



Stock Code: 6643 TT

2024 Fourth Quarter Earnings Conference

www.m31tech.com

March 19th, 2025

Agenda

- **Welcome** Silvia Su, Spokesperson
- **4Q24 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.

4Q24 Financial Results

4Q24 Statements of Comprehensive Income

Selected Items from Statements of Comprehensive Income

(In NT\$ thousands unless otherwise noted)

	4Q24	3Q24	4Q23	4Q24 over 3Q24	4Q24 over 4Q23
Net Revenue (US\$ thousands)	10,093	11,858	16,726	-14.9%	-39.7%
Net Revenue	327,577	381,878	519,089	-14.2%	-36.9%
Gross Margin	100%	100%	100%		
Operating Expenses	(428,439)	(337,193)	(350,530)	+27.1%	+22.2%
Operating Margin	-30.8%	11.7%	32.5%	-42.5 ppt	-63.3 ppt
Net Income	(53,255)	28,009	113,020	-290.1%	-147.1%
Net Profit Margin	-16.3%	7.3%	21.8%	-23.6 ppt	-38.0 ppt
EPS (NT Dollar)	(1.28)	0.67	2.71	-291.0%	-147.2%
Average Exchange Rate-USD/NTD	32.35	32.31	31.83	+0.1%	+1.6%

* Diluted weighted average outstanding shares were 41,756 units in 4Q24.

** 4Q24 net foreign exchange gain of NTD \$57,266K.

2024 Statements of Comprehensive Income

Selected Items from Statements of Comprehensive Income

(In NT\$ thousands unless otherwise noted)

	2024	2023	2024 over 2023
Net Revenue (US\$ thousands)	46,104	52,399	-12.0%
Net Revenue	1,480,903	1,612,337	-8.2%
Gross Margin	100%	100%	
Operating Expenses	(1,427,637)	(1,165,841)	+22.5%
Operating Margin	3.6%	27.7%	-24.1 ppt
Net Income	126,922	435,170	-70.8%
Net Profit Margin	8.6%	27.0%	-18.4 ppt
EPS (NT Dollar)	3.05	10.50	-71.0%
Average Exchange Rate-USD/NTD	32.13	31.18	+3.0%

* Diluted weighted average outstanding shares were 41,648 units in 2024.

** 2024 net foreign exchange gain of NTD \$59,568K.

4Q24 Balance Sheets

Selected Items from Balance Sheets

(In NT\$ thousands)

Selected Items from Balance Sheets (In NT\$ thousands)	4Q24		3Q24		4Q23	
	Amount	%	Amount	%	Amount	%
Cash & Marketable Securities	682,446	32%	506,626	24%	1,147,938	48%
Accounts Receivable	262,787	12%	381,166	18%	373,804	16%
Other current assets	259,526	12%	281,968	13%	132,573	5%
Net PP&E	591,847	27%	603,235	29%	561,779	23%
Other non-current assets	362,606	17%	343,452	16%	180,695	8%
Total Assets	2,159,212	100%	2,116,447	100%	2,396,789	100%
Current Liabilities	217,218	10%	129,552	6%	326,085	14%
Non-current Liabilities	22,690	1%	16,103	1%	7,685	-
Total Liabilities	239,908	11%	145,655	7%	333,770	14%
Total Shareholders' Equity	1,919,304	89%	1,970,792	93%	2,063,019	86%

