



**Stock Code: 6643 TT**

# 2024 Second Quarter Earnings Conference

[www.m31tech.com](http://www.m31tech.com)

**August 8<sup>th</sup>, 2024**

# Agenda

- **Welcome** Silvia Su, Spokesperson
- **2Q24 Financial Results** Silvia Su, Spokesperson
- **Outlook & Key Messages** Scott Chang, CEO
- **Q&A** Scott Chang, CEO

# 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.

# 2Q24 Financial Results

# 2Q24 Statements of Comprehensive Income

## Selected Items from Statements of Comprehensive Income

(In NT\$ thousands unless otherwise noted)

|                               | 2Q24         | 1Q24         | 2Q23         | 2Q24<br>over<br>1Q24 | 2Q24<br>over<br>2Q23 |
|-------------------------------|--------------|--------------|--------------|----------------------|----------------------|
| Net Revenue (US\$ thousands)  | 13,248       | 10,904       | 11,590       | +21.5%               | +14.3%               |
| Net Revenue                   | 429,383      | 342,065      | 347,797      | +25.5%               | +23.5%               |
| <b>Gross Margin</b>           | <b>100%</b>  | <b>100%</b>  | <b>100%</b>  |                      |                      |
| Operating Expenses            | (322,648)    | (339,357)    | (260,462)    | -4.9%                | +23.9%               |
| <b>Operating Margin</b>       | <b>24.9%</b> | <b>0.8%</b>  | <b>25.1%</b> | <b>+24.1 ppt</b>     | <b>-0.3 ppt</b>      |
| Net Income                    | 109,860      | 42,308       | 98,501       | +159.7%              | +11.5%               |
| <b>Net Profit Margin</b>      | <b>25.6%</b> | <b>12.4%</b> | <b>28.3%</b> | <b>+13.2 ppt</b>     | <b>-2.7 ppt</b>      |
| EPS (NT Dollar)               | 2.64         | 1.02         | 2.38         | +158.8%              | +10.9%               |
| Average Exchange Rate-USD/NTD | 32.35        | 31.40        | 30.71        | +3.0%                | +5.3%                |

\* Diluted weighted average outstanding shares were 41,551 units in 2Q24.

\*\* 2Q24 net foreign exchange gain of NTD \$11,060K.

# 1H24 Statements of Comprehensive Income

## *Selected Items from Statements of Comprehensive Income*

*(In NT\$ thousands unless otherwise noted)*

|                               | 1H24         | 1H23         | 1H24<br>over<br>1H23 |
|-------------------------------|--------------|--------------|----------------------|
| Net Revenue (US\$ thousands)  | 24,153       | 21,887       | +10.4%               |
| Net Revenue                   | 771,448      | 660,759      | +16.8%               |
| <b>Gross Margin</b>           | <b>100%</b>  | <b>100%</b>  |                      |
| Operating Expenses            | (662,005)    | (528,787)    | +25.2%               |
| <b>Operating Margin</b>       | <b>14.2%</b> | <b>20.0%</b> | <b>-5.8 ppt</b>      |
| Net Income                    | 152,168      | 168,575      | -9.7%                |
| <b>Net Profit Margin</b>      | <b>19.7%</b> | <b>25.5%</b> | <b>-5.8 ppt</b>      |
| EPS (NT Dollar)               | 3.66         | 4.08         | -10.3%               |
| Average Exchange Rate-USD/NTD | 31.91        | 30.56        | +4.4%                |

\* Diluted weighted average outstanding shares were 41,550 units in 1H24.

\*\* 1H24 net foreign exchange gain of NTD \$51,496K.

# 2Q24 Balance Sheets

## Selected Items from Balance Sheets

(In NT\$ thousands)

|                                   | 2Q24             |             | 1Q24             |             | 2Q23             |             |
|-----------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|
|                                   | Amount           | %           | Amount           | %           | Amount           | %           |
| Cash & Marketable Securities      | 842,022          | 35%         | 940,323          | 41%         | 1,254,658        | 53%         |
| Accounts Receivable               | 363,123          | 15%         | 259,900          | 11%         | 198,760          | 8%          |
| Other current assets              | 283,609          | 11%         | 276,481          | 12%         | 213,941          | 9%          |
| Net PP&E                          | 608,663          | 25%         | 582,419          | 25%         | 571,390          | 24%         |
| Other non-current assets          | 353,553          | 14%         | 257,765          | 11%         | 140,282          | 6%          |
| <b>Total Assets</b>               | <b>2,450,970</b> | <b>100%</b> | <b>2,316,888</b> | <b>100%</b> | <b>2,379,031</b> | <b>100%</b> |
| Current Liabilities               | 485,880          | 20%         | 463,479          | 20%         | 580,709          | 25%         |
| Non-current Liabilities           | 22,143           | 1%          | 22,825           | 1%          | 8,593            | -           |
| <b>Total Liabilities</b>          | <b>508,023</b>   | <b>21%</b>  | <b>486,304</b>   | <b>21%</b>  | <b>589,302</b>   | <b>25%</b>  |
| <b>Total Shareholders' Equity</b> | <b>1,942,947</b> | <b>79%</b>  | <b>1,830,584</b> | <b>79%</b>  | <b>1,789,729</b> | <b>75%</b>  |

