2021 Fourth Quarter Earnings Conference

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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.
4Q21
Financial
Results
## 4Q21 Statements of Comprehensive Income

### Selected Items from Statements of Comprehensive Income

*(In NT$ thousands unless otherwise noted)*

<table>
<thead>
<tr>
<th></th>
<th>4Q21</th>
<th>3Q21</th>
<th>4Q20</th>
<th>4Q21 over 3Q21</th>
<th>4Q21 over 4Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue (US$ thousands)</td>
<td>13,050</td>
<td>7,890</td>
<td>10,616</td>
<td>+65.4%</td>
<td>22.9%</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>364,122</td>
<td>220,341</td>
<td>304,600</td>
<td>+65.3%</td>
<td>19.5%</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>(220,550)</td>
<td>(181,578)</td>
<td>(146,511)</td>
<td>+21.5%</td>
<td>+50.5%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>39.4%</td>
<td>17.6%</td>
<td>51.9%</td>
<td>21.8 ppt</td>
<td>-12.5 ppt</td>
</tr>
<tr>
<td>Net Income</td>
<td>121,769</td>
<td>32,918</td>
<td>116,435</td>
<td>269.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Net Profit Margin</td>
<td>33.4%</td>
<td>14.9%</td>
<td>38.2%</td>
<td>18.5 ppt</td>
<td>-4.8 ppt</td>
</tr>
<tr>
<td>EPS (NT Dollar)</td>
<td>3.91</td>
<td>1.06</td>
<td>3.74</td>
<td>268.9%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Average Exchange Rate-USD/NTD</td>
<td>27.83</td>
<td>27.86</td>
<td>28.73</td>
<td>-0.1%</td>
<td>-3.1%</td>
</tr>
</tbody>
</table>

* Diluted weighted average outstanding shares were 31,107 units in 4Q21.
## 2021 Statements of Comprehensive Income

### Selected Items from Statements of Comprehensive Income

*(In NT$ thousands unless otherwise noted)*

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2021 over 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Revenue (US$ thousands)</strong></td>
<td>36,080</td>
<td>33,288</td>
<td>+8.4%</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>1,011,879</td>
<td>981,016</td>
<td>+3.1%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>100%</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>(698,985)</td>
<td>(562,771)</td>
<td>+24.2%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>30.9%</td>
<td>42.6%</td>
<td>-11.7 ppt</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>252,637</td>
<td>322,248</td>
<td>-21.6%</td>
</tr>
<tr>
<td><strong>Net Profit Margin</strong></td>
<td>25.0%</td>
<td>32.8%</td>
<td>-7.9 ppt</td>
</tr>
<tr>
<td><strong>EPS (NT Dollar)</strong></td>
<td>8.12</td>
<td>10.34</td>
<td>-21.5%</td>
</tr>
<tr>
<td><strong>Average Exchange Rate-USD/NTD</strong></td>
<td>28.00</td>
<td>29.55</td>
<td>-5.2%</td>
</tr>
</tbody>
</table>

* Diluted weighted average outstanding shares were 31,107 units in 4Q21.*
## 4Q21 Balance Sheets

<table>
<thead>
<tr>
<th>Selected Items from Balance Sheets (In NT$ thousands)</th>
<th>4Q21 Amount</th>
<th>4Q21 %</th>
<th>3Q21 Amount</th>
<th>3Q21 %</th>
<th>4Q20 Amount</th>
<th>4Q20 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Marketable Securities</td>
<td>724,164</td>
<td>38%</td>
<td>787,132</td>
<td>41%</td>
<td>972,376</td>
<td>55%</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>319,072</td>
<td>16%</td>
<td>235,748</td>
<td>13%</td>
<td>254,612</td>
<td>15%</td>
</tr>
<tr>
<td>Other current assets</td>
<td>88,953</td>
<td>4%</td>
<td>113,874</td>
<td>6%</td>
<td>293,793</td>
<td>17%</td>
</tr>
<tr>
<td>Net PP&amp;E</td>
<td>674,452</td>
<td>35%</td>
<td>682,114</td>
<td>36%</td>
<td>175,035</td>
<td>10%</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>130,054</td>
<td>7%</td>
<td>74,094</td>
<td>4%</td>
<td>60,946</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,936,695</td>
<td>100%</td>
<td>1,892,962</td>
<td>100%</td>
<td>1,756,762</td>
<td>100%</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>269,620</td>
<td>14%</td>
<td>238,895</td>
<td>13%</td>
<td>246,633</td>
<td>14%</td>
</tr>
<tr>
<td>Long-term Interest-bearing Debts</td>
<td>83,482</td>
<td>4%</td>
<td>197,923</td>
<td>10%</td>
<td>1,095</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>353,102</td>
<td>18%</td>
<td>436,818</td>
<td>23%</td>
<td>247,728</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Total Shareholders' Equity</strong></td>
<td>1,583,593</td>
<td>82%</td>
<td>1,456,144</td>
<td>77%</td>
<td>1,509,034</td>
<td>86%</td>
</tr>
</tbody>
</table>
## 4Q21 Cash Flow

