



Stock Code: 6643 TT

2023 Second Quarter Earnings Conference

www.m31tech.com

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Safe Harbor Notice

- M31's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

2Q23 Financial Results

2Q23 Statements of Comprehensive Income

Selected Items from Statements of Comprehensive Income

(In NT\$ thousands unless otherwise noted)

| | 2Q23 | 1Q23 | 2Q22 | 2Q23 over 1Q23 | 2Q23 over 2Q22 |
|-------------------------------|--------------|--------------|--------------|----------------------|----------------------|
| Net Revenue (US\$ thousands) | 11,590 | 10,297 | 10,134 | +12.6% | +14.4% |
| Net Revenue | 347,797 | 312,962 | 299,748 | +11.1% | +16.0% |
| Gross Margin | 100% | 100% | 100% | | |
| Operating Expenses | (260,462) | (268,325) | (226,651) | -2.9% | +14.9% |
| Operating Margin | 25.1% | 14.3% | 24.4% | +10.8 ppt | +0.7 ppt |
| Net Income | 98,501 | 70,074 | 82,181 | +40.6% | +19.9% |
| Net Profit Margin | 28.3% | 22.4% | 27.4% | +5.9 ppt | +0.9 ppt |
| EPS (NT Dollar) | 2.86 | 2.24 | 2.64 | +27.7% | +8.3% |
| Average Exchange Rate-USD/NTD | 30.71 | 30.40 | 29.47 | +1.0% | +4.2% |

* Diluted weighted average outstanding shares were 34,450 units in 2Q23.

** 2Q23 net foreign exchange gain of NTD \$18,439K.

1H23 Statements of Comprehensive Income

Selected Items from Statements of Comprehensive Income

(In NT\$ thousands unless otherwise noted)

| | 1H23 | 1H22 | 1H23 over 1H22 |
|-------------------------------|--------------|--------------|----------------------|
| Net Revenue (US\$ thousands) | 21,887 | 18,973 | +15.4% |
| Net Revenue | 660,759 | 547,470 | +20.7% |
| Gross Margin | 100% | 100% | |
| Operating Expenses | (528,787) | (450,514) | +17.4% |
| Operating Margin | 20.0% | 17.7% | +2.3 ppt |
| Net Income | 168,575 | 121,961 | +38.2% |
| Net Profit Margin | 25.5% | 22.3% | +3.2 ppt |
| EPS (NT Dollar) | 4.89 | 3.92 | +24.7% |
| Average Exchange Rate-USD/NTD | 30.56 | 28.75 | +6.3% |

* Diluted weighted average outstanding shares were 34,450 units in 1H23.

** 1H23 net foreign exchange gain of NTD \$11,105K.

2Q23 Balance Sheets

Selected Items from Balance Sheets

(In NT\$ thousands)

| | 2Q23 | | 1Q23 | | 2Q22 | |
|-----------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
| | Amount | % | Amount | % | Amount | % |
| Cash & Marketable Securities | 1,254,658 | 53% | 1,223,550 | 52% | 922,472 | 44% |
| Accounts Receivable | 198,760 | 8% | 227,823 | 10% | 208,802 | 10% |
| Other current assets | 213,941 | 9% | 187,604 | 8% | 175,368 | 8% |
| Net PP&E | 571,390 | 24% | 563,166 | 24% | 676,123 | 32% |
| Other non-current assets | 140,282 | 6% | 139,424 | 6% | 135,476 | 6% |
| Total Assets | 2,379,031 | 100% | 2,341,567 | 100% | 2,118,241 | 100% |
| Current Liabilities | 580,709 | 25% | 652,889 | 28% | 584,301 | 28% |
| Non-current Liabilities | 8,593 | - | 6,041 | - | 1,688 | - |
| Total Liabilities | 589,302 | 25% | 658,930 | 28% | 585,989 | 28% |
| Total Shareholders' Equity | 1,789,729 | 75% | 1,682,637 | 72% | 1,532,252 | 72% |