4Q24 Cash Flow

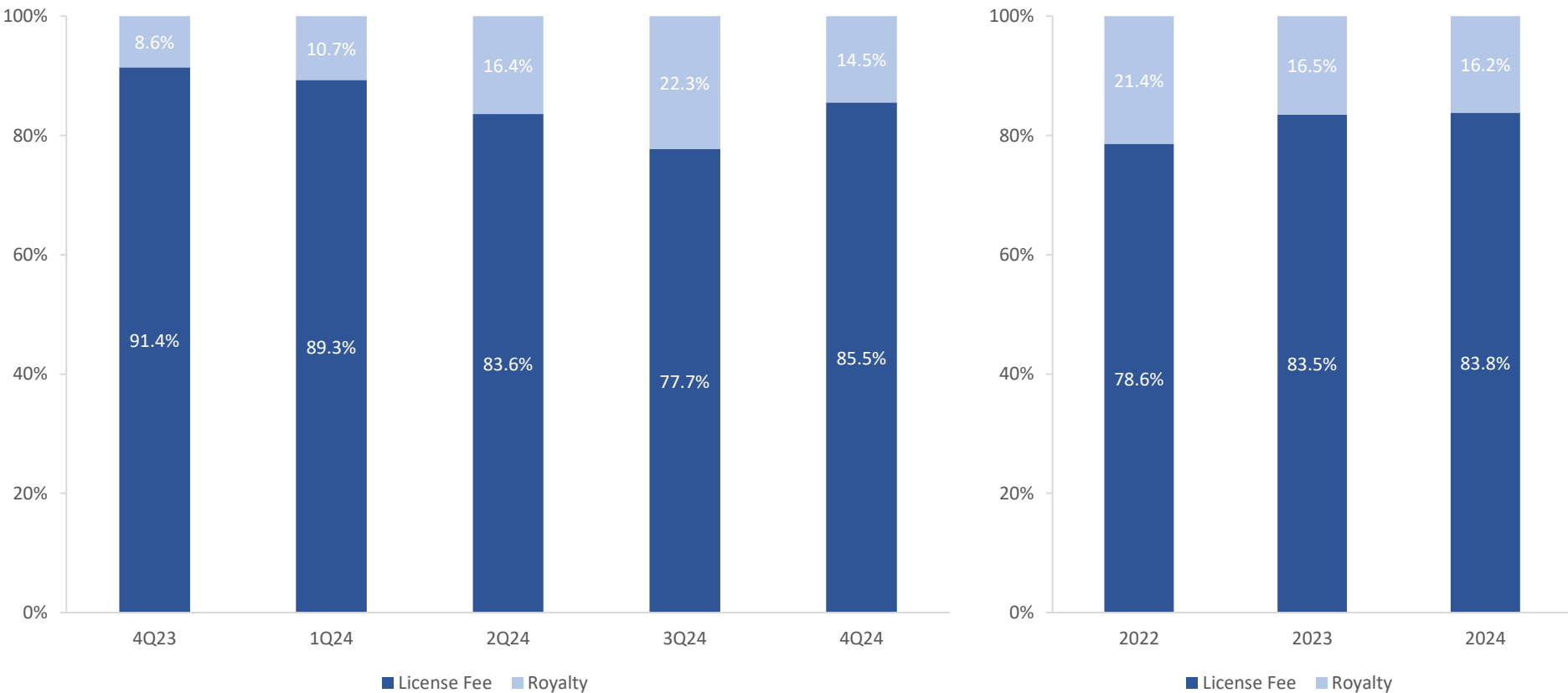
(In NT\$ thousands)

	4Q24	3Q24	4Q23
	12 Months Ended	9 Months Ended	12 Months Ended
Beginning Balance	849,121	849,121	546,776
Cash generated from operating activities	46,638	(137,034)	241,341
Cash used in investing activities	(93,018)	(78,600)	332,001
Cash generated from/(used in) financing activities	(289,200)	(286,424)	(258,691)
FX effects on cash held in foreign currencies	15,470	8,865	(12,306)
Ending Balance	529,011	355,928	849,121