# 2Q24 Cash Flow

(In NT\$ thousands)

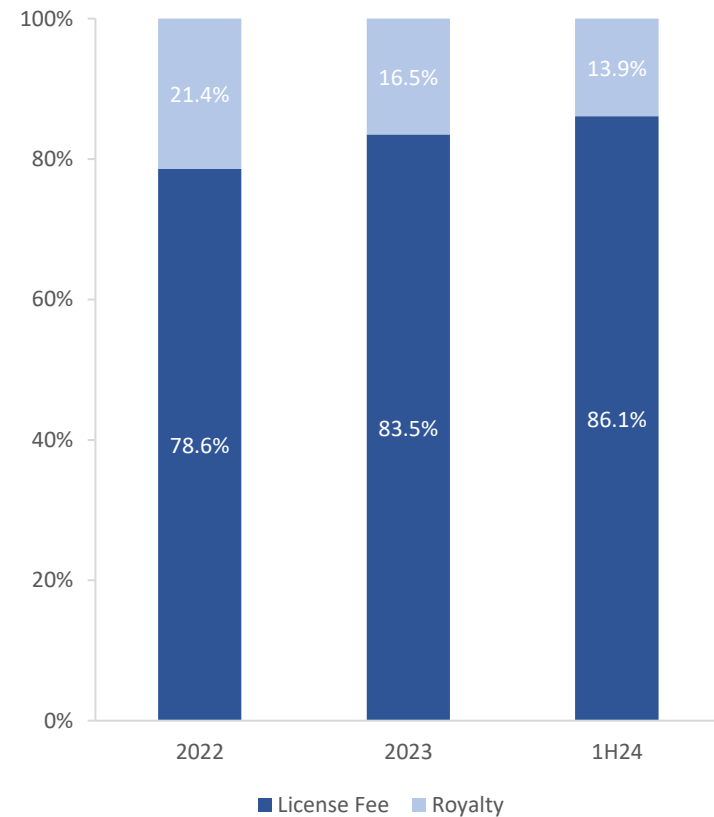
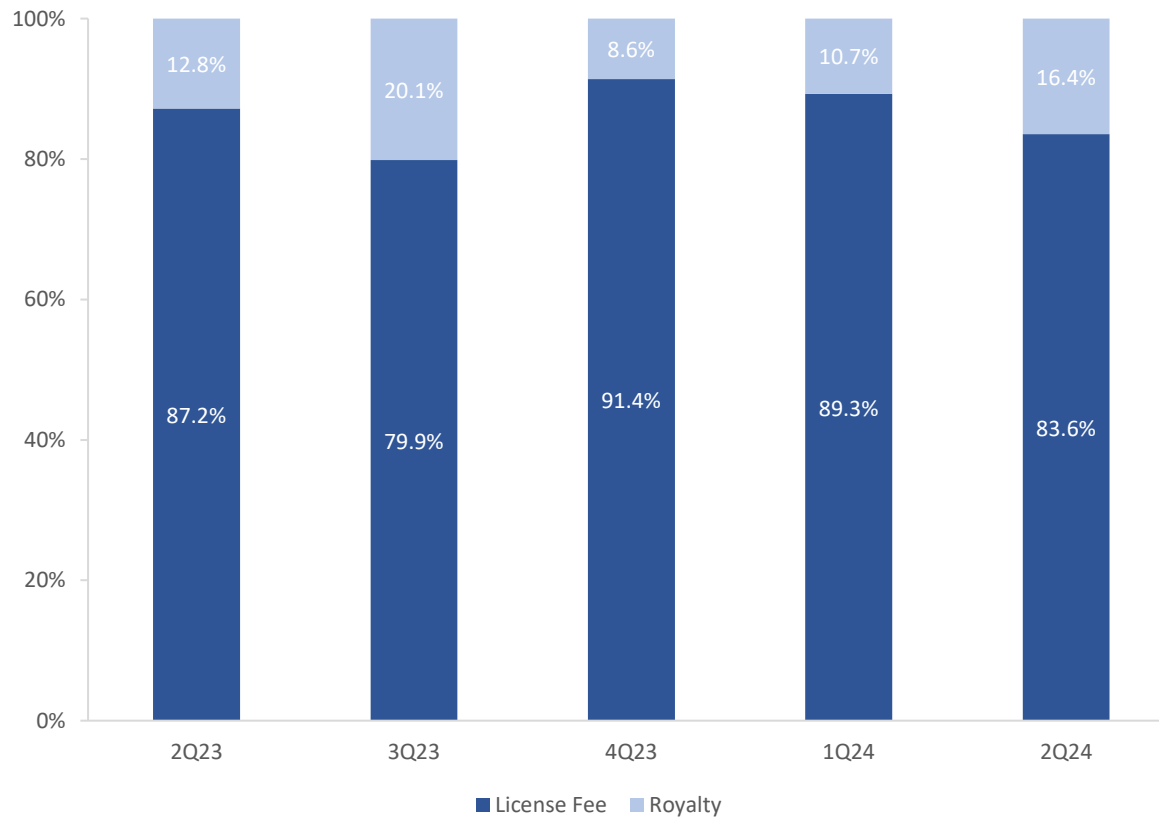
|  | 2Q24           | 1Q24           | 2Q23             |
|--|----------------|----------------|------------------|
|  | 6 Months Ended | 3 Months Ended | 6 Months Ended   |
| <b>Beginning Balance</b>                           | <b>849,121</b> | <b>849,121</b> | <b>546,776</b>   |
| Cash generated from operating activities           | (131,347)      | (141,728)      | 17,076           |
| Cash used in investing activities                  | (152,847)      | (48,727)       | 452,547          |
| Cash generated from/(used in) financing activities | (4,877)        | (2,118)        | (1,207)          |
| FX effects on cash held in foreign currencies      | 14,608         | 17,984         | 8,874            |
| <b>Ending Balance</b>                              | <b>574,658</b> | <b>674,532</b> | <b>1,024,066</b> |



