PHISON

2Q26 Consolidated Financial Report Announcement and

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.

2Q26: Taiwan-International Financial Reporting Standards (TIFRS) Financial Measures

- **The consolidated operating revenue for this quarter was NT$67.888 billion, an increase of 65.7% from the previous quarter and an increase of 279.5% compared to the same period last year.**
- **The consolidated gross margin rate for this quarter was 65.3%, an increase of 4.0% from the previous quarter and an increase of 36.2% compared to the same period last year.**
- **The consolidated operating income for this quarter was NT$26.370 billion, an increase of 77.7% from the previous quarter and an increase of 1,024.0% compared to the same period last year.**
- **The consolidated net income for this quarter was NT$26.219 billion; with earnings per share of NT$118.57.**

Consolidated Revenue

Phison Electronics announced financial results of second-quarter ended June 30, 2026. The consolidated operating revenue for the second-quarter of 2026 was NT$67.888 billion, representing an increase of 65.7% compared to the previous quarter and an increase of 279.5% compared to the same period last year.

Consolidated Gross Profit and Gross Margin

The consolidated gross profit for this quarter was NT$44.335 billion, reflecting a 76.5% increase from the previous quarter and a 752.8% increase from the same period last year.
The consolidated gross margin for the quarter was 65.3%, making a 4.0% increase from the previous quarter and a 36.2% increase from the same period last year.

Consolidated Operating Expenses

The operating expenses for this quarter amounted to NT$17.965 billion (26.5% of revenue), compared to NT$10.277 billion (25.1% of revenue) in the previous quarter and NT$2.853 billion (15.9% of revenue) for the same period last year.

Operating expenses for the quarter included:

- R&D expenses totaled NT$15.099 billion (22.2% of operating revenue), which is higher than the previous quarter's NT$8.671 billion (21.2% of operating revenue) and higher than the same period last year's NT$2.248 billion (12.6% of operating revenue).

- Marketing expenses amounted to NT$1.289 billion (1.9% of operating revenue), higher than the previous quarter's NT$0.776 billion (1.9% of operating revenue) and higher than the same period last year's NT$0.370 billion (2.1% of operating revenue).

- General and administrative expenses amounted to NT$1.581 billion (2.3% of operating revenue), higher than the previous quarter's NT$0.831 billion (2.0% of operating revenue) and higher than the same period last year's NT$0.210 billion (1.2% of operating revenue).

Phison's operating expenses in the second quarter increased compared to both the previous quarter and the same period last year, primarily due to the company's continued strategic investments in long-term technology and product development, including advanced process R&D, mask costs, AI storage and edge AI platform development, as well as talent recruitment and enhanced employee compensation. These investments represent Phison's proactive commitment to future growth opportunities. Phison's continued investment in R&D and talent development will help increase the contribution of high-value products, strengthen the company's competitive advantages, and support long-term revenue and profitability growth. Phison has successfully captured business opportunities arising from the current AI wave and will continue expanding its market share in AI ecosystem-related solutions.

Consolidated Operating Income and Operating Margin

The operating income for this quarter was NT$26.370 billion, which was an increase of 77.7% from the previous quarter and an increase of 1,024.0% from the same period last year. The operating profit margin for this quarter was 38.8%, higher than the previous quarter's 36.2% and higher than the same period last year's 13.1%.

Consolidated Non-Operating Income (loss) and Income Tax

The non-operating incomes for this quarter was NT$4.705 billion, or 6.9% of operating revenue. This was mainly due to 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$4.856 billion.

Consolidated Net Income, Net Profit Margin and EPS

The net income for this quarter was NT$26.219 billion, an increase of 72.8% from the previous quarter and an increase of 3,419.3% from the same period last year. The net profit margin for this quarter was 38.6%, higher than the previous quarter's 37.0% and higher than the same period last year's 4.2%.

Earnings per share (EPS) for this quarter was NT$118.57, higher than the previous quarter's NT$68.80 and higher than the same period last year's NT$3.60.

Consolidated Cash and Financial Assets-Current

Cash and Financial assets at fair value-current at the end of this quarter was NT$33.799 billion, which presents 17.4% of total assets. Cash and Financial assets at fair value-current was NT$22.575 billion and NT$14.077 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$38.769 billion, with an average accounts receivable turnover of 44 days (calculated based on the average net receivables for this quarter and the annualized current sales revenue), which is higher than the 41 days of the previous quarter and lower than the 55 days of the same period last year.

Consolidated Inventory

The net inventory at the end of this quarter amounted to NT$91.792 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 297 days (calculated based on the average net inventory for this quarter and the annualized cost of goods sold), which is lower than the 315 days of the previous quarter and higher than the 221 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.

Market Overview

Phison Electronics (8299TT), a leading provider of NAND flash controller ICs and NAND storage solutions, today (August 13) announced its operating results for the second quarter of 2026. Driven by continued strong demand for AI-related applications, Phison's consolidated revenue reached NT$67.888 billion in 2Q26, representing significant growth both sequentially and year over year. Quarterly EPS reached NT$118.57, with both revenue and earnings setting new all-time quarterly records. The results demonstrate that the structural wave of storage demand driven by AI continues to accelerate.