Operating Result

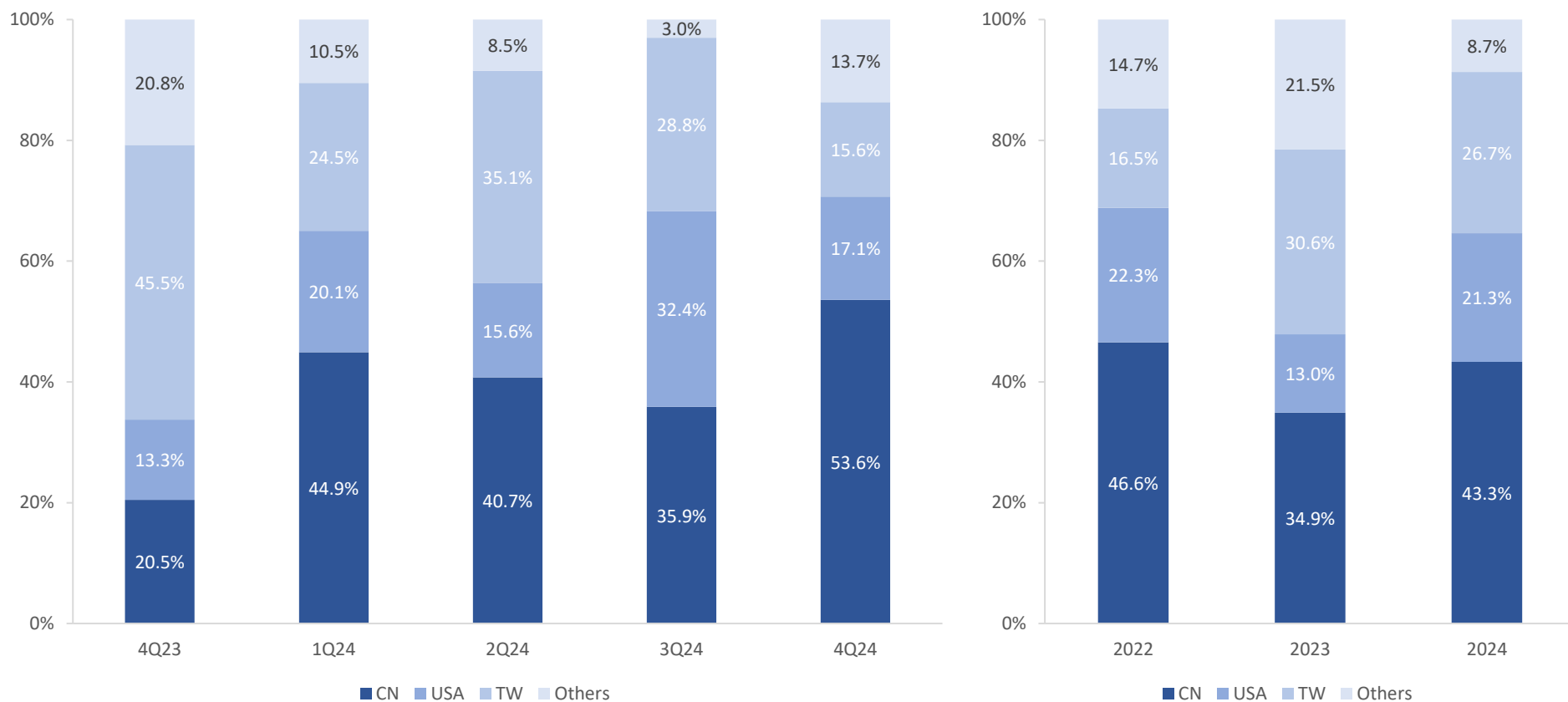
4Q24 Revenue by Income Source

- Our royalty ratio reached its peak in 3Q24, accounting for 22.3%, partly due to the underperformance of license fees in the third quarter. In 4Q24, the royalty ratio returned to 14.5%.
- In general, our License Fees are higher than Royalties, with a ratio of approximately 84:16 in 2024.