# Operating Result

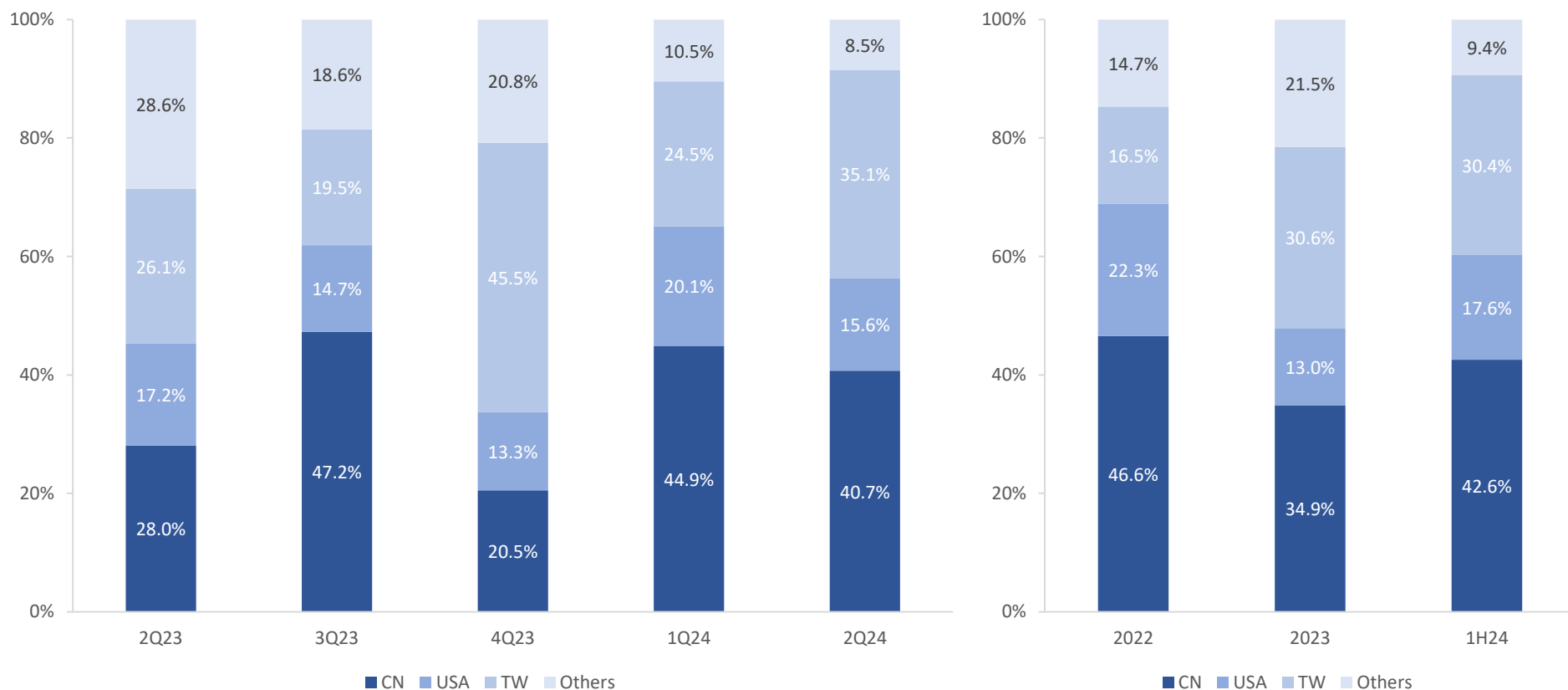
# 2Q24 Revenue by Income Source

- Starting from 2022, the proportion of License Fee shows a growth trend from 78.6% to 86.1%.
- Starting from 4Q23, the proportion of Royalty shows a slight growth trend each quarter.
- In general, our License Fee proportion is higher than Royalty, with a ratio of approximately 86:14 in 1H24.