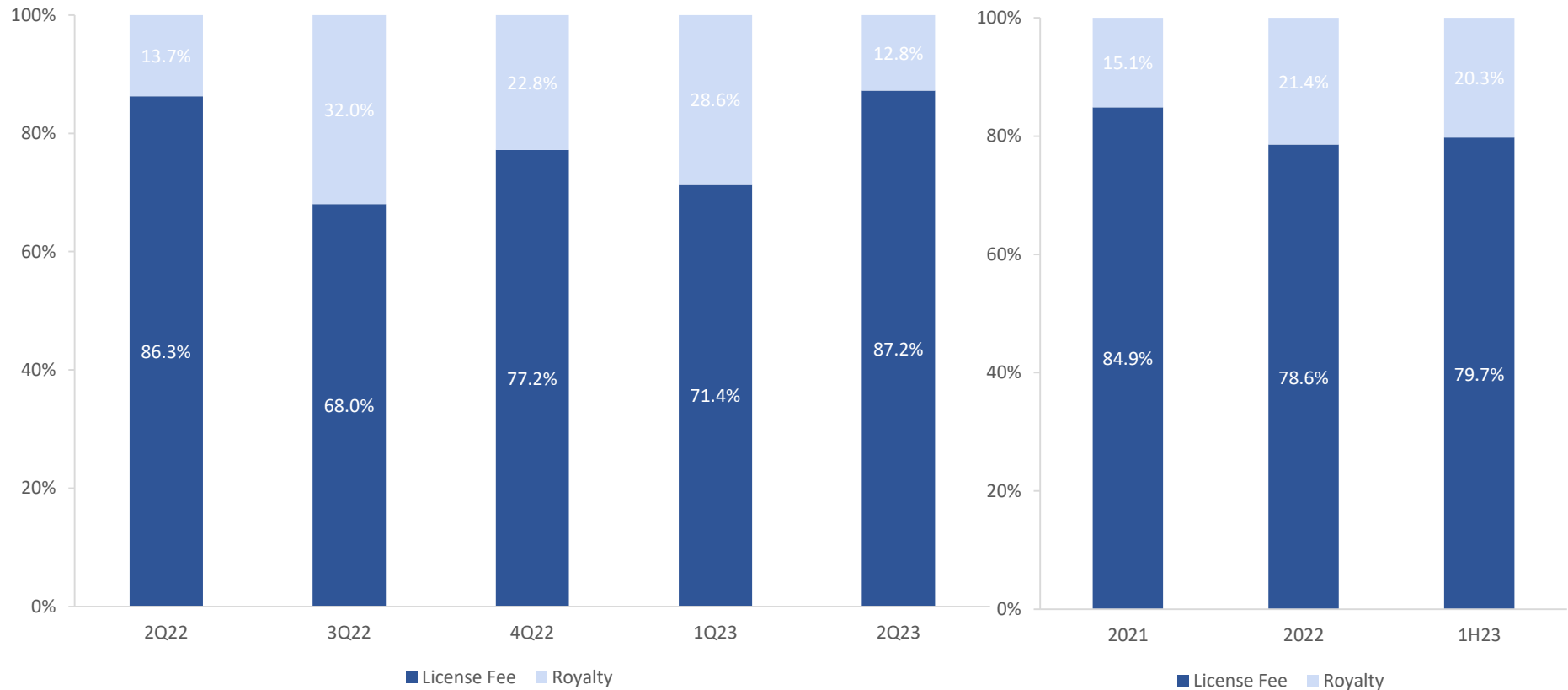
2Q23 Cash Flow

(In NT\$ thousands)

