AP Memory Technology Corporation

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TWSE: 6531

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Outline

- About AP Memory
- Financial Highlight
- Q&A

01

About AP Memory

Company Profile

- A fabless Customized DRAM and IP company since 2011
- Listed on the Taiwan Stock Exchange since 2016
- Headquartered in Hsinchu, Taiwan
  - R&D centers in US, Taiwan, and China. Sales worldwide.
- Headcount: 150 (as of Aug 31, 2021)
- Market Cap: NT$ 45B (as of Aug 31, 2021)
- Shares Outstanding: 74.3M (148.6M after 2-for-1 split in October)

Milestones

2021 VHM™ enters production

2020 Exited specialty DRAM business

2019 Cumulative IoT RAM shipment exceeds 5,000,000,000

2018 Started VHM™ 3D integration pilot project

2018 AP Memory (Hangzhou) established

2017 Acquired Zentel Electronics

2016 Listed on TWSE (6531)

2012 AP Memory USA Established

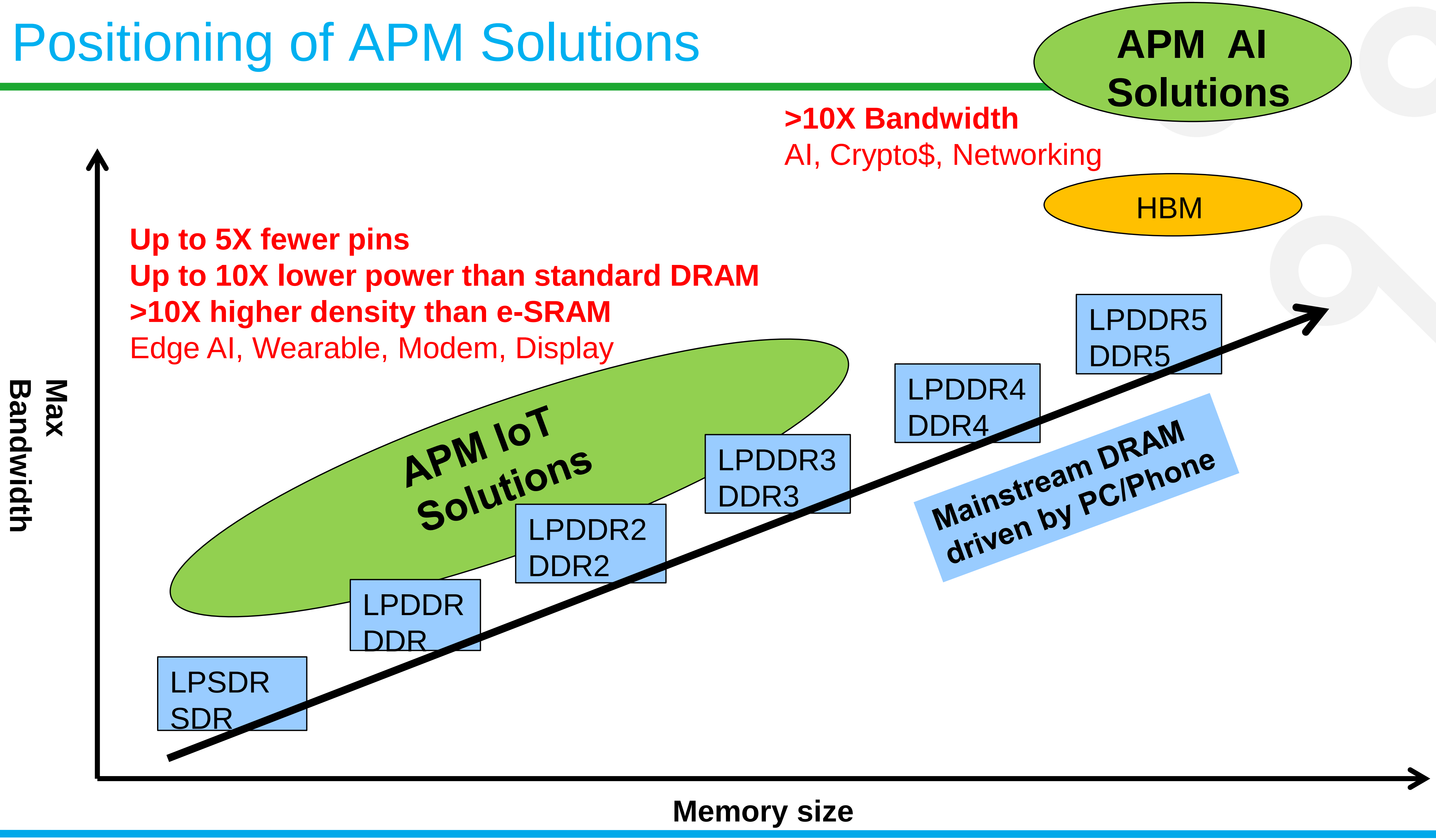
2011 AP Memory Founded (PSRAM targeting feature phone market.)