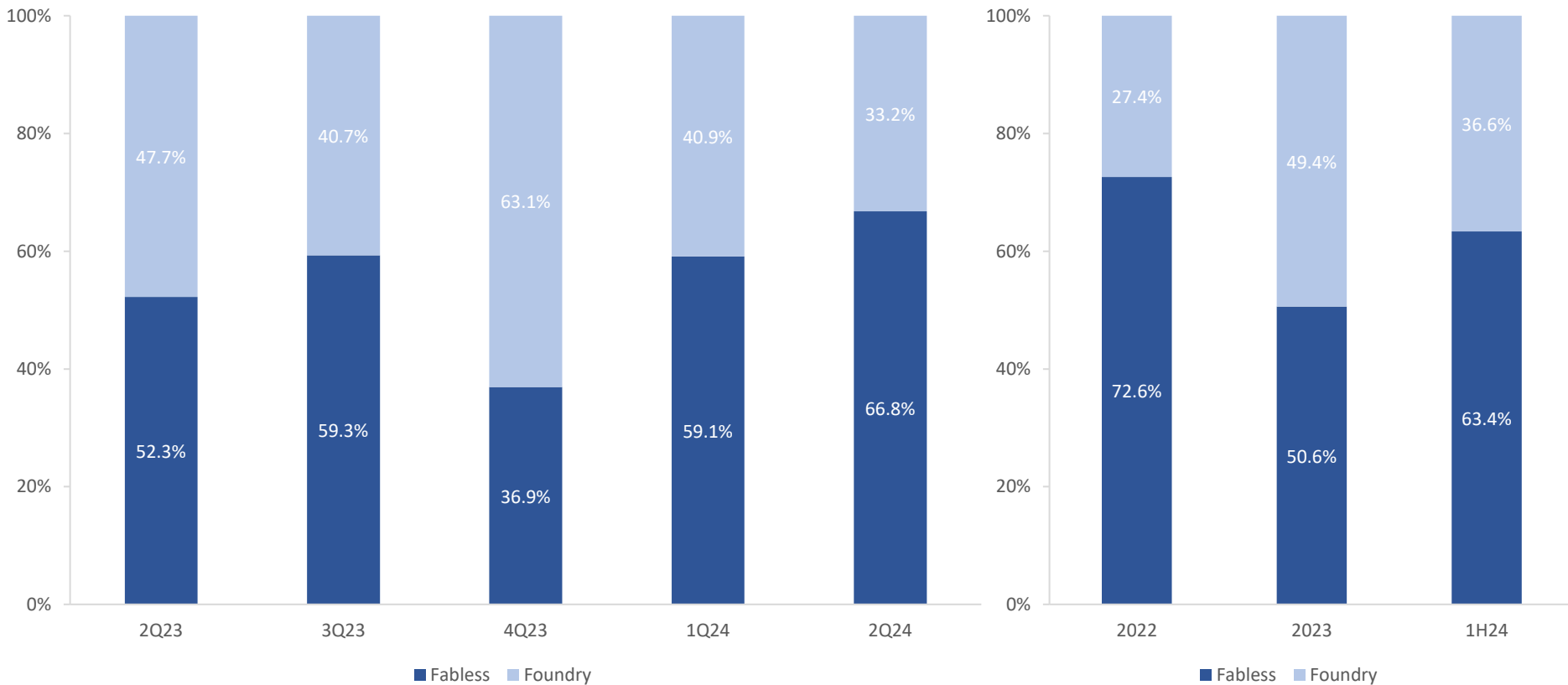
# 2Q24 Revenue by Region

- As of 1H24, revenue from China still accounted for the majority, remaining above 40%.
- In 1H24, the combined revenue from China, Taiwan, and USA accounted for over 90% of the total revenue.



