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PHISON

Financial Results & Company Outlook

2024 Fourth Quarter

K.S.Pua | CEO

March 7, 2025

Forward-Looking Statement

Information included in this earning meeting 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 cyclicity, 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.

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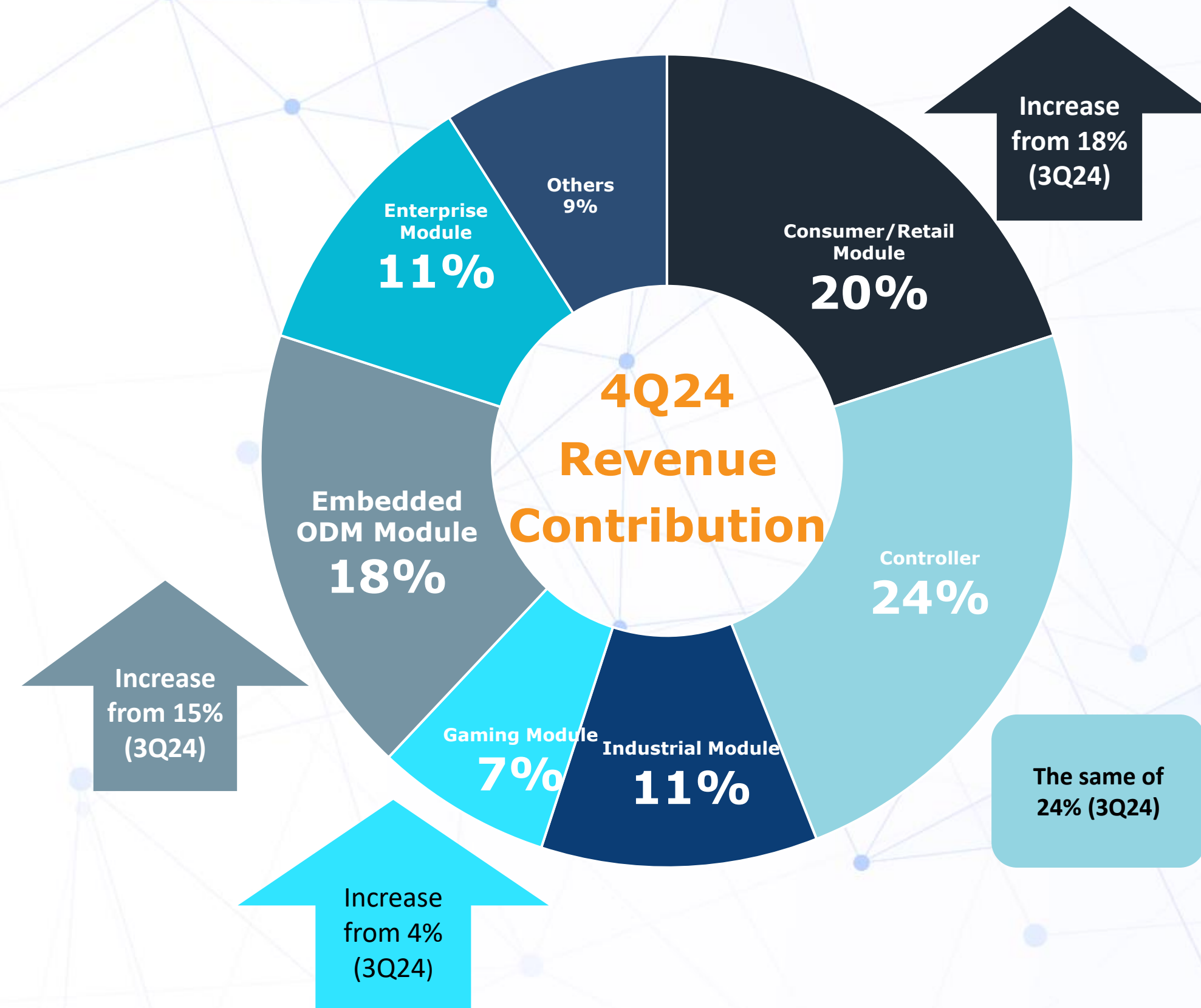
Q&A

1 Phison's Business Transformation

Phison's Non-consumer Deployment Reduces NAND Market Fluctuation Impact

Revenue from Non-consumer/retail Products

70%+



Note: Controller Revenue Contribution includes both direct shipments and controllers applied to modules.