Why Customized DRAM?

- Mainstream Standard DRAM (~95%) is driven by
  - PC/Server: DDR/2/3/4/5
  - Mobile: LPDDR/2/3/4/5
  - Graphics: HBM/2/2E/3
- What about the rest?
  - Some make do with “specialty” (old) DRAM (<5%)
  - Optimized products require optimized DRAM (<1% & growing)
    - AP Memory’s customized DRAM is optimized for target applications

Customized DRAM = Application Know-how/IP + DRAM

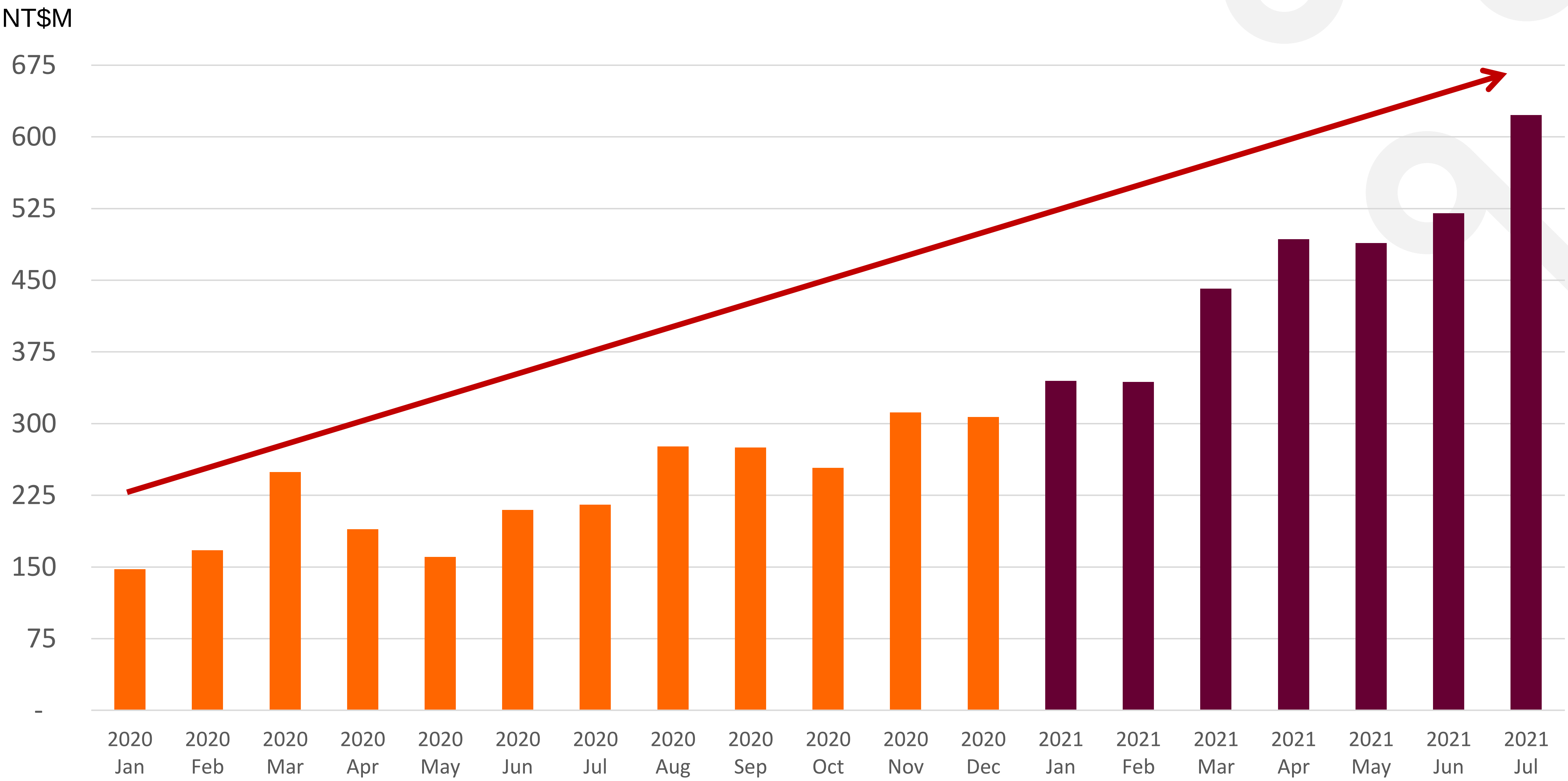
Positioning of APM Solutions



IoT BU

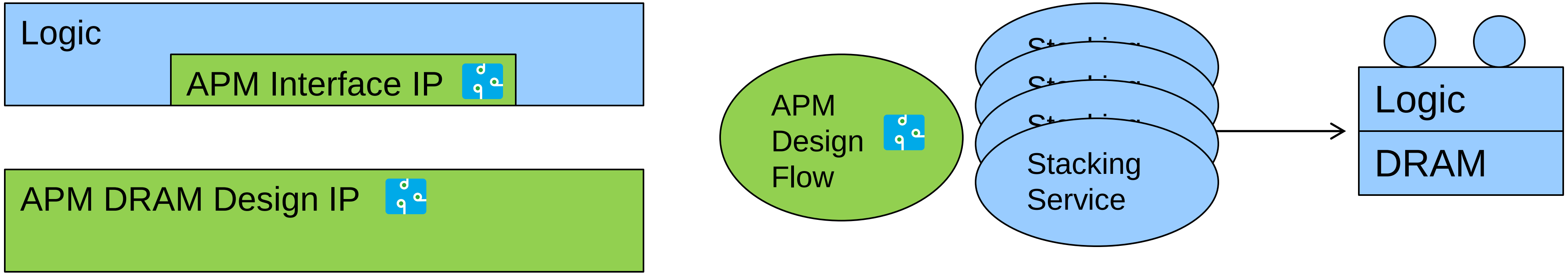
- Business Model
  - Sales of IoT RAM
  - Mostly in Known-Good-Die (KGD) form
- Business highlight
  - Shipping ~1 billion units yearly
  - >50% WW market share
  - Market leader, defining spec for industry
    - DDR ADMUX, OPI, QSPI, ULP, UHS, ULS