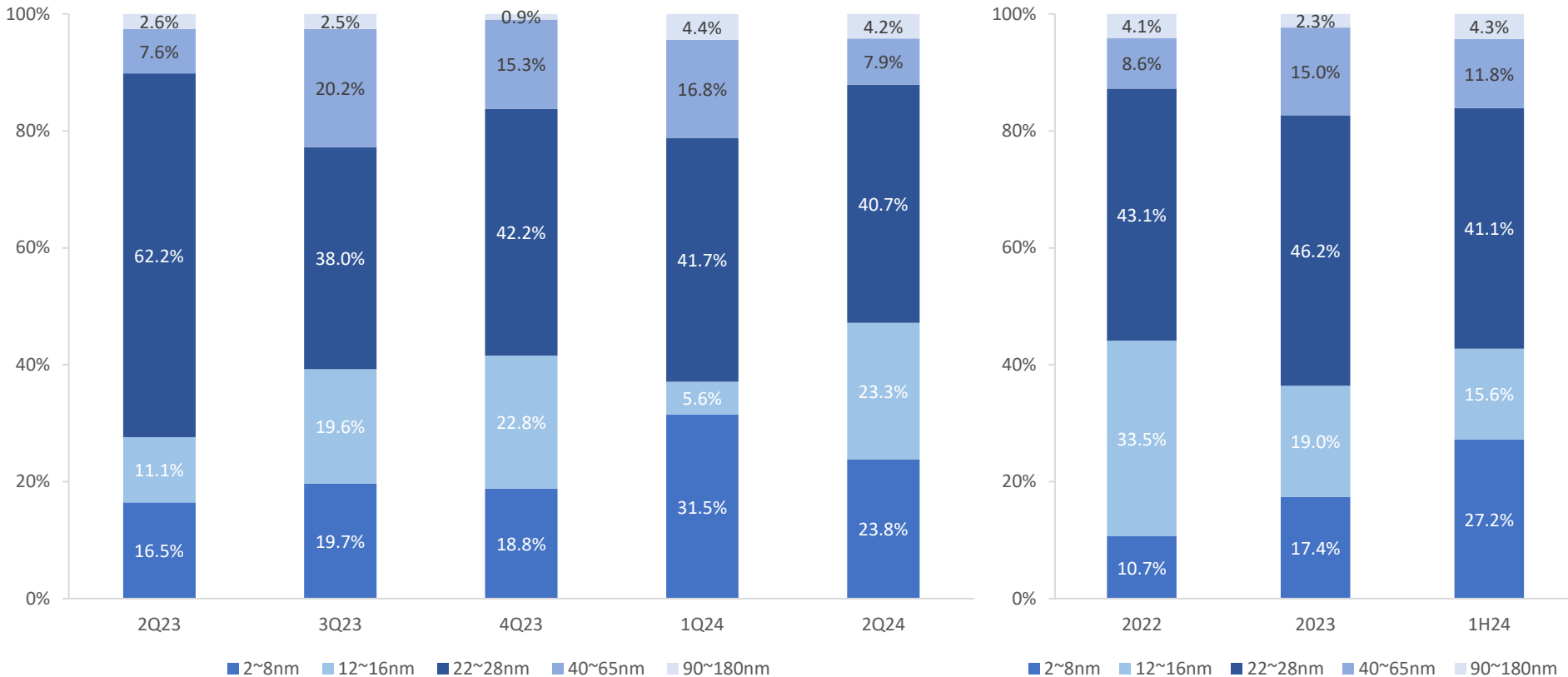
# 2Q24 Revenue by Customer Type

- Except for 4Q2023, revenue from fabless was slightly higher than that from foundry, accounting for over 50%.
- As of 1H24, the revenue ratio between fabless and foundry is approximately 6:4.