2 4Q24 Financial Results

4Q24 Revenue and Gross Profit

4Q24 Revenue

\$12.572B

Revenue down 20.2% YoY
Revenue down 9.8% QoQ

4Q24 Gross Profit

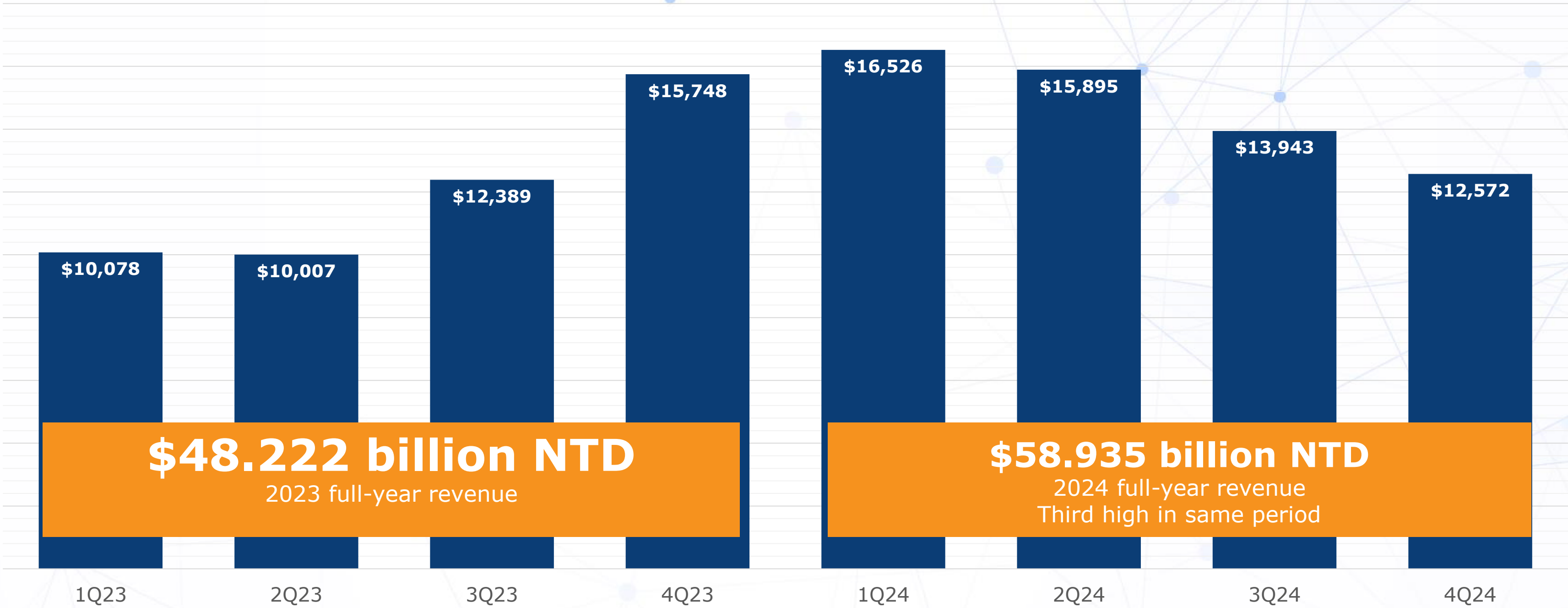
\$3.876B

Gross profit down 31.7% YoY
Gross profit down 4.9% QoQ

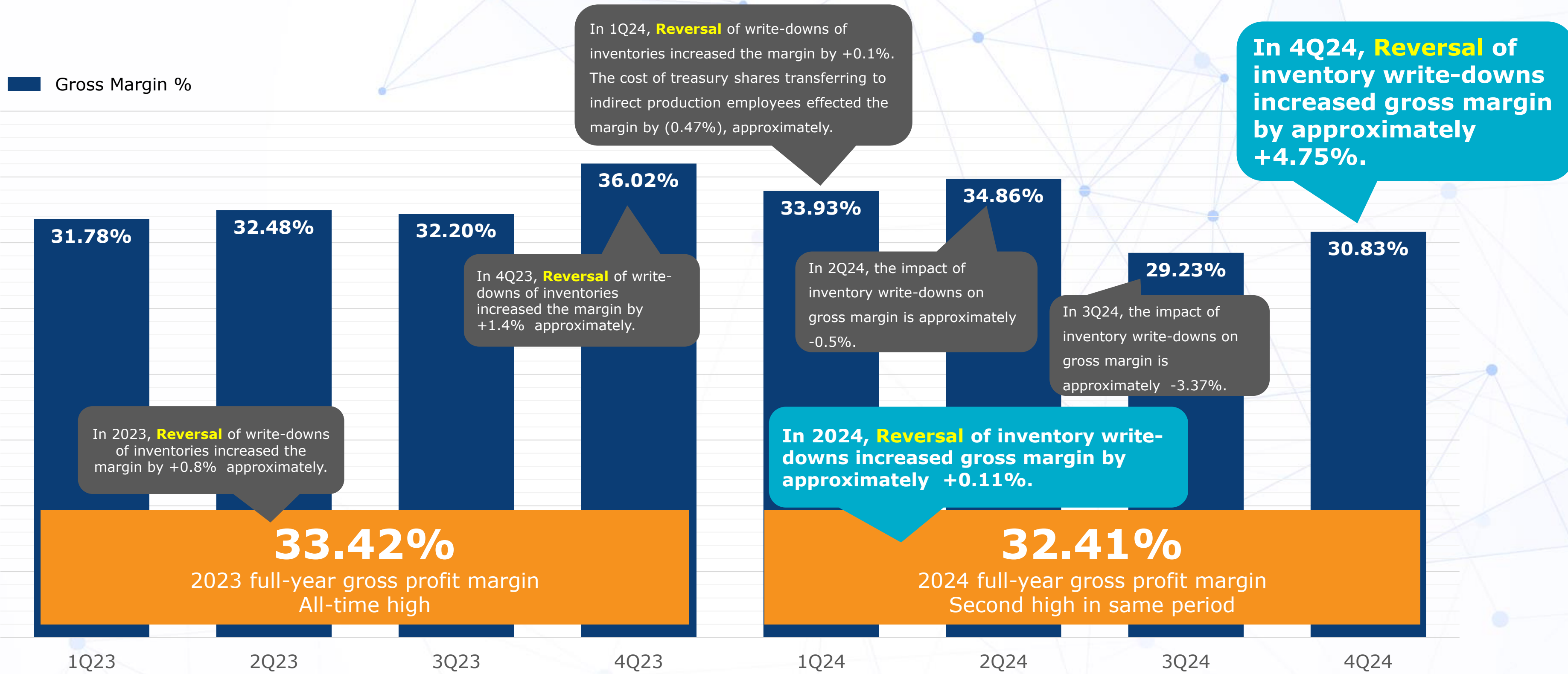
Revenue in \$NT

Revenue Trend

Revenue NT\$ millions



Gross Margin Rate Trend

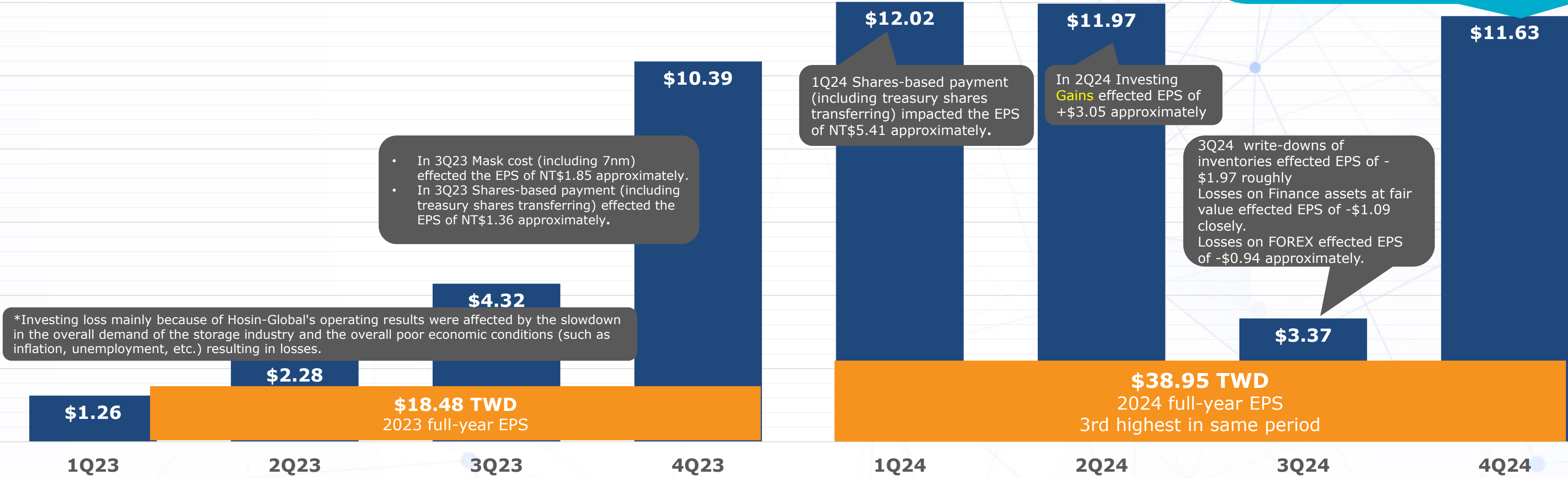


Note:
By the accounting rule, we evaluate the lower of cost and the market price (LCM) to reserve the allowance of inventory price loss. When the market price hiking, we will reversal the allowance of inventory price loss.

Earnings Per Share Trend

In \$NT

- 4Q24 reversal of inventory write-downs effected EPS of +2.48 roughly
- Losses on Finance assets at fair value effected EPS of -\$0.35 closely.
- Gains on FOREX effected EPS of +\$1.77 approximately.
- Net amount of the gains of disposal of HSG shares deducted the corresponding costs and expenses effected EPS of +9.06
- 4Q24 2Q24 Investing losses effected EPS of - \$2.61 approximately



*Investing loss mainly because of Hosin-Global's operating results were affected by the slowdown in the overall demand of the storage industry and the overall poor economic conditions (such as inflation, unemployment, etc.) resulting in losses.

*Basic EPS contribution from one-time gain was in light blue.

4Q24 Income Statement Highlights

Taiwan-International Financial Reporting Standards (TIFRS)