IoT RAM Monthly Revenue Trend

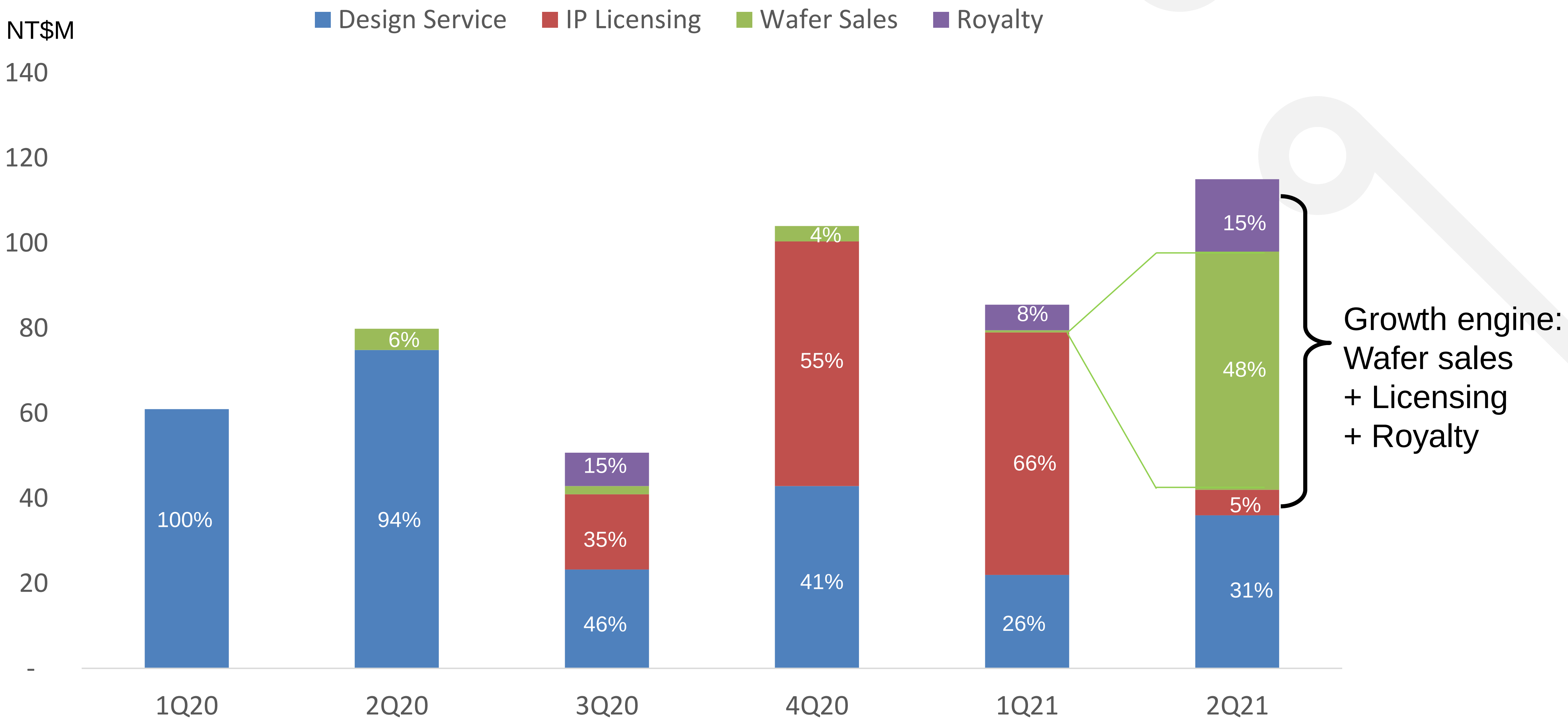


AI BU

- Business Model:
  - Licensing + DRAM wafer sales
    - Pre-production: License fee of VHM™ and associated IP
    - Production: sales revenue of DRAM wafers
