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PHISON

Financial Results & Company Outlook

2021 Third Quarter

K.S. Pua | Chairman and CEO of Phison

November 5, 2021

Silence Period Statement

On August 6th, the board of directors of Phison passed a resolution to issue the first domestic unsecured convertible bonds (CB), and entered a period of silence.

Phison will not be able to explain or release predictive financial information to specific or unspecified persons during the period.

Forward-Looking Statement

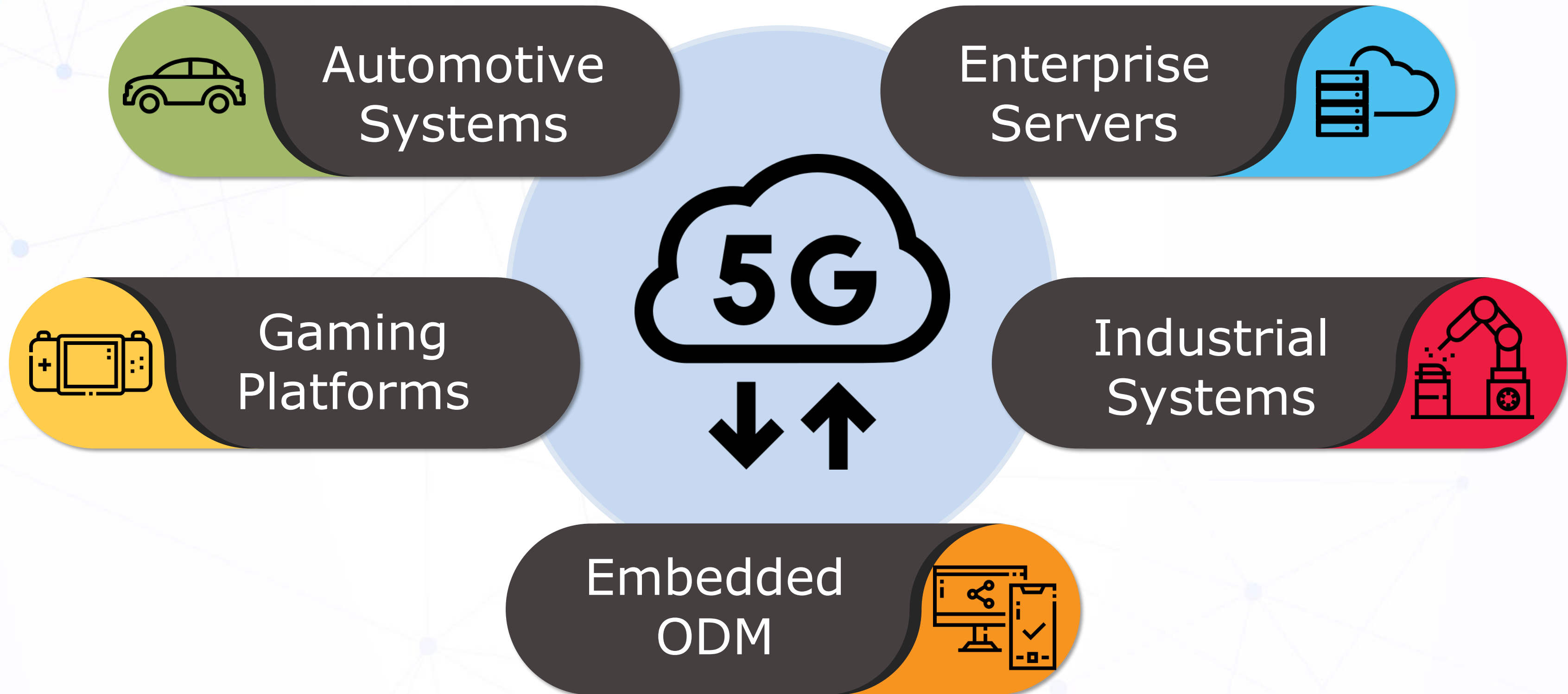
Information included in this earning meeting that are not historical in nature are "forward looking statements". Phison cautions readers that forward looking statements are based on Phison's reasonable knowledge and current expectations and are subject to various risks and uncertainties. Actual results 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.

Executive Summary

- 1** Phison's Business Transformation
- 2** Financial Results
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- 4** Technology Leadership Update
- 5** Q&A

