2021 Third 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.
3Q21 Financial Results
## 3Q21 Statements of Comprehensive Income

### Selected Items from Statements of Comprehensive Income

(In NT$ thousands unless otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th>3Q21</th>
<th>2Q21</th>
<th>3Q20</th>
<th>3Q21 over 2Q21</th>
<th>3Q21 over 3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue (US$ thousands)</td>
<td>7,890</td>
<td>7,673</td>
<td>9,158</td>
<td>+2.8%</td>
<td>-13.8%</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>220,341</td>
<td>214,281</td>
<td>270,652</td>
<td>+2.8%</td>
<td>-18.6%</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(181,578)</td>
<td>(152,107)</td>
<td>(157,720)</td>
<td>+19.4%</td>
<td>+15.1%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>17.6%</td>
<td>29.0%</td>
<td>41.7%</td>
<td>-11.4 ppt</td>
<td>-24.1 ppt</td>
</tr>
<tr>
<td>Net Income</td>
<td>32,918</td>
<td>42,313</td>
<td>81,887</td>
<td>-22.2%</td>
<td>-59.8%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>14.9%</td>
<td>19.7%</td>
<td>30.3%</td>
<td>-4.8 ppt</td>
<td>-15.3 ppt</td>
</tr>
<tr>
<td>EPS (NT Dollar)</td>
<td>1.06</td>
<td>1.36</td>
<td>2.63</td>
<td>-22.1%</td>
<td>-59.7%</td>
</tr>
<tr>
<td>Average Exchange Rate-USD/NTD</td>
<td>27.86</td>
<td>27.98</td>
<td>29.45</td>
<td>-0.4%</td>
<td>-5.4%</td>
</tr>
</tbody>
</table>

* Diluted weighted average outstanding shares were 31,107 units in 3Q21.
## 3Q21 Balance Sheets

<table>
<thead>
<tr>
<th>Selected Items from Balance Sheets (In NT$ thousands)</th>
<th>3Q21</th>
<th>2Q21</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Amount</td>
</tr>
<tr>
<td>Cash &amp; Marketable Securities</td>
<td>787,132</td>
<td>41%</td>
<td>1,106,487</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>235,748</td>
<td>13%</td>
<td>154,752</td>
</tr>
<tr>
<td>Other current assets</td>
<td>113,874</td>
<td>6%</td>
<td>174,424</td>
</tr>
<tr>
<td>Net PP&amp;E</td>
<td>682,114</td>
<td>36%</td>
<td>586,879</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>74,094</td>
<td>4%</td>
<td>102,270</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>1,892,962</strong></td>
<td><strong>100%</strong></td>
<td><strong>2,124,812</strong></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>238,895</td>
<td>13%</td>
<td>451,169</td>
</tr>
<tr>
<td>Long-term Interest-bearing Debts</td>
<td>197,923</td>
<td>10%</td>
<td>277,335</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>436,818</strong></td>
<td><strong>23%</strong></td>
<td><strong>728,504</strong></td>
</tr>
<tr>
<td>Total Shareholders' Equity</td>
<td><strong>1,456,144</strong></td>
<td><strong>77%</strong></td>
<td><strong>1,396,308</strong></td>
</tr>
</tbody>
</table>
# 3Q21 Cash Flow

(In NT$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>3Q21</th>
<th>2Q21</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9 Months Ended</td>
<td>6 Months Ended</td>
<td>9 Months Ended</td>
</tr>
<tr>
<td><strong>Beginning Balance</strong></td>
<td>527,760</td>
<td>527,760</td>
<td>589,555</td>
</tr>
<tr>
<td>Cash generated from operating activities</td>
<td>91,667</td>
<td>76,814</td>
<td>226,509</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(235,865)</td>
<td>(367,259)</td>
<td>(92,207)</td>
</tr>
<tr>
<td>Cash generated from/(used in) financing activities</td>
<td>(11,592)</td>
<td>292,899</td>
<td>(289,637)</td>
</tr>
<tr>
<td>FX effects on cash held in foreign currencies</td>
<td>(5,684)</td>
<td>(6,816)</td>
<td>1,081</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>366,286</td>
<td>523,398</td>
<td>435,301</td>
</tr>
</tbody>
</table>
Operating Result
3Q21 Revenue by Income Source

- License Fee
- Royalty

Yearly Revenue Breakdown:

- 3Q20: 87.1% License Fee, 12.9% Royalty
- 4Q20: 90.8% License Fee, 9.2% Royalty
- 1Q21: 83.0% License Fee, 17.0% Royalty
- 2Q21: 86.7% License Fee, 13.3% Royalty
- 3Q21: 84.5% License Fee, 15.5% Royalty

Cumulative Revenue Breakdown:

- 2020: 88.4% License Fee, 11.6% Royalty
- 1Q-3Q21: 84.8% License Fee, 15.2% Royalty

Percentage scales range from 0% to 100%.
3Q21 Revenue by Region
3Q21 Revenue by Customer Type

- 3Q20: 61.5% Fabless, 38.5% Foundry
- 4Q20: 71.0% Fabless, 29.0% Foundry
- 1Q21: 62.1% Fabless, 37.9% Foundry
- 2Q21: 81.9% Fabless, 18.1% Foundry
- 3Q21: 80.7% Fabless, 19.3% Foundry

- 2020: 67.2% Fabless, 32.8% Foundry
- 1Q-3Q21: 75.0% Fabless, 25.0% Foundry
Fabless vs. Foundry License Fee by Technology

**Fabless**
- 3Q20: 5.4%, 25.0%
- 4Q20: 4.5%, 22.1%
- 1Q21: 2.8%, 51.3%
- 2Q21: 4.8%, 17.7%
- 3Q21: 5.3%, 21.6%

**Foundry**
- 3Q20: 11.3%, 70.0%
- 4Q20: 9.2%, 75.4%
- 1Q21: 14.2%, 72.1%
- 2Q21: 30.3%, 31.3%
- 3Q21: 16.9%, 22.0%
3Q21 Recap & Highlights

- 3Q21 revenue decline YoY results from deferred revenue and new projects slowdown due to uncertainty of wafer supply.
- Deep nanometer advanced nodes: 1st 7nm eUSB/USB3.2/PCIe4.0 completed, 2nd 5nm TV taped-out and 3rd 3nm TV ongoing.
- After 1st IP membership program is won, extensive collaboration with design service vendors and CPU designer.
- IP integration service starts to contribute revenue.
- Strong demand from Automotive, AI, Video sensor, and SSD controller applications.
- Royalty reaches 23% up YoY in USD as of 3Q21.
Future Prospect
New BU, Products & Platforms

**IP Integration Service**
- Processor Hard Core IP
- IP Subsystem Integration Service

**Functional IP**
- eUSB2 PHY
- USB 4.0 PHY
- PCIe 5.0 PHY
- LPDDR4 PHY
- PAM4 SerDes
- MIPI PHY

**Foundation IP**
- 55nm BCD
- 55nm eFlash
- 40nm HV
- Optimized PPA Library for Processor
2021 Prospect

Target: low teens percentage growth YoY in USD
M31, your IP partner, your virtual team

Thank You

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