

Dear Investor/Analyst/Shareholder,

Thank you for your support for Phison (8299TT). Please see the details of our consolidated earnings of 1Q23 and April revenue below:

Phison Electronics (8299TT), a leading provider of NAND controllers and NAND storage solutions, announced today (5/5) the consolidated financial report operating results for the first quarter of 2023. The consolidated revenue in the first quarter was NT\$10.078 billion, an increase of -18% (QoQ) compared with the fourth quarter of 2022. In addition, gross profit in the first quarter was NT\$3.202 billion, gross profit margin reached 31.78%, the second highest in a single quarter in history, and EPS reached NT\$1.26.

1Q23 Earnings

Consolidated Revenue	NT\$10.078 bn	-18% QoQ	
Gross Profit	NT\$3.202 bn	-7% QoQ	
Gross Profit Margin	31.78%	/	The second highest in a single quarter in history
EPS (NT\$)	NT\$1.26	/	

K.S.Pua, CEO of Phison, said that in the first quarter, the equity method investment losses affected the EPS by about NT\$2.79, mainly because 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.). In other words, excluding the recognition of equity method investment losses, Phison's operating profitability and financial health are still relatively stable.

K.S.Pua went on to explain that as global NAND makers have announced their first-quarter financial reports one after another, basically all NAND makers are already under tremendous pressure to lose money, which conveys three messages: first, the probability of the market price continuing to fall is already very low, and all NAND makers hope to stop the decline and reverse; second, the chances of NAND makers expanding production reduction scale continue to rise; third, benefiting from the transformation of design services, Phison still maintains profitability and a relatively stable gross profit margin, which is really rare under the sluggish market conditions. It has been proved again and again that Phison's profitability is no longer absolutely correlated with NAND market price fluctuations.

Although the overall market demand is slow, K.S.Pua also highlighted that in our over 23 years of providing global leadership in NAND controller technologies, we've learned that the pace of innovation does not stop for our customers just because the storage market is volatile today. Delivering long-term value to Phison shareholders requires that we remain extremely customer-focused, results-oriented, and future-forward. Advancing innovation in NAND controller

technologies requires large and ongoing investments in research and development, which is why over 80% of Phison’s annual operating budget is dedicated to R&D – more than 2 times our closest competition. In fact, in Q1 2023 as our competition further cut R&D budgets by a third or more, Phison invested an additional 20 percent in the same time period. Phison is committed to: 1. advancing our technology lead by investing in new ASICs and cutting-edge products; 2. retaining core talent for project continuity, efficient execution, and legacy experience; 3. delivering best-in-class customer service and support.

Finally, K.S.Pua concluded by emphasizing that the current situation of NAND makers experiencing losses, cutting production, and expecting price hikes is a fact. However, the most important question now is “when the market demand will recover.” Therefore, Phison will continue to maintain its research and development efforts to offer complete customized value-added NAND storage solutions. Together with global customers, Phison will continue to expand its market share in various NAND storage application markets. The ultimate goal is to be well-positioned for the next wave of market recovery.

In addition, for the month of April 2023, Phison's consolidated revenue was NT\$3.367 billion, a decrease of 14% compared to the previous month. For the year-to-date period ending in April 2023, the consolidated revenue reached NT\$13.445 billion, a decrease of 41% compared to the same period last year.

Phison 8299	Revenue (NTD)	Growth Rate	附註
April 2023	3.367 bn	-14% MoM	
Year-to-date as of April 2023	13.445 bn	-41% YoY	

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[PHISON's Quick Facts]

- Over 22 years experiences in NAND controller IC design and module integration.
- Over 3,800 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%
- NT\$60.256B sales revenue in 2022.
- 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.