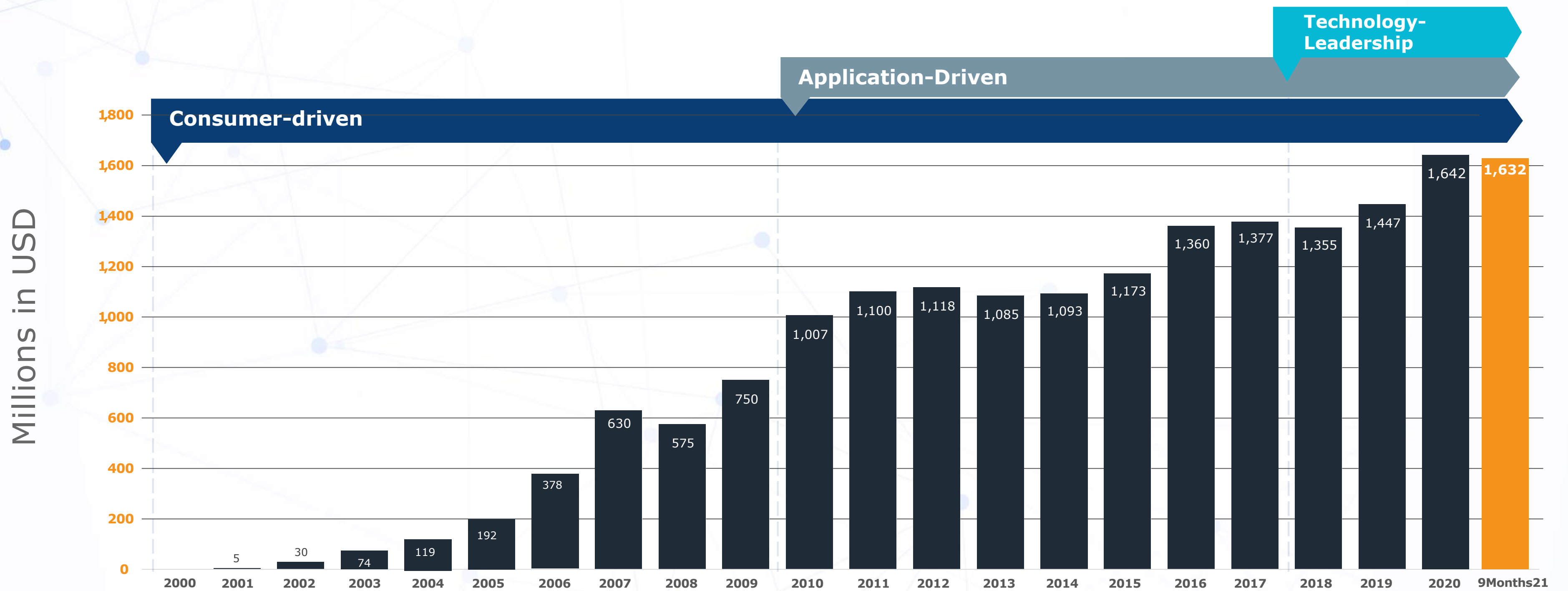
1 Phison's Business Transformation

5G Wireless Technology Drives NAND Unlimited Growth Momentum



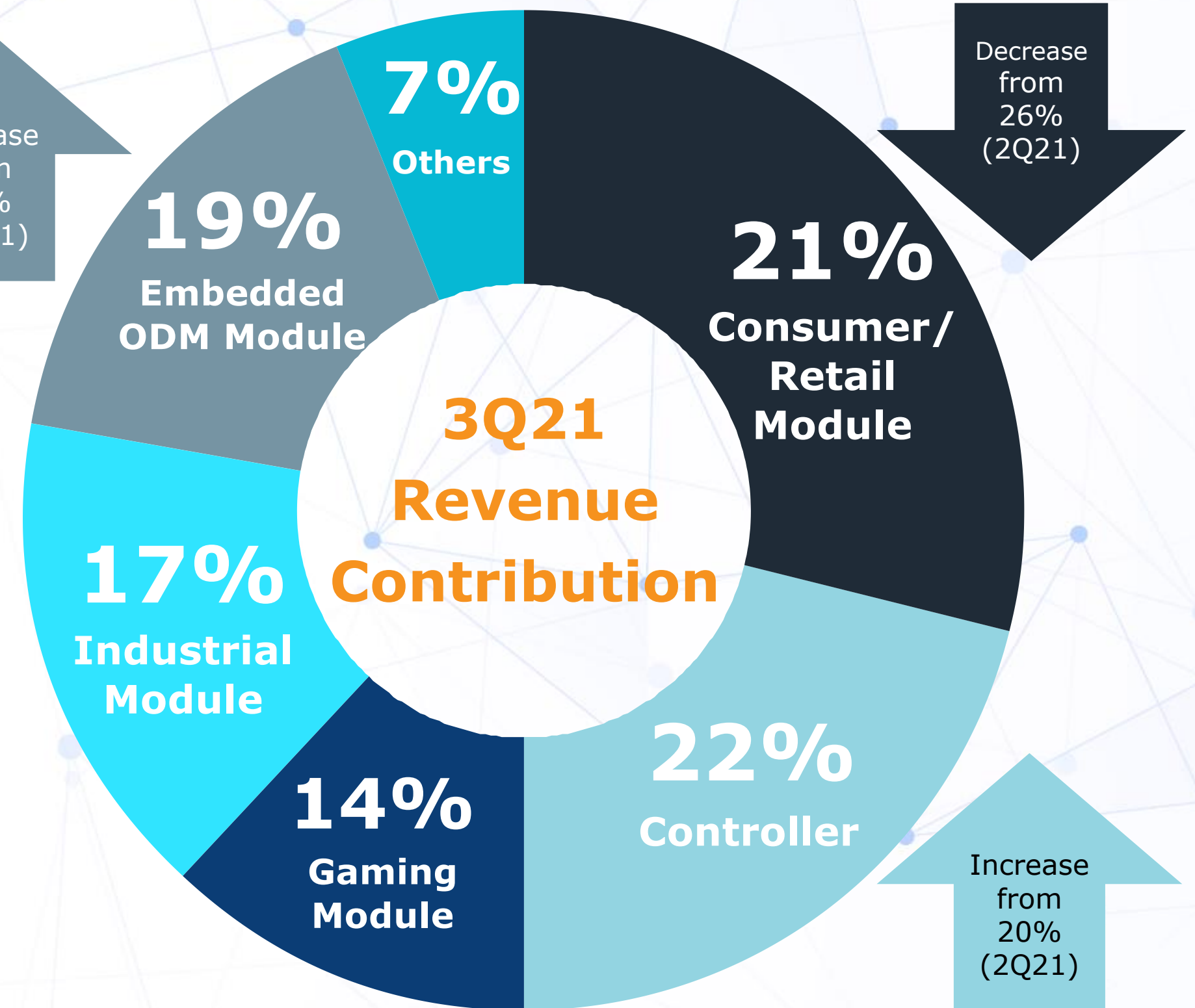
Phison's Continuous Transformation Improves High-end Storage Market Results