In response to the massive data and storage requirements generated by the rapid development of AI, Phison will continue to advance its "Phison 3.0" transformation strategy, moving beyond its traditional positioning as a NAND controller leader to provide integrated AI storage platforms and AI infrastructure solutions, including enterprise SSDs, aiDAPTIV™, AI Data Platform, and various AI-related software and application solutions.

Phison CEO K.S. Pua stated, "AI is driving the global storage industry into a fundamentally different phase of development. The rapid growth of data and token generation from AI inference means that NAND storage demand is no longer driven primarily by shipments of end devices such as PCs and smartphones, as it was in the past. Instead, AI infrastructure and applications themselves are creating new structural demand for storage. Recognizing this long-term trend, Phison will continue to expand beyond NAND controller technologies into AI storage, AI memory, and AI infrastructure platforms, accelerating our Phison 3.0 strategy to capture the new growth opportunities created by the AI era."

K.S. Pua further added, "Phison's future growth will not come solely from increasing storage capacity, but also from our ability to continuously create greater value for our customers. As the AI era brings new requirements for performance, capacity, power efficiency, and cost, Phison will continue to deepen strategic collaboration with global CPU and GPU companies, OEMs, ODMs, cloud service providers, and AI ecosystem partners. We will focus on enterprise, AI, and customized storage solutions while significantly reducing our reliance on low-margin, standardized retail markets. We will also accelerate R&D investments, strengthen our technology leadership and product differentiation, and further evolve Phison from a storage technology provider into a key partner in AI infrastructure, creating long-term and sustainable value for our customers, partners, employees, and shareholders."

Phison's Board of Directors resolved to propose a cash dividend of NT$60 per share, representing approximately 32% of 1H26 EPS of NT$187.43. Phison recognizes shareholders' expectations for higher dividend payouts. However, given that **the Company is currently in a rapid growth phase**, the Board, after balancing continued raw material supply constraints, shareholder returns, future growth investments, and financial flexibility, resolved to propose a cash dividend of NT$60 per share. The Company will maintain a more prudent cash position to ensure operational flexibility and reduce potential financing costs. Both the cash dividend per share and the total cash dividend payout represent record-high levels in the Company's history.

【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results

NT$/million		**2Q26**	**1Q26**	2Q25	Q/Q (%)	Y/Y (%)
TIFRS	Operating Profit	**26,370**	14,841	2,346	77.7%	1,024.0%
	Operating Profit Margin (%)	**38.84%**	36.23%	13.11%		
Reconciliations	Shares-based payment	**117**	118	(1)		
Non-TIFRS	**Operating Profit**	**26,487**	14,959	2,345	77.1%	1,029.5%
	Operating Profit Margin (%)	**39.02%**	36.51%	13.11%		

TIFRS	Net Income	**26,219**	15,175	745	72.8%	3,419.3%
	Net Income (%)	**38.62%**	37.04%	4.16%		
	Basic EPS (NT$)	**118.57**	68.80	3.60		
Reconciliations	Shares-based payment	**117**	118	(1)		
	Valuation Gain/Loss on ECB Series B Conversion Option Liability	**13**	0	0		
	Tax effect	**(16)**	(18)	0		
Non-TIFRS	**Net Income**	**26,333**	15,275	744	72.4%	3,439.4%
	Net Income (%)	**38.79%**	37.29%	4.16%		
	Basic EPS (NT$)	**119.10**	69.25	3.60		

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, 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 IR Distribution List Application Form]

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[PHISON's Quick Facts]

- Over 25 years experiences in NAND controller IC design and module integration.
- Over 5000 employees globally, and more than 70% are engineers
- Nearly 2,000 memory-related patents globally.
- Target long-term revenue of over 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 maintains long-term strategic partnerships with leading NAND manufacturers, including KIOXIA, Micron, SanDisk, Samsung, SK hynix, and YMTC.
- More than 80% of Phison's revenue contribution comes from "high-value" NAND storage application markets, including servers, automotive systems, embedded systems, industrial applications, gaming consoles, and generative AI. This enables Phison to maintain relatively stable revenue and profitability despite fluctuations across the NAND industry cycle.
- Phison's deep understanding and integration across the entire NAND ecosystem — including strong bilateral partnerships with upstream NAND manufacturers and close engagement with downstream NAND storage application customers — represent the irreplaceable value Phison brings to global customers and partners, and serve as a key competitive advantage that allows Phison to remain resilient and influential within the NAND industry.

[About PHISON]

Phison Electronics Corp. (TPEX:8299) is a global leading provider of NAND flash controller ICs and storage solutions. As the industry evolves, Phison has transformed from a traditional controller IC design company into an integrated platform service provider combining AI computing and storage technologies, focusing on high-value and customized markets. Leveraging its expertise in firmware algorithms, controller IC design, and system integration, Phison provides one-stop services ranging from IP licensing and chip design to system architecture and turnkey solutions. Its technologies are widely adopted across data centers, AI computing, enterprise storage, industrial PCs, and embedded systems. Through close collaboration with global NAND manufacturers and ecosystem partners, Phison helps customers accelerate design-in processes and deliver high-performance, reliable, and differentiated storage and AI solutions. 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.