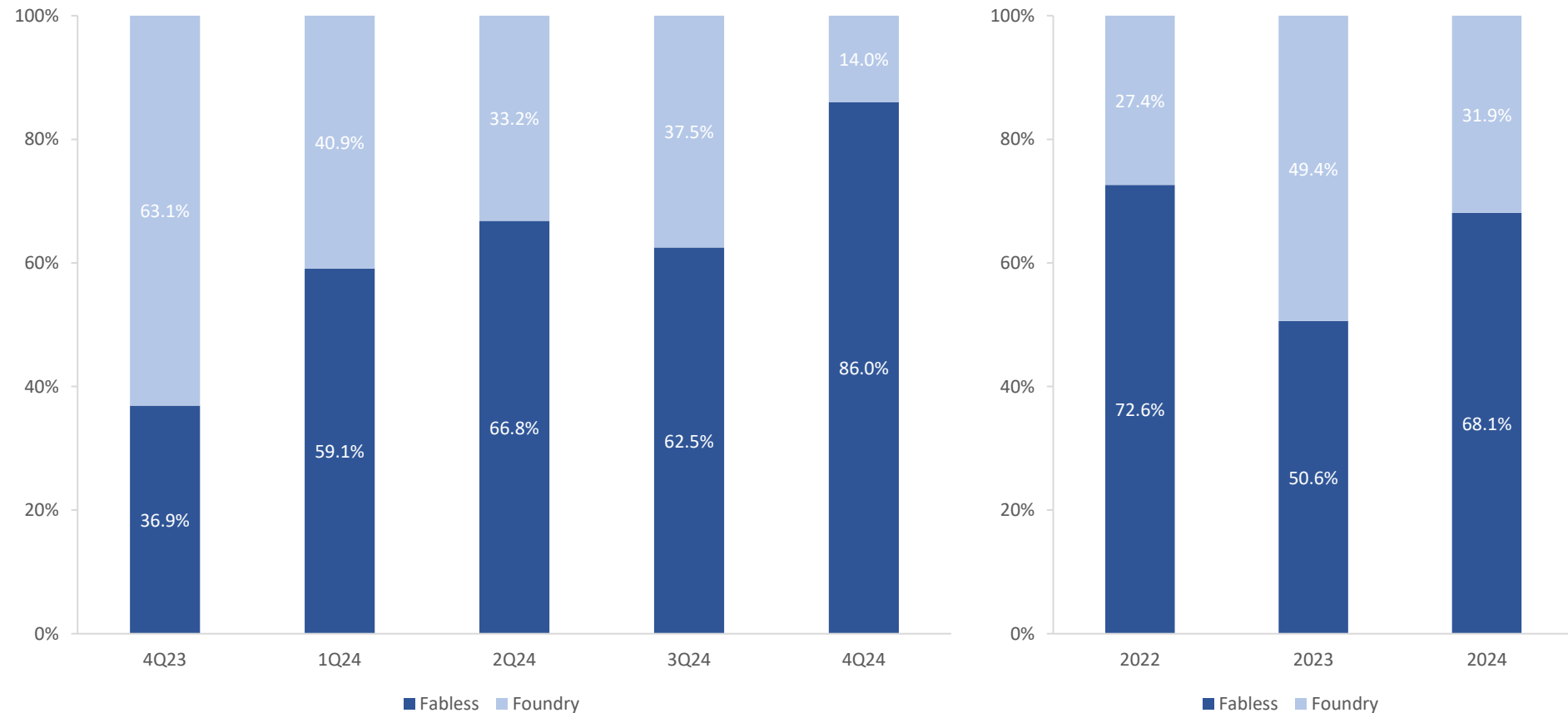
4Q24 Revenue by Region

- In 4Q24, the main revenue contribution came from China, reaching 53.6%, which was also the highest level in five consecutive quarters. Revenue growth from other regions was significant, reaching 13.7%, primarily driven by customers from Korea and Europe.
- In 2024, revenue distribution was still primarily centered on China, accounting for 43.3%, followed by Taiwan and the US.