Gaming Enterprise Automotive Industrial Embedded ODM



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

70%
revenue from non-consumer products



Note: Controller revenue contribution includes controllers directly shipped and applied to modules

The background of the slide is a dark blue color with a complex, abstract geometric pattern. This pattern is composed of numerous interconnected lines and dots, creating a network-like structure. Some of the lines are thicker and more prominent, while others are thin and light. The overall effect is a sense of depth and connectivity, typical of a digital or data-themed background.

2 3Q21 Financial Results

3Q21 Revenue and Gross Profit

3Q21 Revenue
\$16.9B

Revenue up 6% Q/Q

A new historical single-season high

3Q21 Gross Profit
\$5.35B

Gross profit up 4% Q/Q

A new historical single-season high

Revenue in \$NT

3Q21 Business performance

ASIC

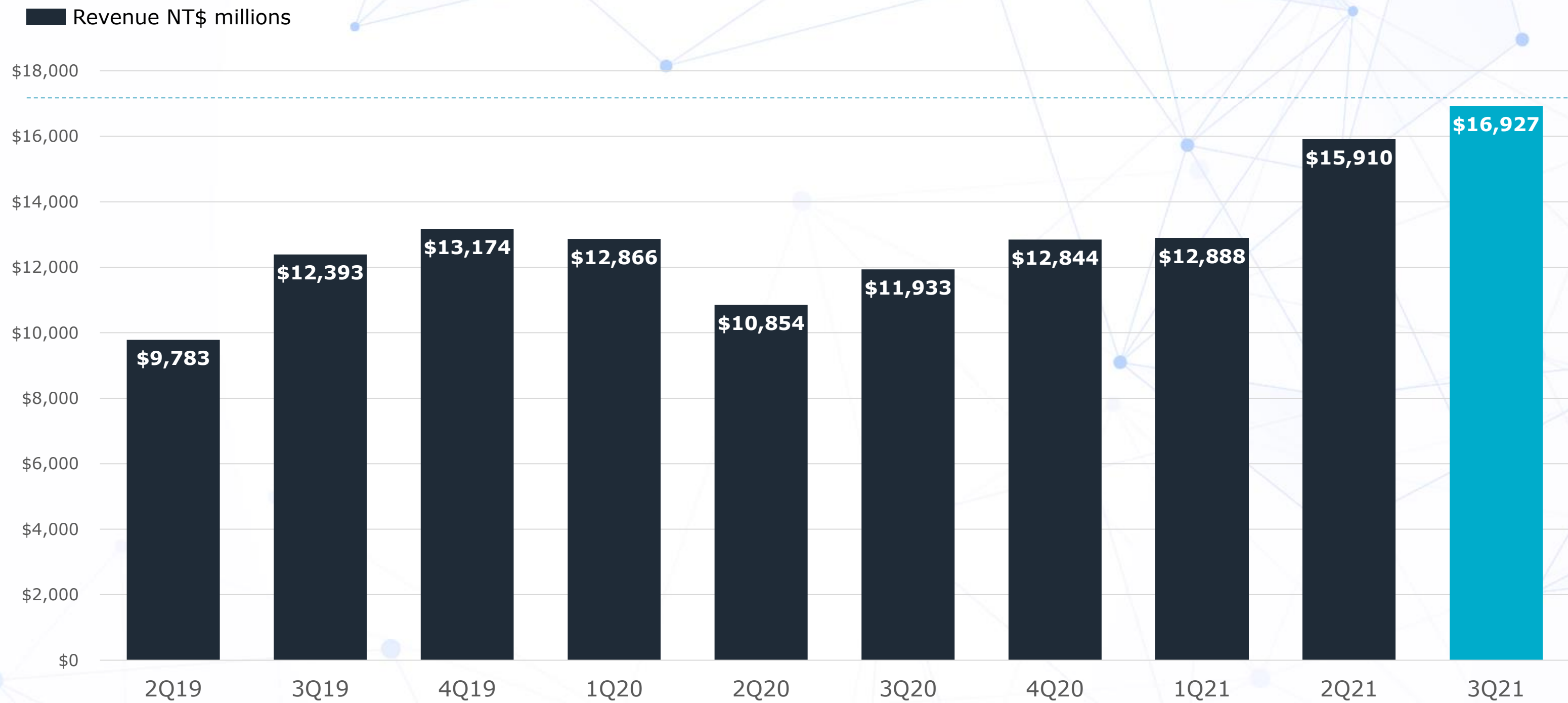
- 22%** of total revenue in 3Q 2021
- 34%** YoY SATA and PCIe controller unit growth
- 109%** YoY PCIe controller unit growth