					All-time high
NT\$m	4Q24	3Q24	4Q23	Q/Q (%)	Y/Y (%)
Revenue in US\$Mn	390	432	493	(9.7)	(20.9)
Revenue	12,572	13,943	15,748	(9.8)	(20.2)
Gross Profit	3,876	4,076	5,673	(4.9)	(31.7)
Marketing Exp.	510	375	391		
General & Adm. Exp.	348	215	355		
Research & Development	4,035	2,161	3,426		
Expected credit losses	(80)	103	(40)		
Operating Expenses	4,813	2,854	4,132	68.6	16.5
Operating Profit	(937)	1,222	1,541	(176.7)	(160.8)
Non-Operating gains (losses)	4,217	(477)	642		
Pretax Income	3,280	745	2,183	340.3	50.3
Tax Expenses	888	54	99		
Net Income to Phison	2,392	691	2,084	246.2	14.8
Basic EPS (NT\$)	11.63	3.37	10.39		
Key Financial Ratios (%)					
Gross Margin	30.8%	29.2%	36.0%		
Operating Margin	(7.5%)	8.8%	9.8%		
Net Profit Margin	19.0%	5.0%	13.2%		
Average Exchange Rate--USD/NTD	32.11	32.03	31.15		

- Revenue in NTD: QoQ is decreased (9.8%).
Revenue in USD: QoQ is decreased (9.7%).
- In 4Q24, The gross margin was 30.8%. The reversal of inventory write-down effected the gross margin by +4.75% approximately.
- 4Q24 OPEX was higher than 3Q24 and 4Q23, was due to higher employee compensation corresponding to the gains of disposal HSG shares and mask fee. Phison keeps investing in research and development to maintain technological leadership. corresponding
- The non-operating gains in 4Q24 mainly for recognizing the gains of disposal HSG shares, losses of equity method investment, the gains of forex and the gains/losses from finance assets valuations.

*EBITDA which takes earnings and adds back interests, taxes, and depreciation/amortization charges.

- 2024 full-year:
Revenue in NTD: YoY is increased 22.2%.
Revenue in USD: YoY is increased 19.2%.
- 2024 full-year:
The margin was 32.41% (Second high in the same period). The reversal of inventory write-down increased the margin by 0.11% approximately.
- 2024 full-year:
OPEX was higher than year-ago. Due to higher mask cost, treasury shares transferring and employee compensation reserved. Phison keeps investing in research and development to maintain technological leadership.
- 2024 full-year:
The non-operating gains mainly for recognizing the gains of disposal HSG shares , the losses of investments for using the equity, the gains/losses from finance assets valuations and the forex.

FY2024 Income Statement Highlights

Taiwan-International Financial Reporting Standards (TIFRS)

Second High for the same period.

Third High for the same period

NT\$m	2024	2023	Y/Y (%)
Revenue in US \$Mn	1,842	1,545	19.2
Revenue	58,936	48,222	22.2
Gross Profit	19,099	16,114	18.5
Marketing Exp.	1,694	1,277	
General & Adm. Exp.	1,280	960	
Research & Development	12,586	10,306	
Expected credit losses	6	(51)	
Operating Expenses	15,566	12,492	24.6
Operating Profit	3,533	3,622	(2.5)
Non-Operating gains (losses)	6,216	477	
Pretax Income	9,749	4,099	137.8)
Tax Expenses	1,795	475	
Net Income to Phison	7,954	3,624	119.5
Basic EPS (NT\$)	38.95	18.48	
Key Financial Ratios (%)			
Gross Margin	32.4%	33.4%	
Operating Margin	6.0%	7.5%	
Net Profit Margin	13.5%	7.5%	
Average Exchange Rate--USD/NTD	31.15	29.80	

Balance Sheet Highlights

Taiwan-International Financial Reporting Standards (TIFRS)

NT\$mn	4Q24	3Q24	4Q23
Total Assets	69,339	72,238	64,963
Cash & Current Financial assets at fair value	20,726	15,762	15,201
Account Receivable	8,011	8,961	9,622
Inventories	24,614	28,504	24,410
Long-term Investments	4,369	6,487	4,763
Net PP&E	7,745	7,318	7,448
Total Liabilities	20,273	24,919	22,175
Current Liabilities	14,220	18,866	21,801
Bonds Payable	5,611	5,588	-
Total Equity	49,066	47,319	42,788
BVPS(NT\$)	238	230	213
Key Financial Ratios			
A/R Turnover Days	55	55	64
Inventory Turnover Days	225	232	255
ROE (%)	17.32	16.46	9.01
ROA (%)	12.17	11.15	5.87

1 Cash: the change is a result of operating profit and the management of inventory purchasing.

2 Inventories: Inventories will be adjusted according to changes in the industry and to maintain a safe level based on operational needs.
Most of our inventory is allocated to the Non-Retail market.