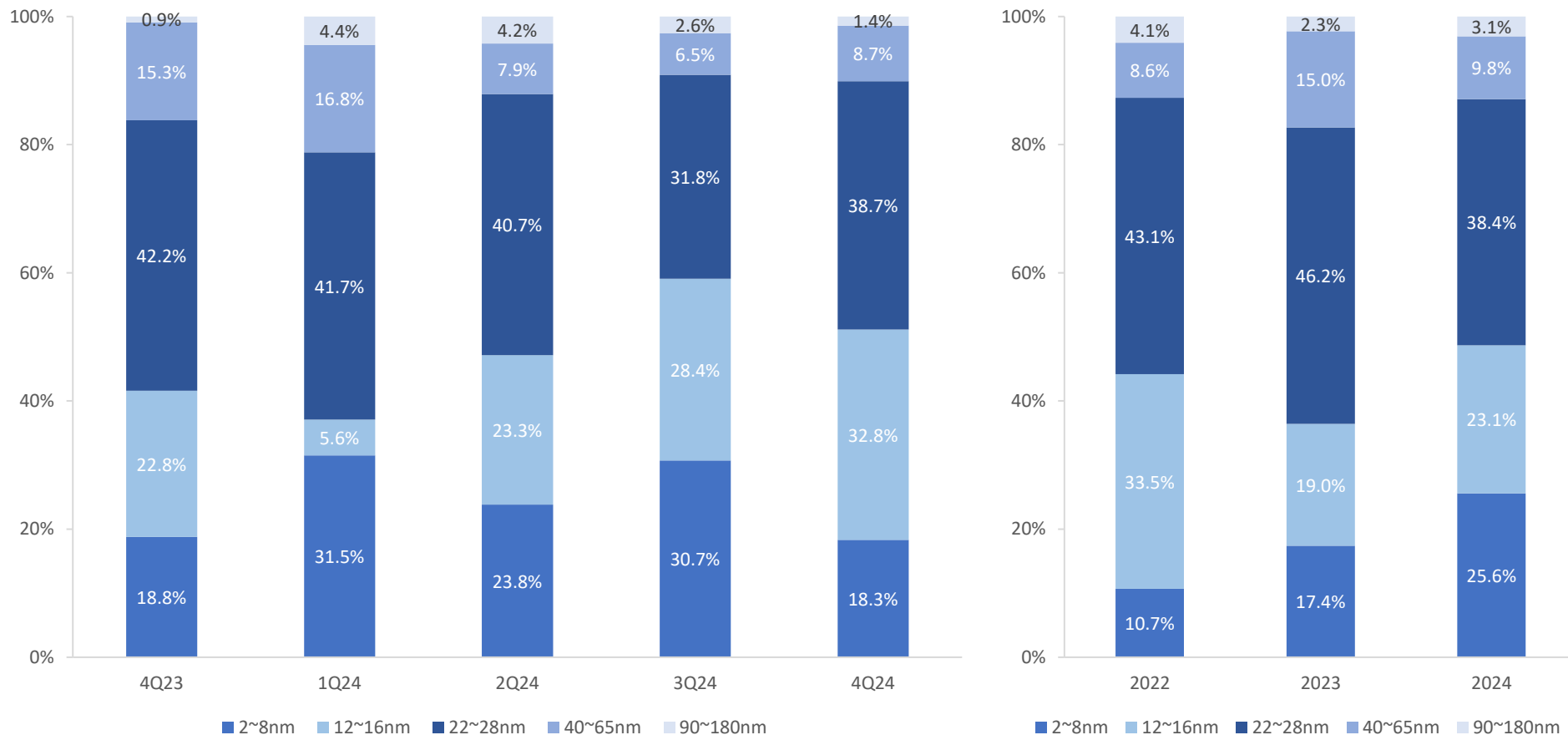
4Q24 Revenue by Customer Type

- Since 4Q23, the proportion of fables has grown significantly, increasing from 36.9% to 86%.
- Except for 2023, when the proportions of Fables and Foundry were roughly equal, the Fables share in both 2022 and 2024 exceeded that of Foundry, at approximately a 7:3 ratio.