(In NT$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>4Q21</th>
<th>3Q21</th>
<th>4Q20</th>
</tr>
</thead>
<tbody>
<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>224,520</td>
<td>91,667</td>
<td>385,631</td>
</tr>
<tr>
<td>Cash used in investing activities</td>
<td>(313,779)</td>
<td>(235,865)</td>
<td>(145,322)</td>
</tr>
<tr>
<td>Cash generated from/(used in) financing activities</td>
<td>(133,808)</td>
<td>(11,592)</td>
<td>(291,836)</td>
</tr>
<tr>
<td>FX effects on cash held in foreign currencies</td>
<td>2,728</td>
<td>(5,684)</td>
<td>(10,268)</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>307,421</td>
<td>366,286</td>
<td>527,760</td>
</tr>
</tbody>
</table>
Operating Result
4Q21 Revenue by Income Source
4Q21 Revenue by Region

<table>
<thead>
<tr>
<th>Quarter</th>
<th>CN</th>
<th>USA</th>
<th>TW</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q20</td>
<td>42.5%</td>
<td>16.5%</td>
<td>37.8%</td>
<td>3.2%</td>
</tr>
<tr>
<td>1Q21</td>
<td>41.8%</td>
<td>12.2%</td>
<td>42.0%</td>
<td>3.2%</td>
</tr>
<tr>
<td>2Q21</td>
<td>53.7%</td>
<td>19.9%</td>
<td>17.7%</td>
<td>3.2%</td>
</tr>
<tr>
<td>3Q21</td>
<td>50.3%</td>
<td>19.8%</td>
<td>20.5%</td>
<td>3.2%</td>
</tr>
<tr>
<td>4Q21</td>
<td>49.2%</td>
<td>19.6%</td>
<td>25.8%</td>
<td>3.2%</td>
</tr>
</tbody>
</table>

Year Comparison:

<table>
<thead>
<tr>
<th>Year</th>
<th>CN</th>
<th>USA</th>
<th>TW</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>41.0%</td>
<td>20.0%</td>
<td>30.7%</td>
<td>6.7%</td>
</tr>
<tr>
<td>2021</td>
<td>48.8%</td>
<td>26.2%</td>
<td>18.3%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>
4Q21 Revenue by Customer Type

- **Fabless**
  - 4Q20: 71.0%
  - 1Q21: 62.1%
  - 2Q21: 81.9%
  - 3Q21: 80.7%
  - 4Q21: 75.2%
  - 2020: 67.2%
  - 2021: 75.1%

- **Foundry**
  - 4Q20: 29.0%
  - 1Q21: 37.9%
  - 2Q21: 18.1%
  - 3Q21: 19.3%
  - 4Q21: 24.8%
  - 2020: 32.8%
  - 2021: 24.9%
Fabless License Fee by Nodes

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3~7nm</th>
<th>12~16nm</th>
<th>22~28nm</th>
<th>40~65nm</th>
<th>90~180nm</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q20</td>
<td>4.5%</td>
<td>22.1%</td>
<td>45.9%</td>
<td>21.4%</td>
<td>6.0%</td>
</tr>
<tr>
<td>1Q21</td>
<td>12.0%</td>
<td>33.8%</td>
<td>51.3%</td>
<td>2.8%</td>
<td>2.8%</td>
</tr>
<tr>
<td>2Q21</td>
<td>7.3%</td>
<td>33.5%</td>
<td>36.7%</td>
<td>17.7%</td>
<td>4.8%</td>
</tr>
<tr>
<td>3Q21</td>
<td>5.8%</td>
<td>26.0%</td>
<td>41.5%</td>
<td>21.6%</td>
<td>5.3%</td>
</tr>
<tr>
<td>4Q21</td>
<td>5.6%</td>
<td>19.8%</td>
<td>42.7%</td>
<td>24.8%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>3~7nm</th>
<th>12~16nm</th>
<th>22~28nm</th>
<th>40~65nm</th>
<th>90~180nm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>5.0%</td>
<td>22.2%</td>
<td>49.1%</td>
<td>19.1%</td>
<td>4.7%</td>
</tr>
<tr>
<td>2021</td>
<td>6.4%</td>
<td>25.1%</td>
<td>41.9%</td>
<td>20.9%</td>
<td>5.6%</td>
</tr>
</tbody>
</table>
Foundry License Fee by Nodes