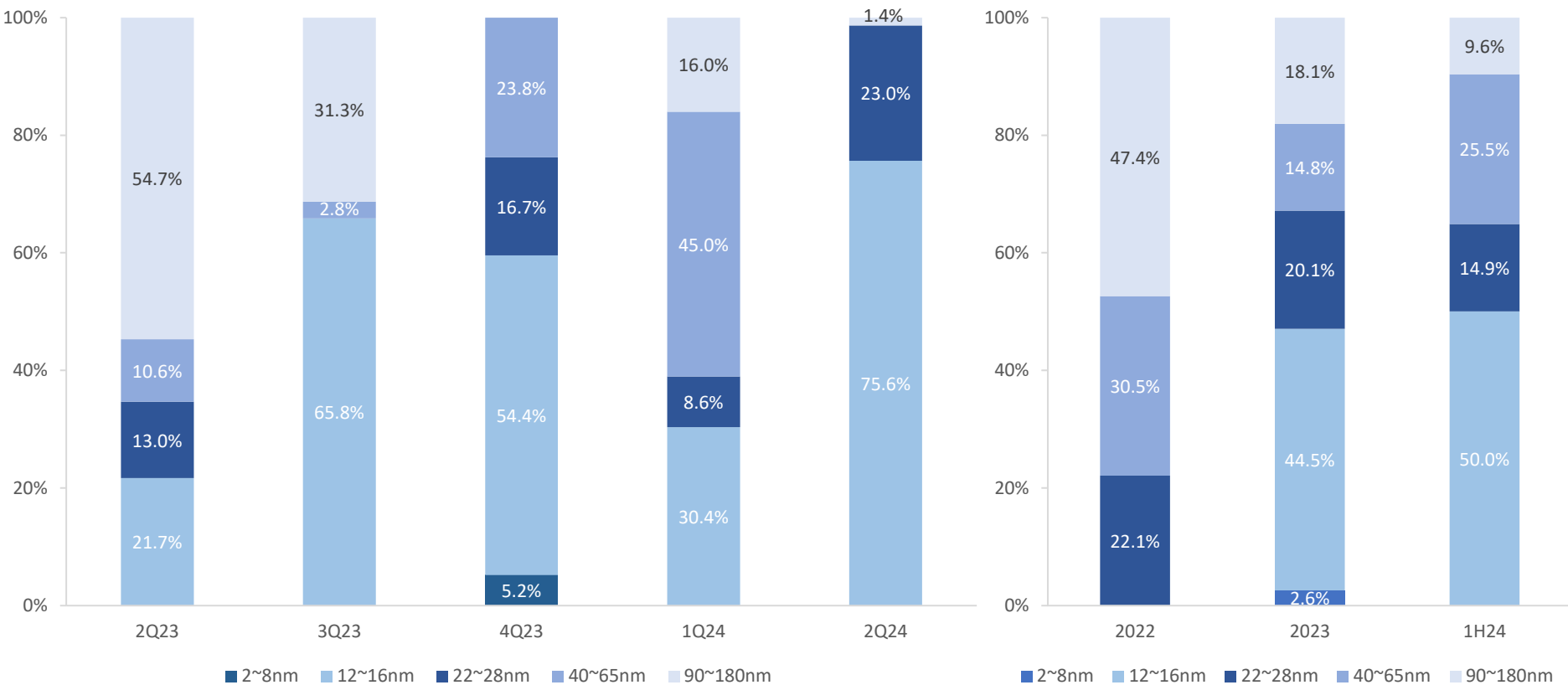
# 2Q24 Fabless License Fee by Nodes

- The fabless license fee for 22-28nm has consistently remained above 40%.
- Since 2022, the fabless license fee ratio for 2-8nm has shown an upward trend, increasing from 10.7% to 27.2%.