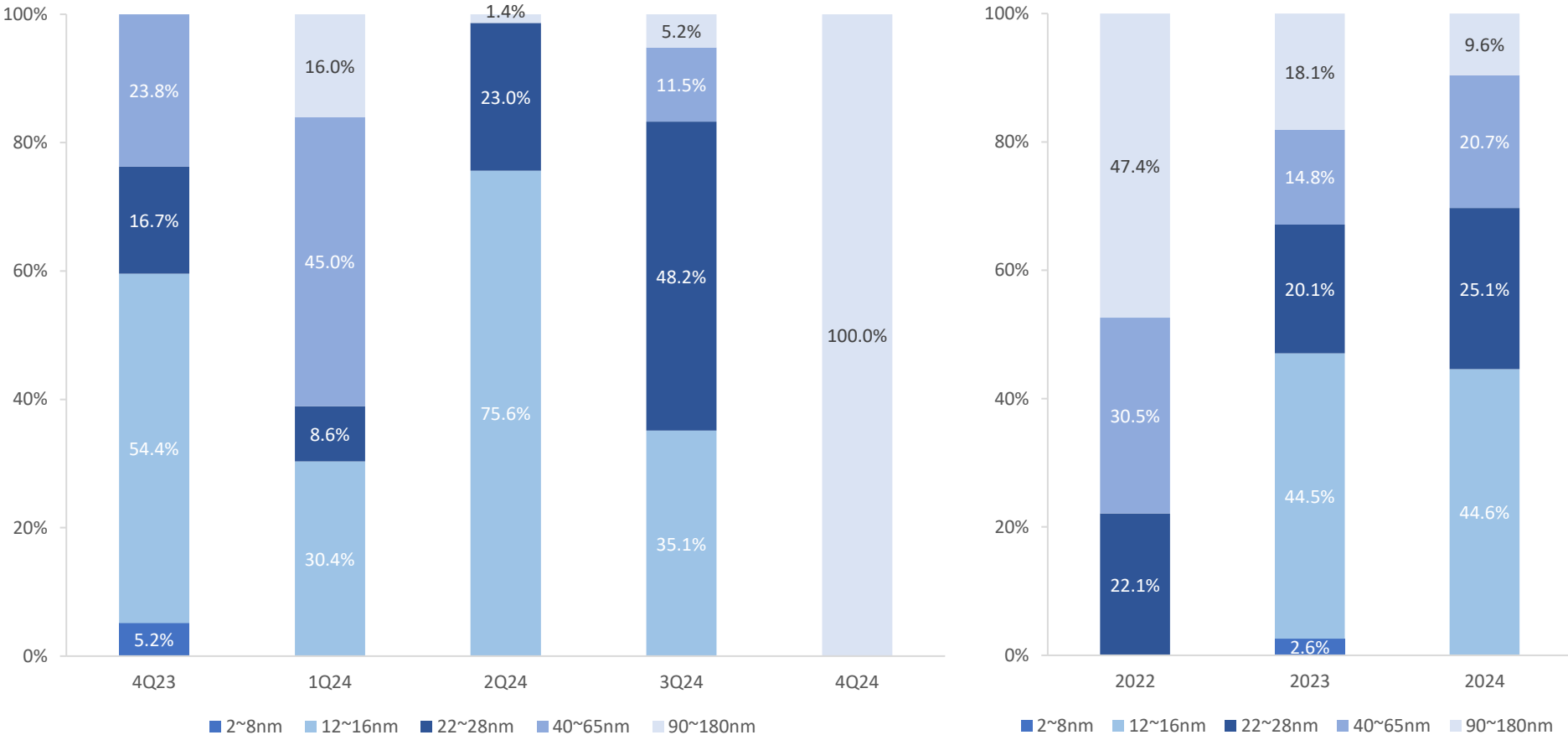
4Q24 Fabless License Fee by Nodes

- Since 3Q24, the proportion of fabless license fee for process nodes below 16nm has exceeded 50%.
- Since 2022, the fabless license fee ratio for 2-8nm has shown an upward trend, increasing from 10.7% to 25.6%.
- The 22/28nm nodes have consistently been our primary fabless revenue contributors, accounting for approximately 40%.