Module

- 71%** of total revenue in 3Q 2021
- 3%** YoY unit growth in BGA SSD modules
- 78%** YoY revenue growth in industrial modules
- 21%** YoY revenue growth in gaming modules
- 117%** YoY revenue growth in embedded ODM modules

Revenue Trend

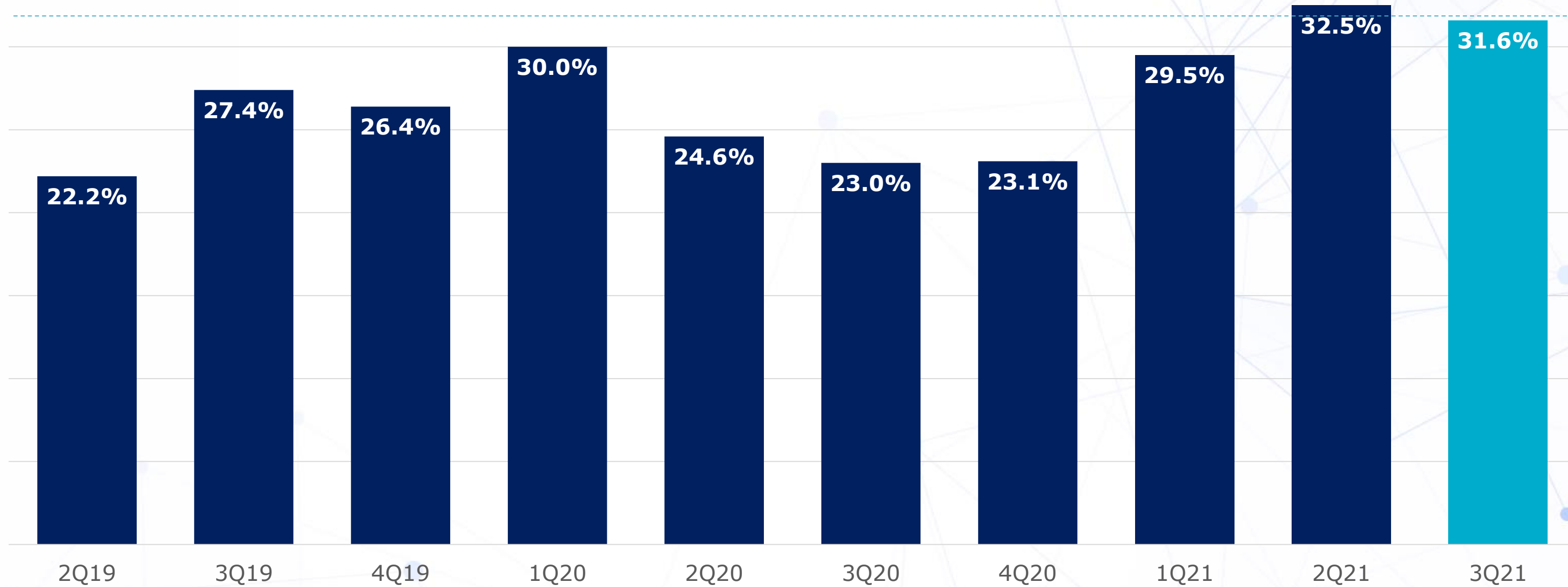
Successful transformation of the high-end storage market, maintaining stable revenue growth



Gross Margin Rate Trend

Continue to improve the non-consumer product portfolio, maintaining a stable gross margin rate

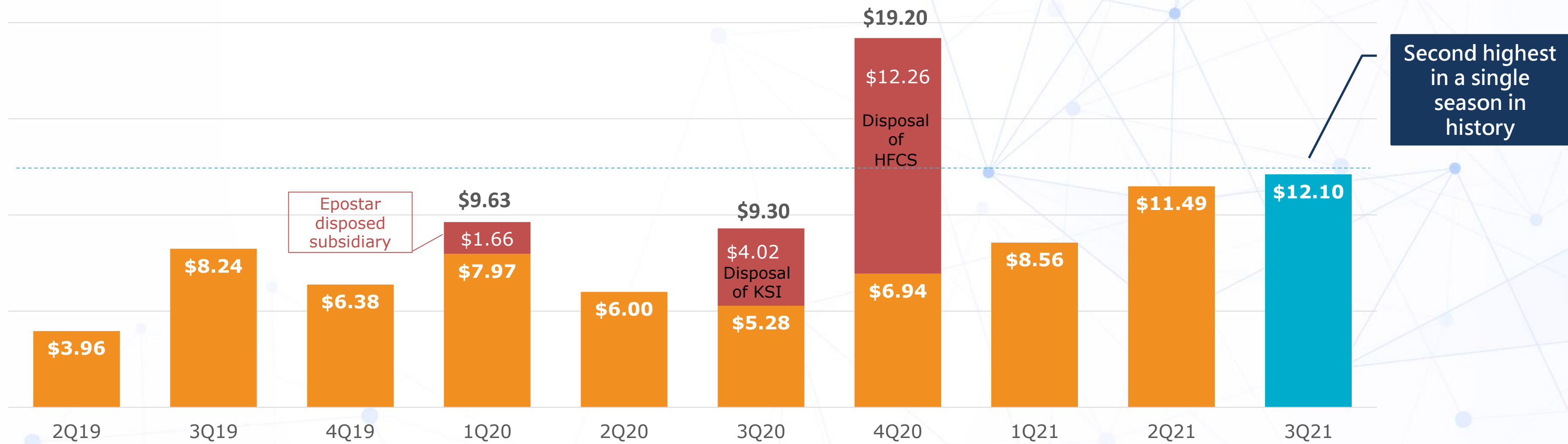
■ Gross Margin %



Earnings Per Share Trend

Phison's unique business model drives strong profitability

In NT\$



Second highest in a single season in history

*EPS contribution from one-time gain is in red.