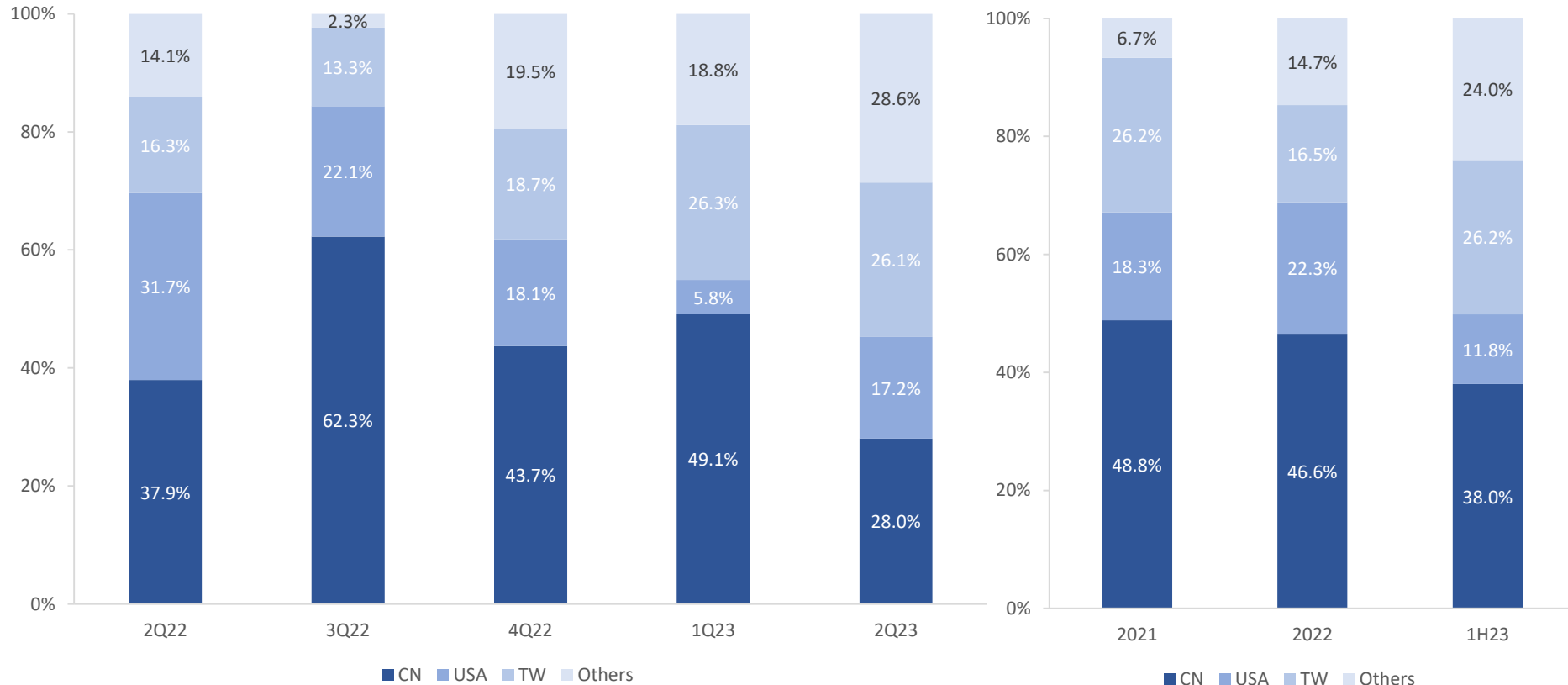
| | 2Q23 | 1Q23 | 2Q22 |
|--|------------------|----------------|----------------|
| | 6 Months Ended | 3 Months Ended | 6 Months Ended |
| Beginning Balance | 546,776 | 546,776 | 307,421 |
| Cash generated from operating activities | 17,076 | 21,074 | 279,101 |
| Cash used in investing activities | 452,547 | 322,092 | (112,175) |
| Cash generated from/(used in) financing activities | (1,207) | (501) | (79,648) |
| FX effects on cash held in foreign currencies | 8,874 | 2,590 | 11,263 |
| Ending Balance | 1,024,066 | 849,883 | 405,962 |