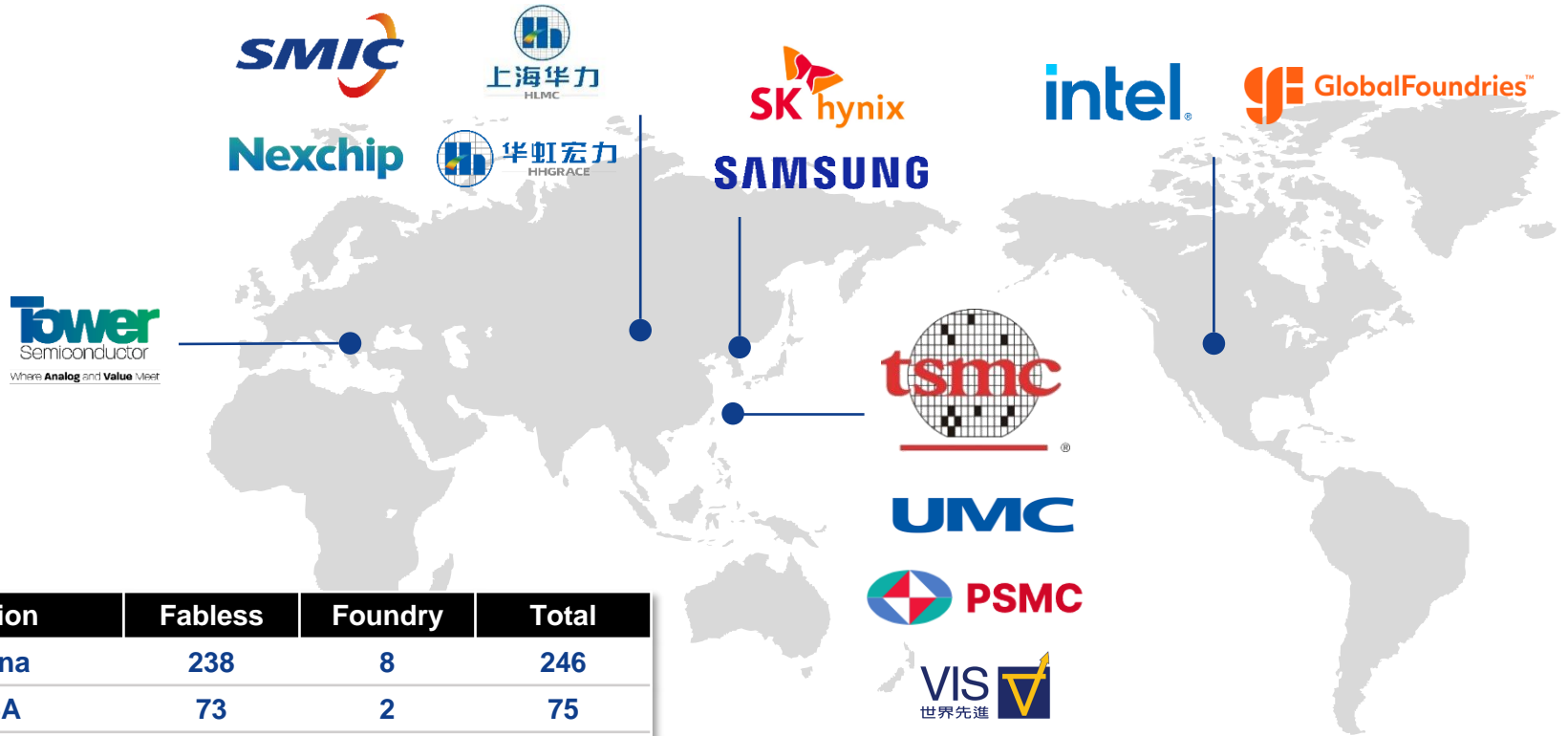


4Q24 Foundry License Fee by Nodes

- 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 taken effect, with the proportion reaching nearly 50%.
- Revenue from foundry plummeted in 4Q24, with income coming solely from processes above 90nm.