Income Statement Highlights

A record high over the same period in history

- 1 Revenue in NTD QoQ and YoY are 6.4% and 48.1%. Revenue in USD QoQ and YoY are 7.0% and 50.1%.
- 2 Revenue contribution of higher gross margin products increased and well inventory management makes operating margins less affected by the depreciation of the US dollar, and the GM of 3Q21 reach record high.
- 3 Continue to invest in research and development expenses to maintain technological leadership
- 4 Adjusted EBITDA this quarter is better than the previous quarter and the same period last year

NT\$m	3Q21	2Q21	Q/Q (%)	3Q20	Y/Y (%)
Revenue in US\$Mn	608	568	7.0	405	50.1
Revenue	16,927	15,910	6.4	11,934	48.1
Gross Profit	5,356	5,164	3.7	2,748	94.9
Operating Expenses	2,503	2,628	(4.8)	1,608	55.7
Operating Profit	2,853	2,536	12.5	1,140	150.3
Non-Operating gains (losses)	8	220	(96.4)	888	(99.1)
Pretax Income	2,861	2,756	3.8	2,028	41.1
Tax Expenses	477	492	(3.2)	188	153.7
Net Income to Phison	2,384	2,264	5.3	1,840	29.6
Basic EPS (NT\$)	12.10	11.49	5.3	9.30	30.1
Adjusted EBITDA*	3,068	3,032	1.1	1,260	143.5
Key Financial Ratios (%)					
Gross Margin	31.6	32.5		23.0	
Operating Margin	16.9	15.9		9.6	
Net Profit Margin	14.1	14.2		15.4	
Average Exchange Rate--USD/NTD	28.07	28.17		29.82	

*Adjusted EBITDA which takes earnings and adds back net interest, taxes, depreciation/amortization charges and employee stock option expenses, plus other adjustments related to disposal of long-term investments.

Balance Sheet Highlights

1 Decrease Cash as increasing inventory and paying out Dividend Cash of 2020.

2 Increase inventory to cope with the shortage of industrial ICs and components; and maintain safety level in line with growth revenue.

3 The flat equity is because of the recognized surplus distribution of 1H/21 (NT\$10 Cash dividend per share) and 2020(NT\$23 Cash dividend per share).

NT\$m	3Q21		2Q21		3Q20	
	Amount	%	Amount	%	Amount	%
Total Assets	52,946	100.0	56,124	100.0	41,208	100.0
Cash & Current Financial assets at fair value	12,473	23.6	19,701	35.1	16,208	39.3
Account Receivable	9,468	17.9	8,134	14.5	5,566	13.5
Inventories	17,466	33.0	15,600	27.8	11,238	27.3
Long-term Investments	4,758	9.0	4,588	8.2	2,199	5.3
Net PP&E	5,794	10.9	5,461	9.7	4,371	10.6
Total Liabilities	17,964	33.9	21,820	38.9	9,751	23.7
Current Liabilities	17,509	33.1	21,378	38.1	9,318	22.6
Total Equity	34,982	66.1	34,304	61.1	31,457	76.3
BVPS(NT\$)	178		174		160	
Key Financial Ratios						
A/R Turnover Days	46		45		44	
Inventory Turnover Days	120		119		118	
ROE (%)	24.1		22.8		21.6	
ROA (%)	16.8		15.3		16.4	