3 Total Equity: the change is a mixed result of the Net profit of 2024 deducting the surplus distribution of 2H23 and 1H24 (NT\$8.84 and NT\$13.19 Cash dividend per share), issuing bonds and treasury shares transferring.

【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results

◎ Forward-Looking Statement ◎

The Non Taiwan International Financial Reporting Standards(Non-TIFRS) results supplemented in this presentation are reconciliation results which exclude the financial impact of share-based payment, tax effect and other items.

The supplemental information is for reference only, and is not a substitute for information based on TIFRS. The final actual surplus distribution will be made in accordance with financial statements based on TIFRS.

Reconciliations of TIFRS Results to Non-TIFRS Results (4Q24)

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		
調節項目	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 to Phison	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		

Non-TIFRS EPS decreased 4Q24 EPS by approximately NT\$9.08, mainly effected by disposal of HSG shares.

Note1: Please note, Non-TIFRS results here is a supplement and not a substitute for the Information based on TIFRS, which excluded the share-based payment, tax effect and other items. The final actual surplus distribution is based on the financial statements of TIFRS.

Note2: The numbers may not equal, it is due to rounding.

Reconciliations of TIFRS Results to Non-TIFRS Results (2024 full-year)

NT\$/million		2024	2023	Y/Y (%)
TIFRS	Operating Profit	3,533	3,622	(2.5%)
	Operating Profit Margin (%)	5.99%	7.51%	
Reconciliations	Shares-based payment	1,332	519	
	The costs and expenses corresponding to the gains of disposal of HSG shares	1,701	-	
Non-TIFRS	Operating Profit	6,566	4,141	58.6%
	Operating Profit Margin (%)	11.14%	8.59%	

TIFRS	Net Income	7,954	3,624	119.5%
	Net Income (%)	13.50%	7.52%	
	Basic EPS (NT\$)	38.95	18.48	
調節項目	Shares-based payment	1,332	519	
	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	523	(73)	
	Net Income to Phison	7,220	4,070	77.4%
Non-TIFRS	Net Income (%)	12.25%	8.44%	
	Basic EPS (NT\$)	35.36	20.75	

Non-TIFRS EPS decreased 2024 EPS by approximately NT\$3.59, mainly effected by disposal of HSG shares (-NT\$9.06) and Shares-based compensation, including treasury shares transferring to employee (+NT\$5.47).

Note1: Please note, Non-TIFRS results here is a supplement and not a substitute for the Information based on TIFRS, which excluded the share-based payment, tax effect and other items. The final actual surplus distribution is based on the financial statements of TIFRS.

Note2: The numbers may not equal, it is due to rounding.

Consolidated Revenue for February 2025

February Revenue

\$4.527B

Revenue 25% MoM

Consolidated Revenue
from Jan. to Feb.

\$8.141B

Revenue -16% YoY
Third highest in history for the same period

Revenue in \$NT

3 Business Highlights

**The First Lunar Data Center,
Equipped with Phison Enterprise PCIe Gen 4 SSD,
has Landed on the Moon (3/6) and Begun Testing.**

PHISON +  **LONESTAR**



**The Freedom Mission
on the Moon**

World's First PCIe Gen 5 Mainstream SSD E31T

Phison E31T is the world's-first DRAM-less PCIe Gen5 SSD controller IC solution that pushes for true PCIe Gen5 bandwidth above 10GB/s while taking cost-centric SSD performance to new heights. On top of its refined power efficiency and advanced cost-effective DRAM-less design, Phison E31T practically eliminates the need to choose between high-performance and affordable pricing for PC builders and consumers.



