A. Operation Highlights

1. The H1 2020 revenue is NT$ 405.8 million, with a 15.6% increase YoY. (US$ 13.5 million, with a 19.2% increase YoY). The operating income is NT$ 147.2 million, with a 28% increase YoY. The EPS is NT$ 3.97.

2. 7nm High Speed Interface IP has started contributing revenue in Q2, and has been scheduled to move toward very-deep nanometer in H2.

3. Clients’ 28nm/22nm design-in projects being developed since 2018 have entered the production stage one after another.

4. The total new contracts’ amount shows a 40% increase YoY in H1 2020.

5. ASP continuously trends up in H1 2020.

B. Financial Results

For detailed financial statements, please visit The Taiwan Stock Exchange Website at https://emops.twse.com.tw

1. A summary of H1 income statement amounts in thousands of NTD.

<table>
<thead>
<tr>
<th>Unit: K NTD</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>change (YoY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>405,764 (K USD 13,513)</td>
<td>351,145 (K USD 11,334)</td>
<td>15.6% (19.2%)</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>258,540</td>
<td>236,161</td>
<td>9.5%</td>
</tr>
<tr>
<td>Operating Income</td>
<td>147,224</td>
<td>114,984</td>
<td>28.0%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>36%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>123,926</td>
<td>101,479</td>
<td>22.0%</td>
</tr>
<tr>
<td>EPS</td>
<td>3.97</td>
<td>3.27</td>
<td></td>
</tr>
</tbody>
</table>
2. H1 Revenue analysis
   - By income source: license fee 88%, royalty 12%.
   - By region: China 50%, USA 23%, Taiwan 14%, the others (Euro, Japan, Korea) 13%.
   - By process technology: as the pie chart below

![Pie chart showing process technology distribution](image)

   - By related foundry: TSMC 53%, China Foundries 33%, the others 14%.

C. Indicators of Growth

1. Deep nanometer development
   7nm starts contributing revenue, and the percentage of 12~16nm continuously grows (from 11% in 2019 to 16% in H1 2020).
2. Royalty growth

H1 total royalty is US$ 1.68 million, with a 28% increase YoY.
- By related foundry: royalty related to TSMC grows rapidly
- By process node: “28nm and below” increases obviously, as customers’ 28nm/22nm projects being developed since 2018 have entered the mass production stage one after another.
3. Growth of Average Selling Price and Revenue Per Employee

- ASP is expected to trend up continuously in 2020.

- Revenue per employee continuously increases year over year.
4. Statistics of H1 new design-win projects by applications

D. Guidance of 2020

The guidance of 2020 is a mid-teens USD increase YoY.
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Contact Information

Email ir@m31tech.com or website https://www.m31tech.com.

Corporate Headquarter
14F, No.1, Taiyuan 1st St., Zhubei City, Hsinchu County 30265, Taiwan
Tel: 886-3-560-1866
Fax: 886-3-560-1868