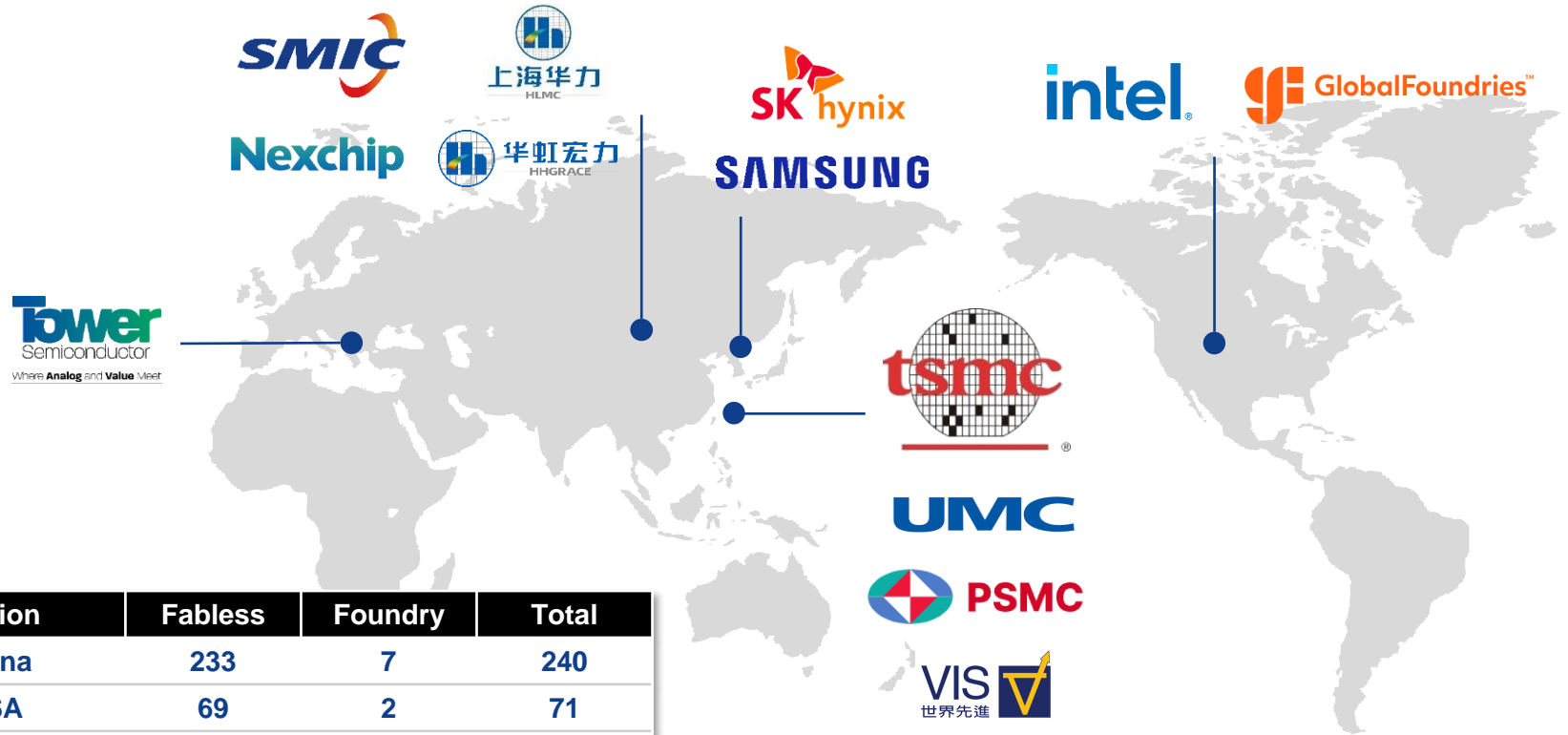


# 2Q24 Foundry License Fee by Nodes

- Since 2022, the foundry license fee ratio for 90-180nm has significantly declined, dropping from 47.4% to 9.6%.
- Since 2023, the foundry license fee for 12-16nm has begun to take effect, reaching a ratio of up to 50%.