Application

High-performance PCs and workstations

Gaming PCs/gaming consoles

Phison UFS QLC

Add-on Value
for Your Mobile Device

Incredible Cost-Performance Ratio

Save more costs with QLC NAND

Excellent Durability

Ideal for Heavy Usage
Up to 7 yrs of Lifespan

Best in the Industry

The Best Burst Performance

PHISON
UFS Solutions

PS8329
UFS 2.2
QLC 256GB
PHISON

PS8329
UFS 2.2
QLC 512GB
PHISON

PS8329
UFS 3.1
QLC 256GB
PHISON

PS8329
UFS 3.1
QLC 512GB
PHISON

Interface

UFS 2.2

UFS 2.2

UFS 3.1

UFS 3.1

Capacity

256GB

512GB

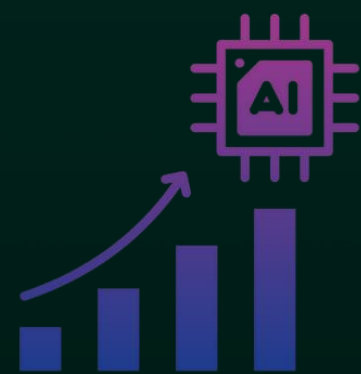
256GB

512GB

5

***ai*DAPTIV⁺**

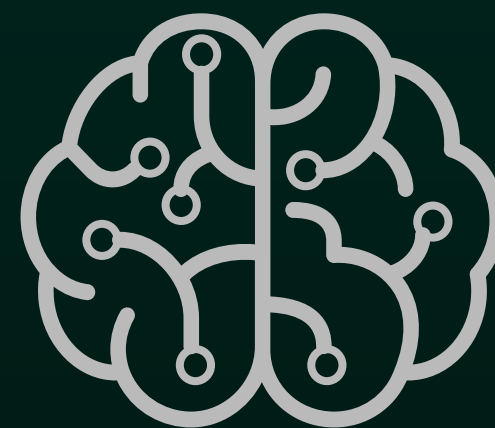
*Future Trend of **AI***



***AI Models
Rapid Growth***



***Open-Source is
The Trend***



***Anyone Can Own
Personalized AI***



***Less Relying
On Cloud AI***



***deepseek proves that building AI model
like ChatGPT is not as difficult as before***

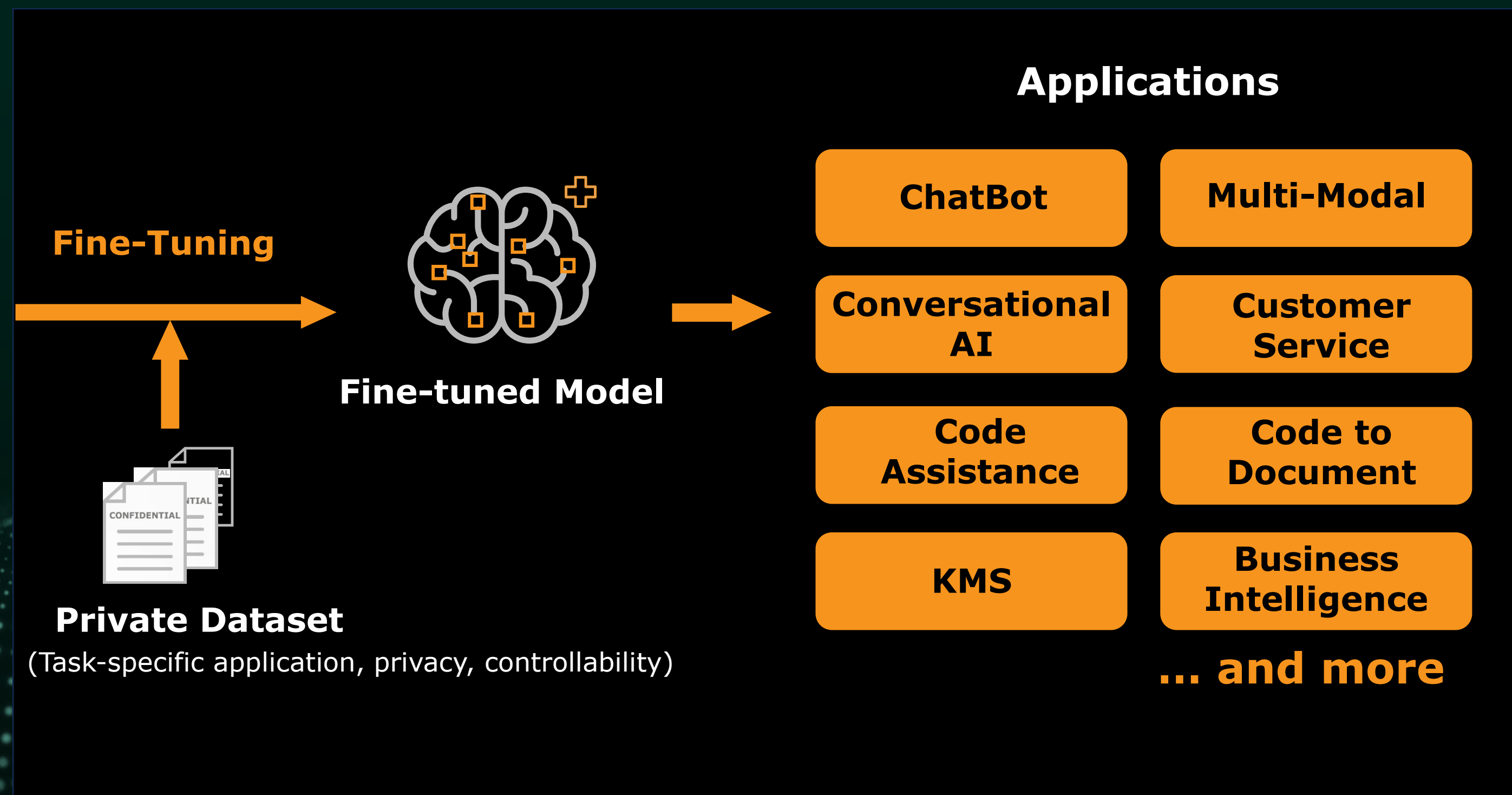
To successfully deploy personalized AI, *Fine-tuning* is essential



**Pre-trained
AI model**



ex:
DeepSeek, Llama, Mistral, ...



Summary

Current Situation

Open-source AI is changing
the On-premises AI market

Remaining Challenges

- ✓ High barrier for AI training
- ✓ Expensive equipment
- ✓ Difficulty with data integration



Hardware + Software

Benefits

- ✓ One-off purchase
- ✓ Fees are affordable and predictable
- ✓ Information will not be leaked

6 Technology Leadership Update

Continue to Strengthen Phison Leading Technology Position

Category	2018	2019	2020	2021	2022	2023	2024
R&D Headcount	1,112	1,450	1,531	2,228	2,891	3,087	3,441
R&D Exp. / Revenue (%)	9%	11%	14%	13%	14%	22%	21%
R&D Exp. / Operating Exp.	79%	79%	81%	81%	77%	82%	81%

2000+
Global Patents

4000+
Global Employees

75%+
Proportion of Engineers

Note: Global patents including Granted and Pending

To Meet Global Customer Demand Phison Expands R&D Locations

USA
Customized design
for local demands

JAPAN
Customized design
for local demands

Taiwan
Phison HQ

CHINA
Customized design
for local demands

MALAYSIA
Customized design
for Muslim countries