Operating Result

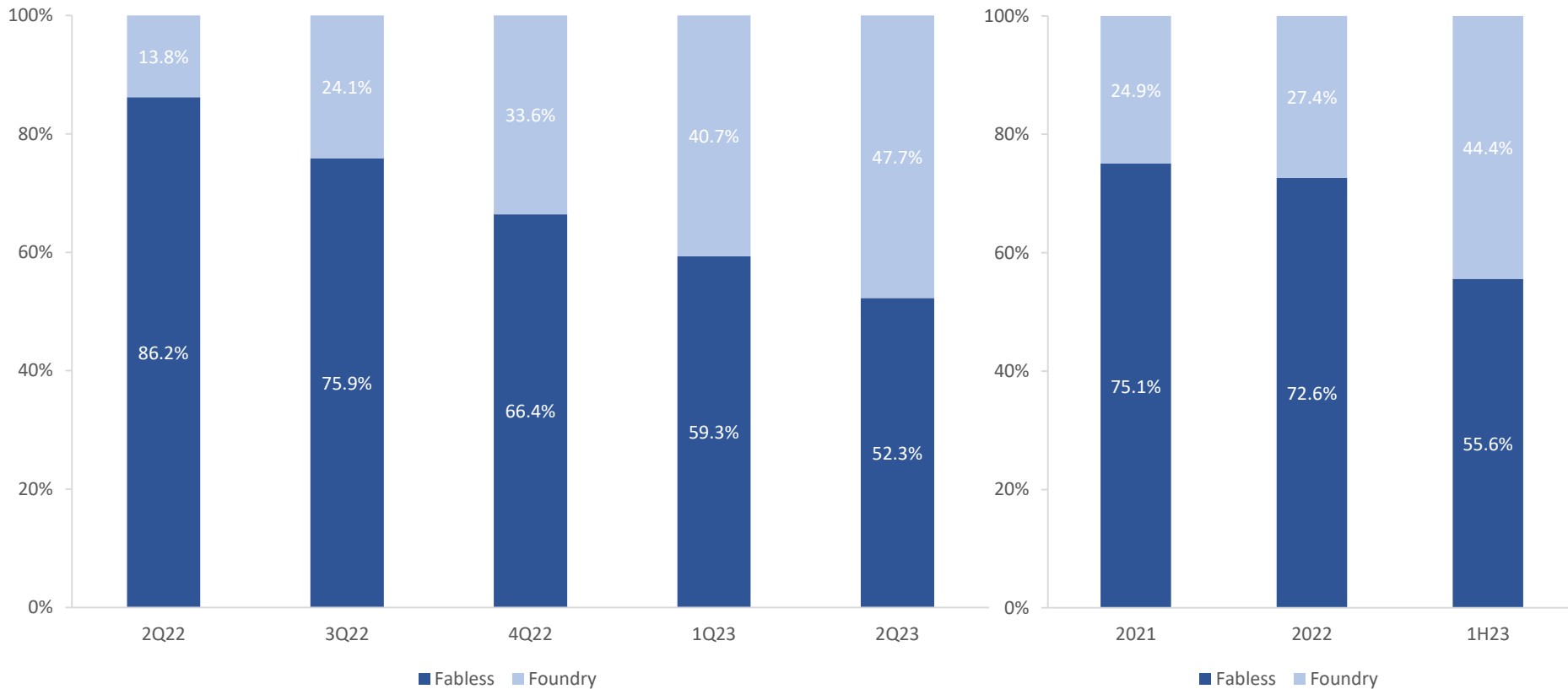
2Q23 Revenue by Income Source



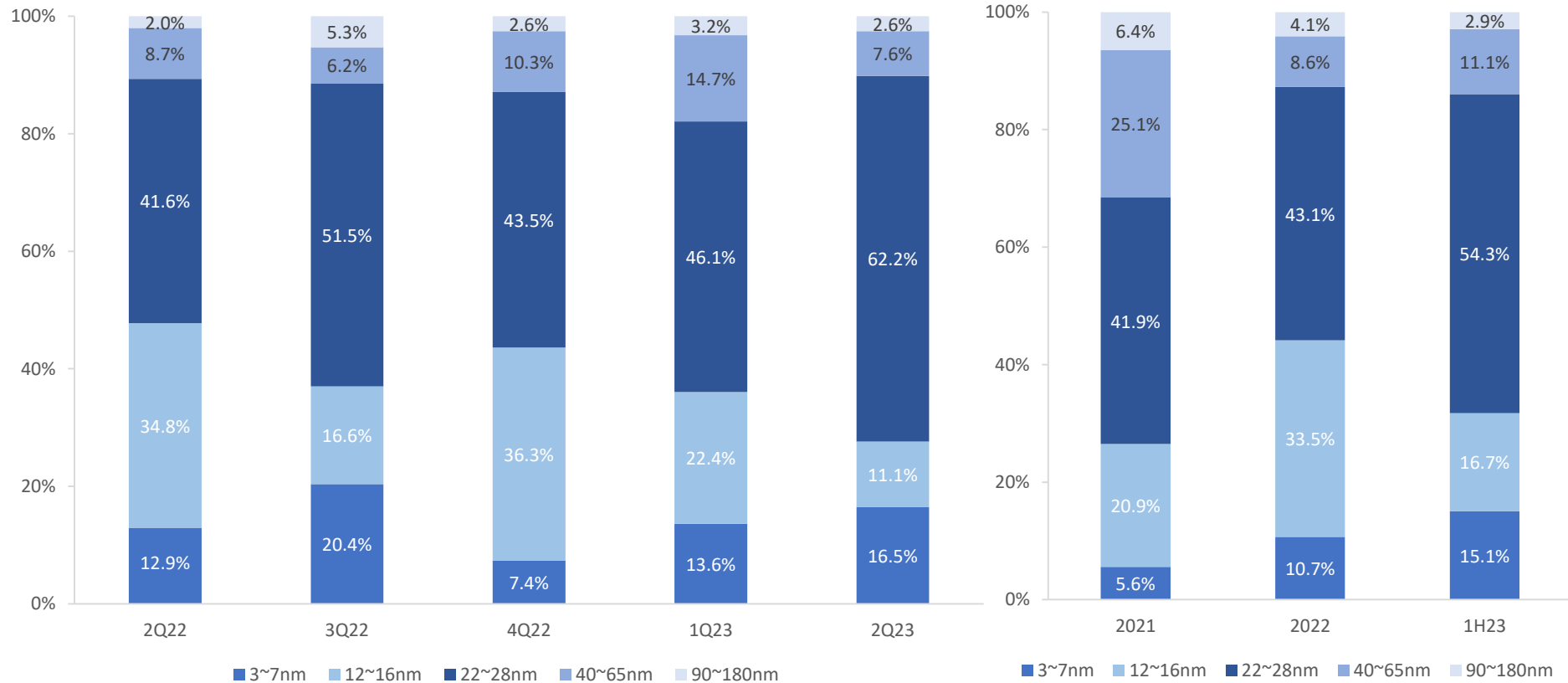
2Q23 Revenue by Region



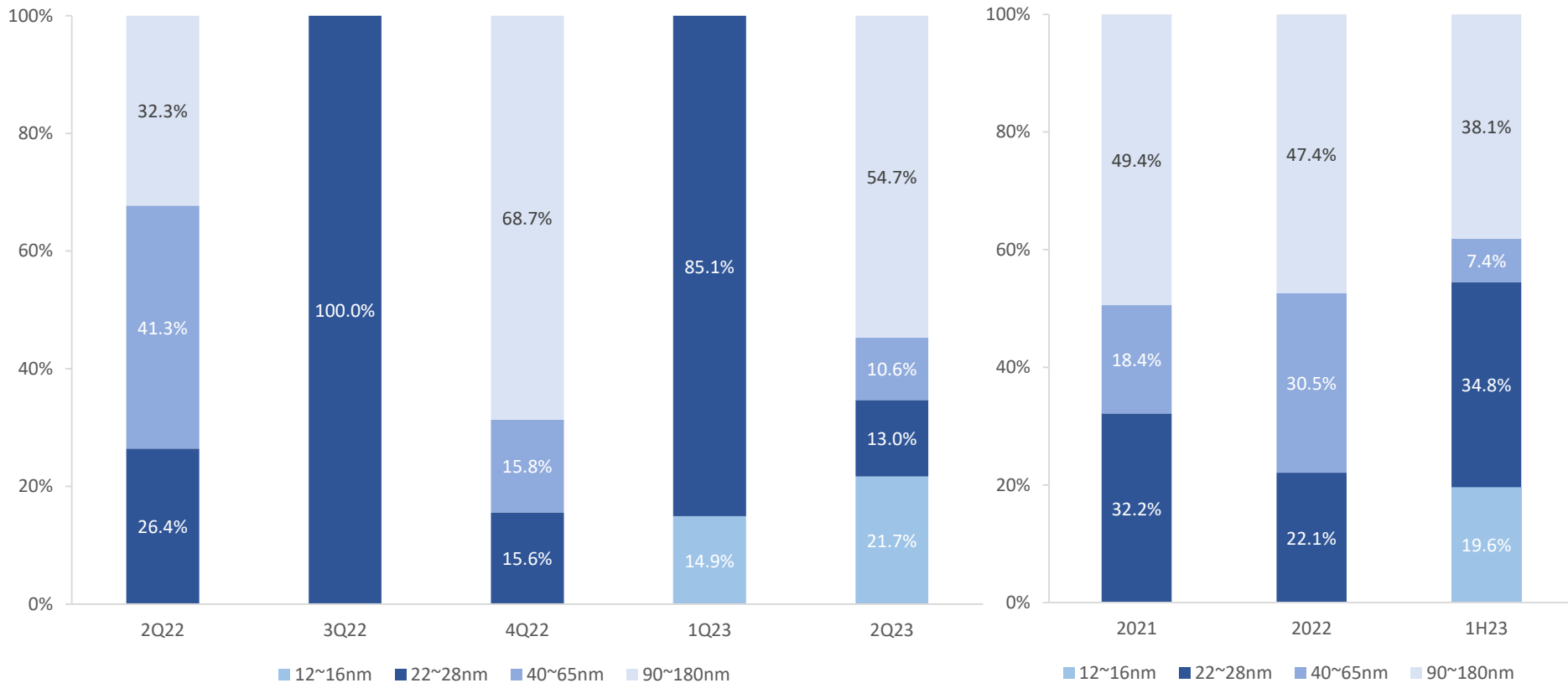
2Q23 Revenue by Customer Type



2Q23 Fabless License Fee by Nodes



2Q23 Foundry License Fee by Nodes



Recap of 2Q23 Operating Result

- 2Q23 royalties have reflected a lower-than-ideal level of capacity utilization rate in foundries but 1H23 royalties still keep significant YoY growth by >70%.
- China's IP demand rebound is weaker than expected as continued economic recovery is still faced with insufficient demand and weak momentum.
- Advanced-node IPs at 16nm and below start generating revenue substantially when the foundry platforms we have deployed move into FinFET process.
- For mature nodes, foundries are expanding into application segments that offer a stable level of IP demand in specialty technology to drive profitability.
- To fulfill robust long-term demand mainly from foundry customers, we will cautiously expand design capacity to approach customers worldwide.
- The emergence of automotive as new growth vector for IP demand will step into 7nm and below advanced technologies.

M31 Future Prospects



Your IP Partner

Your Virtual Team

Thank You