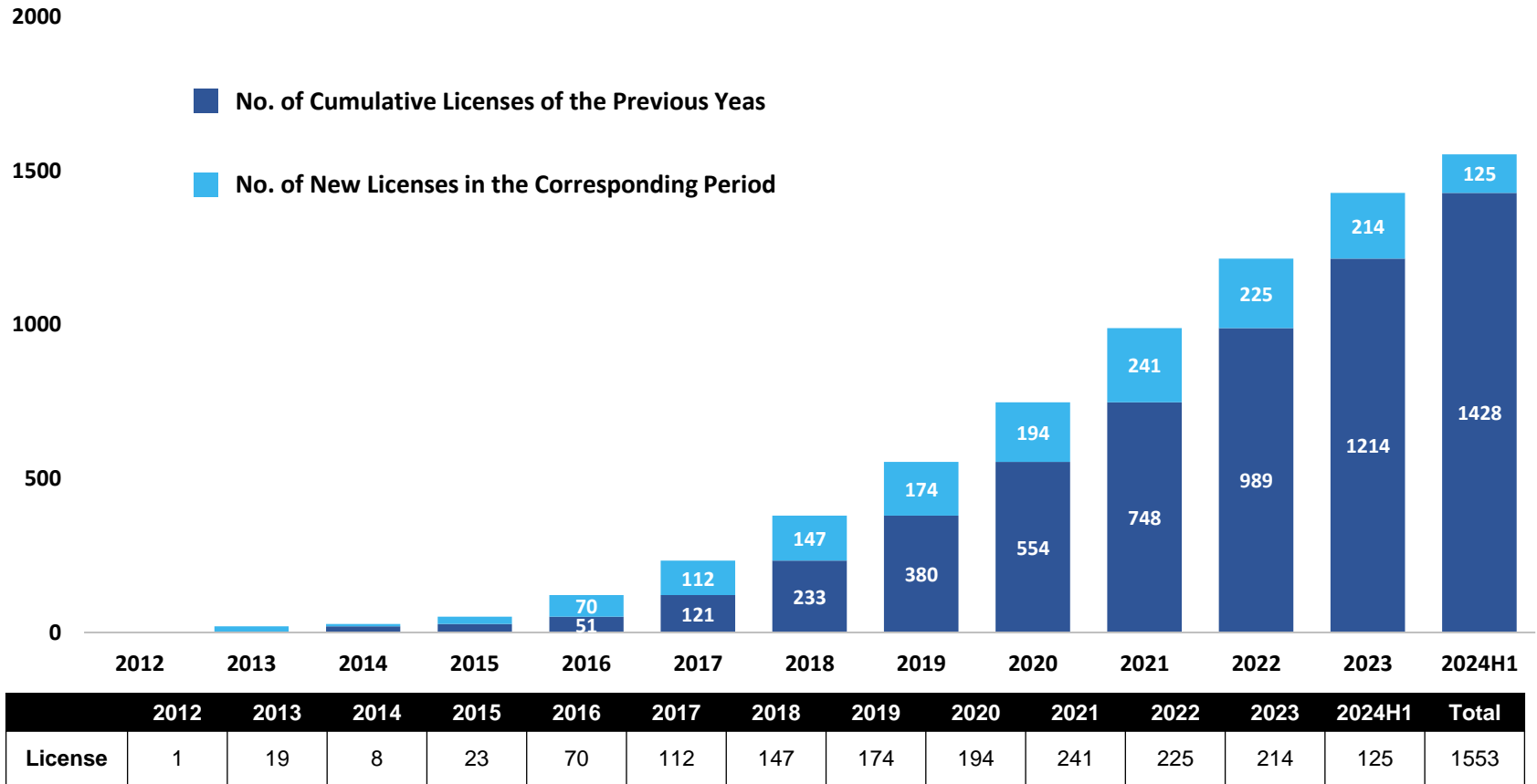
# M31 Customers



| Region       | Fabless    | Foundry   | Total      |
|--------------|------------|-----------|------------|
| China        | 233        | 7         | 240        |
| USA          | 69         | 2         | 71         |
| Taiwan       | 69         | 4         | 73         |
| Korea        | 11         | 2         | 13         |
| Japan        | 8          | 0         | 8          |
| Eurasia      | 21         | 2         | 23         |
| Others       | 2          | 0         | 2          |
| <b>Total</b> | <b>413</b> | <b>17</b> | <b>430</b> |

\* Our IP solutions are adopted by leading foundries and fabless worldwide.  
 \* Customer numbers by region and business type till 1H24.

# M31 Licenses



**Note:** Terms (including number of process platforms and licensing fees) for each technology license are set contractually. Payments are made according to set milestones, and there are no particular seasonal factors involved.



# We Are Moving Forward



# Recap of 2Q24 Operating Result

- 2Q24 revenue NT\$ 429.38 million, up 25.5% sequentially, boosted both OP Margin and Net Profit Margin from the previous quarter. After a NT\$2.00 per share stock dividend from 2023 earnings, 2Q24 EPS was diluted to NT\$2.64.
- Royalties in the second quarter are beginning to exhibit a slight upward trend thanks to improving utilization rates at overseas foundries.
- Licenses for 12/16nm, just behind the 22/28nm, have demonstrated strong growth. Nodes  $\leq 16\text{nm}$  consistently contribute over 50% of total licenses.
- Benefiting from the recovery of projects in China and new orders from fabless customers in TW, there is a rising demand for IP related to advanced process technology and porting across diverse foundries' platforms.
- The M31 Board of Directors has approved the implementation of the Employee Stock Ownership Trust (ESOT) program for 2024.

# *M31 Future Prospects*



*Your IP Partner*

*Your Virtual Team*

Thank You