- VHM™: World's first 3D Logic-DRAM integration
  - First MP revenue in Q2'21



AI/IP Revenue by Category



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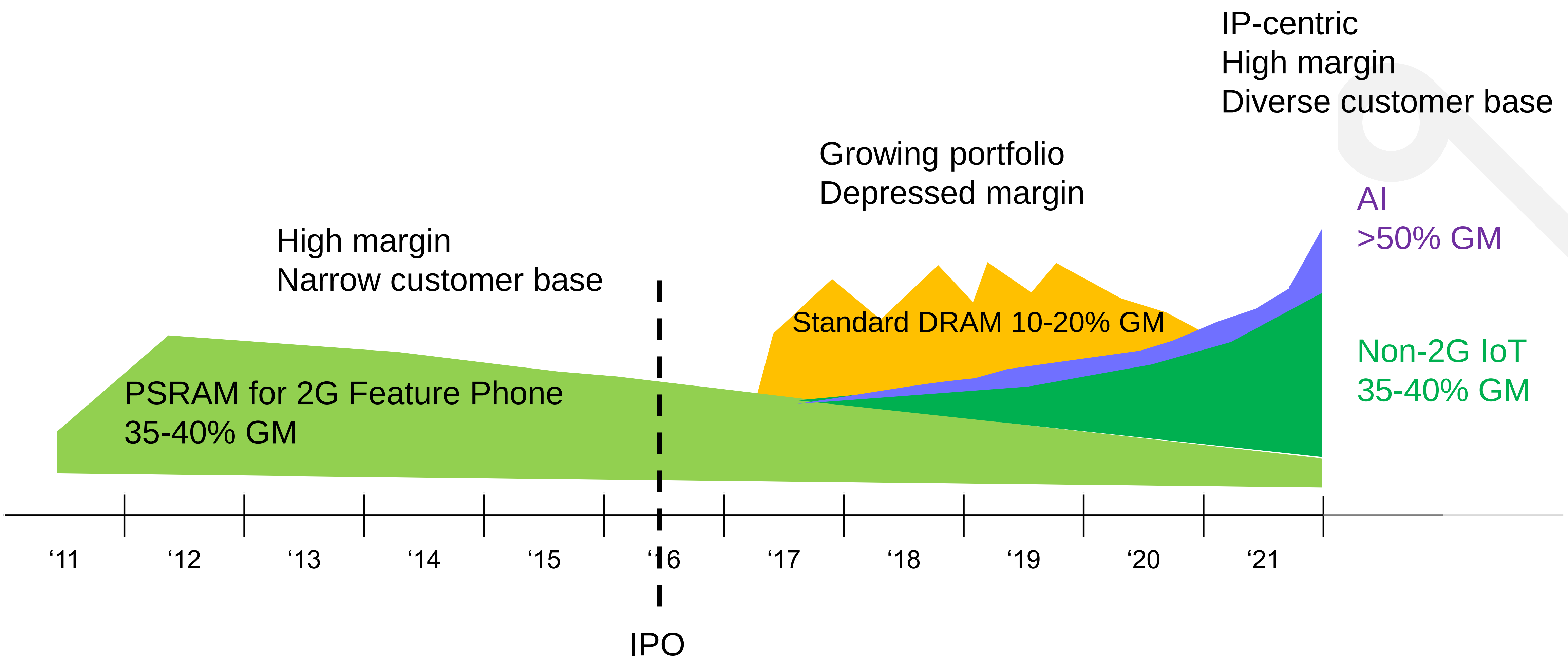
Evolution of Our Business Model