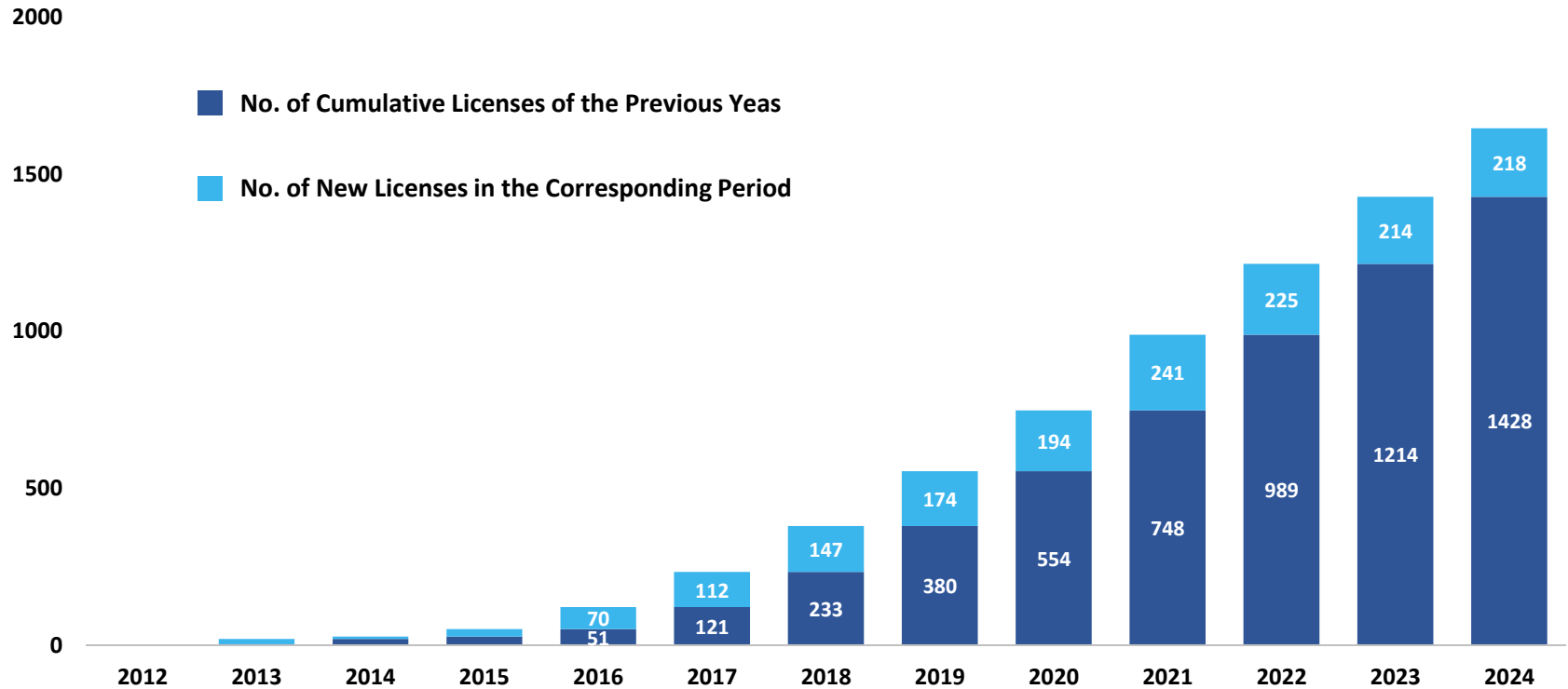
M31 Customers & Partners



Region	Fabless	Foundry	Total
China	238	8	246
USA	73	2	75
Taiwan	71	4	75
Korea	11	2	13
Japan	8	0	8
Eurasia	22	2	24
Others	2	0	2
Total	425	18	443

* Our IP solutions are adopted by leading foundries and fabless worldwide.
 * Customer numbers by region and business type till 4Q24.

M31 Licenses



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
License	1	19	8	23	70	112	147	174	194	241	225	214	218	1646

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.

Recap of 4Q24 Operating Result (1/2)

4Q24 financial results were heavily affected by underperformed revenue and increased employee compensation, resulting in an EPS of NT\$ -1.28. Summing up 2024, adjustments in operational strategy led to weaker revenue management, resulting in our first-ever revenue decline since our establishment.

Licensing:

- Advanced process nodes at $\leq 16\text{nm}$ consistently contribute significant revenue, accounting for roughly 50% of total licenses.

Royalties:

- Royalties were impacted by the decline in utilization and ASP for mature processes, leading to a slightly decrease in royalty revenue in 2024. However, we anticipate that royalty income will regain growth momentum as 12/16nm FinFET platform is about to enter mass production.

Recap of 4Q24 Operating Result (2/2)

In 2024, licensing revenue from fabless companies grew (YoY +31%); however, revenue from foundries significantly declined (YoY -56%).

Fabless:

- IP demand for the most advanced process nodes at 8nm and below remains robust among fabless customers.
- In 4Q24, our 2-4nm IPs have been progressively adopted by customers.

Foundries:

- In 4Q24, we faced challenges such as weaker-than-expected control over foundry projects and a conservative approach from key customers in initiating new projects.
- Foundry project kick-offs are anticipated to rebound in 1Q25 across various regions, including advanced process and mature specialty platforms.

M31 Future Prospects



Your IP Partner

Your Virtual Team

Thank You