October 2021 Consolidated Revenue

October 2021 Consolidated Revenue

\$6.037B

Revenue up 36% YoY

A new historical single-month high

**Cumulative Consolidated Revenue
(January to Oct in 2021)**

\$51.761B

Revenue up 29% YoY

A record high over the same period in history

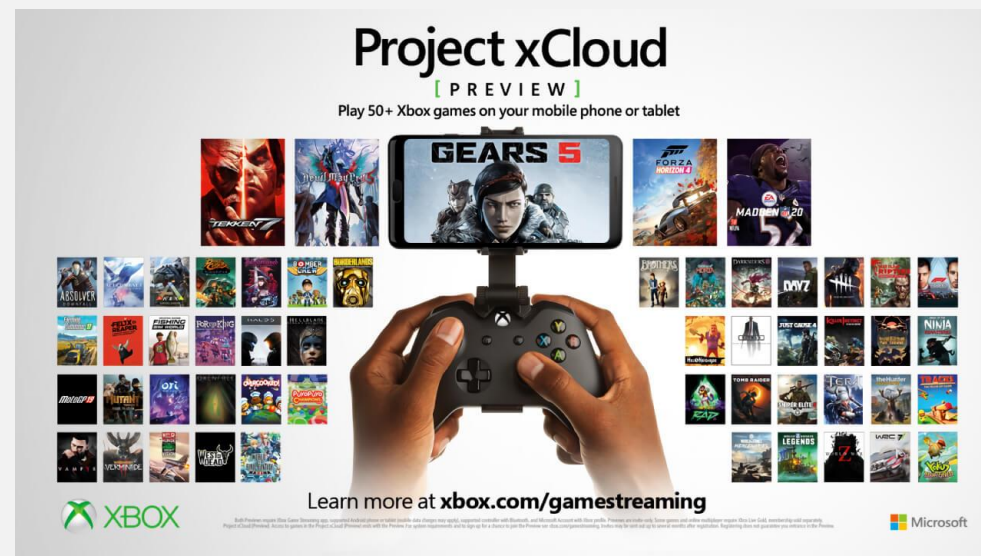
***The unit of revenue is NTD**

3 Business Highlights

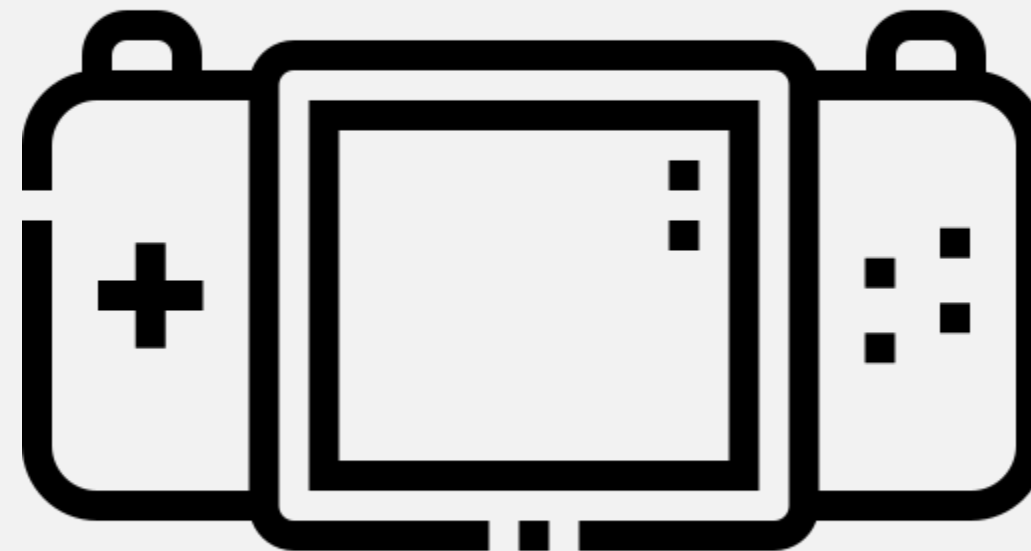
4Q21 NAND Market Demand Highlights



**Cloud Gaming on-the-go
Demand is Increasing**



**2021 is the Year of the
Gaming Handheld, Said CNET**



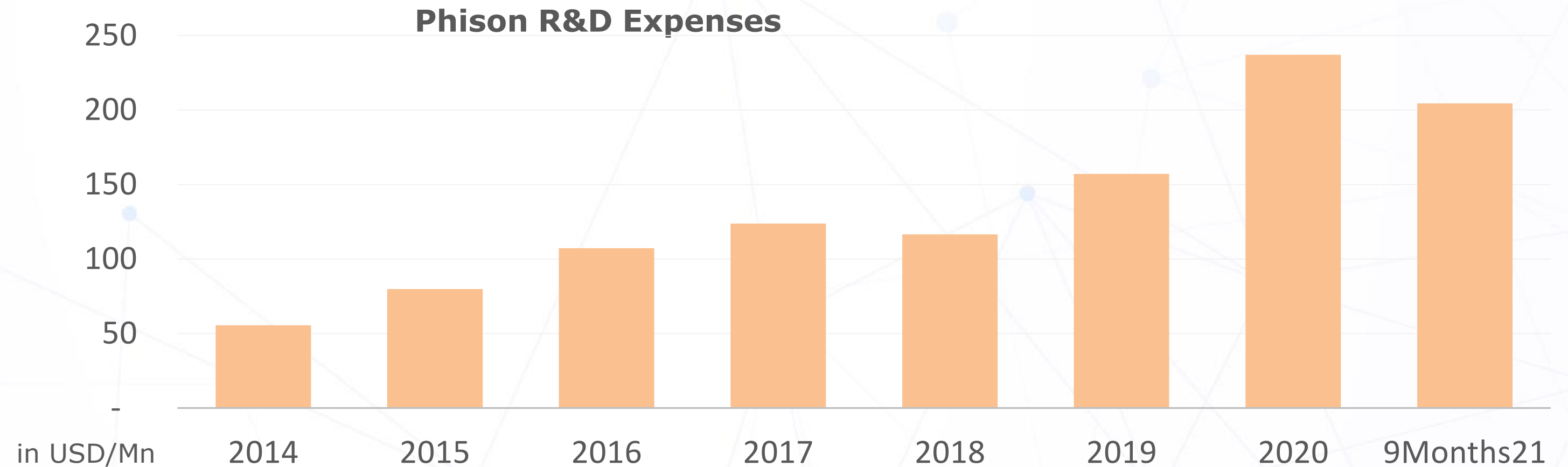
**Phison is Enabling Custom
PCIe Gen5 SSDs to Ship in 2022**