- **4Q20**
  - 22~28nm: 75.4%
  - 40~65nm: 15.3%
  - 90~180nm: 9.2%

- **1Q21**
  - 22~28nm: 72.1%
  - 40~65nm: 14.2%
  - 90~180nm: 13.7%

- **2Q21**
  - 22~28nm: 52.8%
  - 40~65nm: 30.3%
  - 90~180nm: 16.9%

- **3Q21**
  - 22~28nm: 46.7%
  - 40~65nm: 31.3%
  - 90~180nm: 22.0%

- **4Q21**
  - 22~28nm: 40.7%
  - 40~65nm: 18.4%
  - 90~180nm: 40.9%

- **2020**
  - 22~28nm: 9.3%
  - 40~65nm: 17.8%
  - 90~180nm: 72.8%

- **2021**
  - 22~28nm: 49.4%
  - 40~65nm: 18.4%
  - 90~180nm: 32.2%

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4Q21 Recap & Highlights

- After a weak 3Q21 with the COVID-19 and foundry tight capacity impact, 4Q21 significant revenue growth benefits from recovery of new orders and recognition of deferred revenue over time.
- With the development of 7nm and 5nm USB/PCIe/MIPI/ONFi IP, 3nm IP is developing in full swing.
- Royalty grows by 43% in USD and 35% in NTD YoY in 2021.
- Keep extensive collaboration with strategic partners such as foundry, design service vendor, CPU designer, and EDA provider.
- Regarding IP integration service, Arm® Cortex®-M55 and Ethos™-U55 processor hardcore IPs have been launched successfully.
- Robust demand from Automotive, AI accelerator, 5G communications, customized IoT and Hyperscale Computing applications.
Future Prospect
M31 Products

Foundation IP
- Memory Compiler
- Standard Cell
- GPIO, Specialty IO
- OPPA* Libraries

7nm / 12nm/ Specialty Process

High Speed Interface IP / Analog IP
- USB
- PCIe
- MIPI
- SATA
- PLL
- ADC
- LDO
- PVT Sensor

3nm / 5nm / 6nm / 7nm / 12nm

IP Integration Service
- Processor Core Hardening
- IP Subsystem Integration Service

12nm Arm M55 & U55 Processor Hardcore

* OPPA Libraries: a set of optimized PPA memories and standard cells
Data-centric Computing
- PCIe5.0/4.0
- ONFi5.0/4.2
- USB3.2
- MIPI C/D PHY Rx/Tx
- High-Speed Standard Cell Libraries
- High-Speed SRAM Compiler

Automotive
- MIPI D-PHY Tx/Rx
- MIPI CD-PHY Tx/Rx
- GPIO
- USB3.2
- PCIe 4.0/3.1
- MIPI M-PHY
- SRAM Compiler

Security
- BCK-USB2.0/1.1
- ULF-PLL
- Low VccMIN Memory Compiler

Mobile
- 7T/9T/12T Library
- GPIO/
- eMMC/SDIO
- SRAM/ROM Compiler
- BCK-USB 3.2/2.0
- USB 3.2/2.0
- PCIe 4.0/3.1
- MIPI D-PHY Rx/Tx
- MIPI C/D-PHY Rx/Tx

Embedded Device
- BCK-USB2.0/1.1
- PCIe2.1/1.1
- MIPI DPHY Rx/Tx
- Low Power Cell Libraries
- Low VccMIN Memory Compiler

Edge Computing
- PCIe5.0/4.0
- USB3.2
- MIPI C/D PHY Rx/Tx
- Serdes PHY
- ONFi4.2
- High-Speed SRAM Compiler

Customized IoT
- ULF-PLL
- USB 3.2/2.0/1.1
- Low Power Cell Libraries
- Green Memory Compiler
- Low VccMIN Memory Compiler
- Ultra-Low Power Processor Hard Core

AI
- GPIO
- SRAM Compiler
- Low Power, High-Performance Processor Hard Cores
- PCIe 5.0/4.0
- MIPI C/D PHY Rx/Tx
- USB 3.2
- DisplayPort Tx

5G
- PCIe5.0/4.0
- USB3.2 G2/G1
- SerDes PHY
Revenue Target:

+15%~20% growth YoY in USD
Thank You

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