses in Q4 increased compared to the same period last year. This was mainly due to the sale of Phison's equity in Shenzhen HOSING-Global (HSG), which boosted pre-tax net profit and led to corresponding employee bonuses and photomask investments. As a result, the quarterly consolidated operating profit was NT\$-937 million. However, after adjusting for the impact of the HOSING-Global (HSG) transaction and employee stock options under Non-TIFRS standards, Q4 consolidated operating profit stood at NT\$772 million, demonstrating the stability of Phison's core business.

Regarding the development of AI industry, K.S. Pua emphasized that AI has become a key driver of digital transformation for enterprises. Particularly in the Asian market, the emergence of DeepSeek has led to widespread recognition of the concept of edge AI. Phison is actively investing in this field and, building on its proprietary AI solution aiDAPTIV+, has introduced a DeepSeek-like edge AI solution. This enables businesses across various industries to deploy internal AI applications at an affordable cost, enhancing work efficiency while ensuring data security. Currently, more than 200 enterprises and 25 universities have adopted Phison's AI technology, reflecting the steady growth in demand for cost-effective and secure edge AI solutions.

K.S. Pua further cited NVIDIA CEO Jensen Huang's discussion with DDN CEO Alex Bouzari on February 21, 2024, where Huang emphasized: *"The correct AI paradigm must start with pre-training AI models, followed by post-training (fine-tuning) for different AI application scenarios to truly solve problems."* (Source: <https://www.youtube.com/live/F3NJ5TwTaTI?t=3482s>) This aligns with Phison's aiDAPTIV+ development strategy. Through aiDAPTIV+, businesses can perform AI model post-training (fine-tuning) in on-premises edge environments, significantly reducing AI training costs while ensuring internal data security. This technological advancement democratizes AI applications, making them accessible beyond cloud tech giants and accelerating AI adoption across industries.

On the technology innovation front, K.S. Pua announced that Phison's Pascari enterprise PCIe Gen4 SSD successfully landed on the Moon on March 6, marking a significant milestone in storage technology for space exploration. In collaboration with Lonestar, Phison has helped establish the first lunar data center (Press Release: [\[link\]](#)), opening a new chapter in storage applications for extreme space environments. This achievement not only validates the exceptional reliability and performance of Phison's storage products but also paves the way for future applications in extreme

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environments, both on Earth and beyond. Looking ahead, Phison will continue to expand its profitability through diversified strategies, increase R&D investments, and actively give back to employees and shareholders. The company remains committed to maintaining its leadership in the storage and AI sectors.

【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results

NT\$/million		4Q24	3Q24	4Q23	Q/Q (%)	Y/Y (%)
TIFRS	Operating Profit	(937)	1,222	1,541	(176.7%)	(160.8%)
	Operating Profit Margin (%)	(7.46%)	8.76%	9.79%		
Reconciliations	Shares-based payment	8	27	37		
	The costs and expenses corresponding to the gains of disposal of HSG shares	1,701	-	-		
Non-TIFRS	Operating Profit	772	1,249	1,578	(38.2%)	(51.1%)
	Operating Profit Margin (%)	6.14%	8.96%	10.02%		

TIFRS	Net Income	2,392	691	2,084	246.2%	14.8%
	Net Income (%)	19.02%	4.96%	13.23%		
	Basic EPS (NT\$)	11.63	3.37	10.39		
Reconciliations	Shares-based payment	8	27	37		
	The costs and expenses corresponding to the gains of disposal of HSG shares	1,701	-	-		
	The gains of disposal of HSG shares	(4,290)	-	-		
	Tax effect	713	(4)	28		
Non-TIFRS	Net Income	524	714	2,149	(26.6%)	(75.6%)
	Net Income (%)	4.17%	5.12%	13.65%		
	Basic EPS (NT\$)	2.55	3.49	10.71		

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Non-TIFRS results include share-based compensation, amortization of acquisition related assets, tax effect and other items. Earnings distribution is made in accordance with financial statements based on TIFRS.

Note2: Sums may not equal totals due to rounding.

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[PHISON's Quick Facts]

- Over 23 years experiences in NAND controller IC design and module integration.
- Over 4,000 employees globally, and more than 70% are engineers
- Nearly 2,000 memory-related patents globally.
- Target long-term revenue of NT\$100 billion through the 5+5 growth strategy
- The global market share of SSD controller exceeds 20%
- The global market share of automotive-grade controller exceeds 40%
- Phison, along with NAND makers such as KIOXIA, Micron, Western Digital, Samsung, SK Hynix, and others, are long-term partners.
- Over 70% of Phison's revenue contribution comes from "non-consumer" NAND storage applications, including servers, automotive systems, embedded systems, industrial applications, gaming consoles, and generative AI, allowing Phison to maintain relatively stable revenue and profitability despite fluctuations in the NAND industry.
- Phison's mastery of the entire NAND industry ecosystem, including its relationships with upstream NAND makers, supply chain partners for NAND controllers and storage modules, and downstream NAND storage application customers, represents invaluable and irreplaceable value that Phison brings to its global clients and partners. It is also a key advantage that enables Phison to stand firm in the NAND industry.

[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.