4 Technology Leadership Update

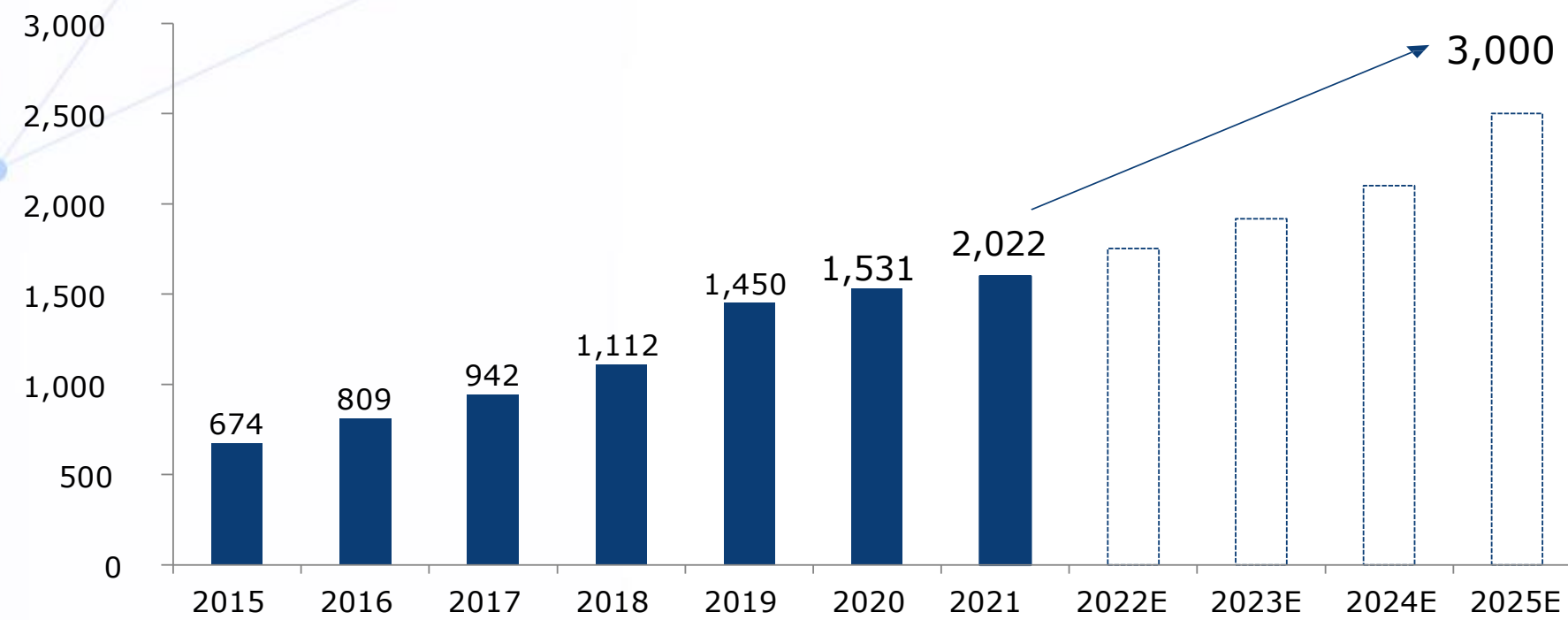
Continue to Strengthen Phison Leading Technology Position (1/2)

Category	2014	2015	2016	2017	2018	2019	2020	9Months 21
R&D Headcount	530	674	809	942	1,112	1,450	1,531	2,022
R&D Exp. / Revenue (%)	5%	6%	7%	9%	9%	11%	14%	12%
R&D Exp. / Operating Exp.	65%	71%	73%	78%	79%	79%	81%	81%

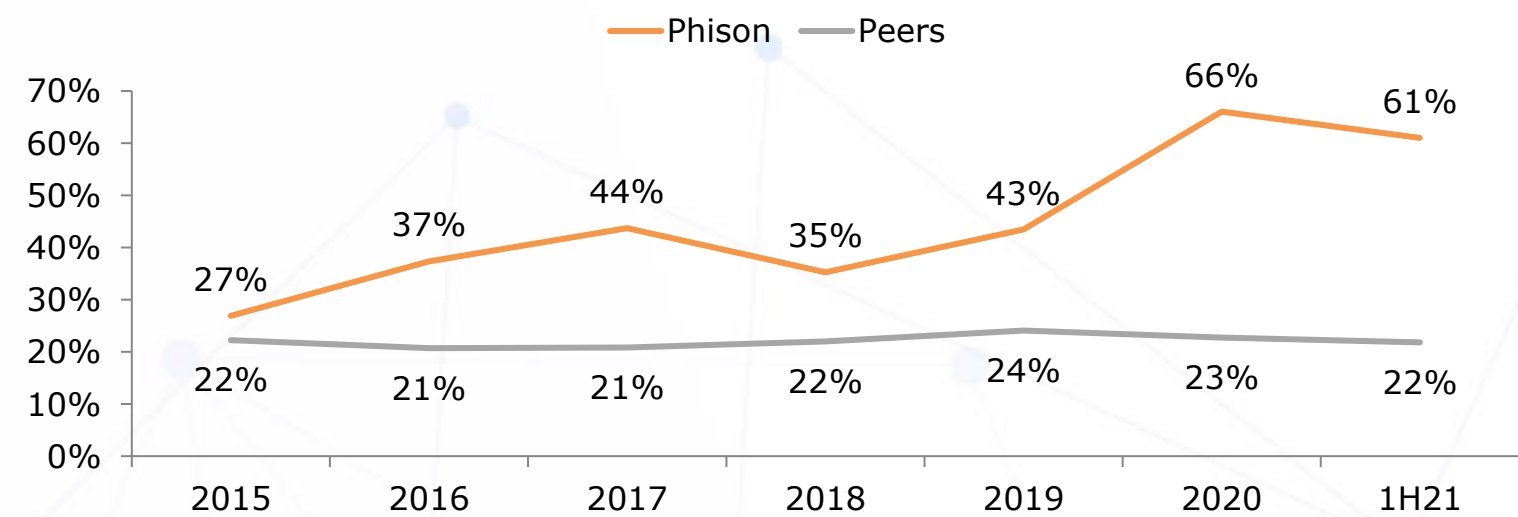


Continue to Strengthen Phison Leading Technology Position (2/2)

Industry-leading R&D talents: 3000 R&D by 2025



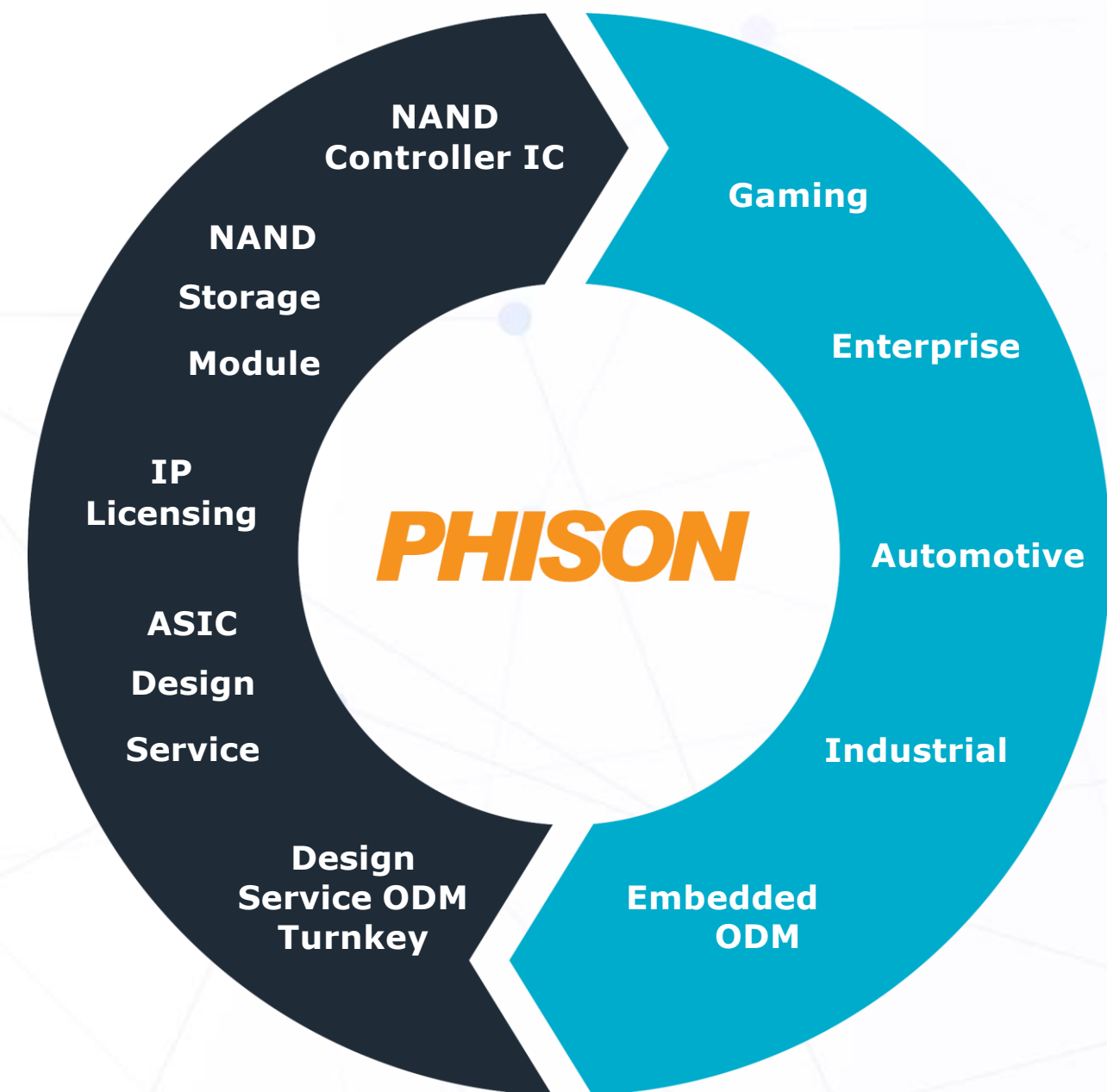
Average R&D intensity 2X of industry peers



*RD intensity is RD expense/IC related sales.

** Peers include SIMO, Marvell, MediaTek, Realtek, Novatek and Silergy.

Phison's 5+5 Growth Strategy



Any further questions?