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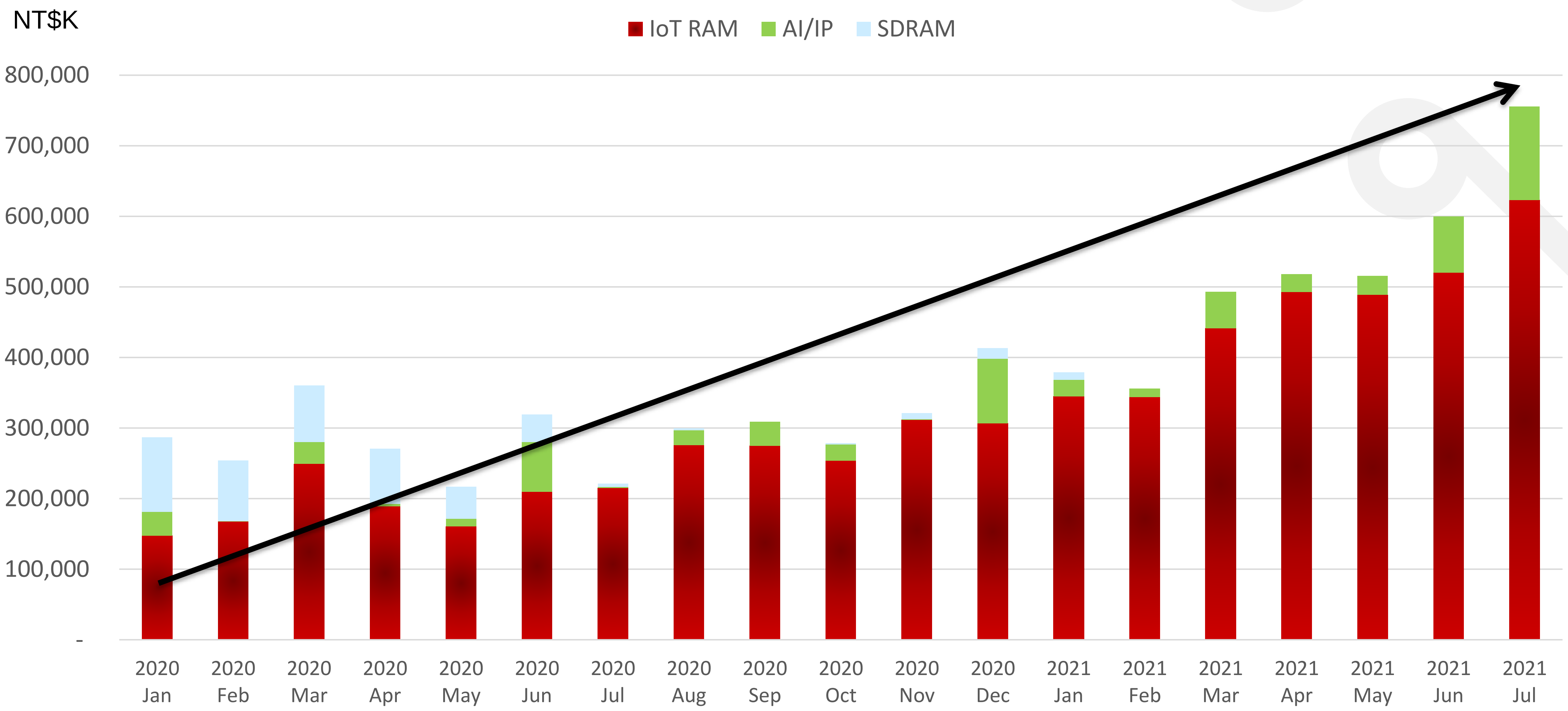
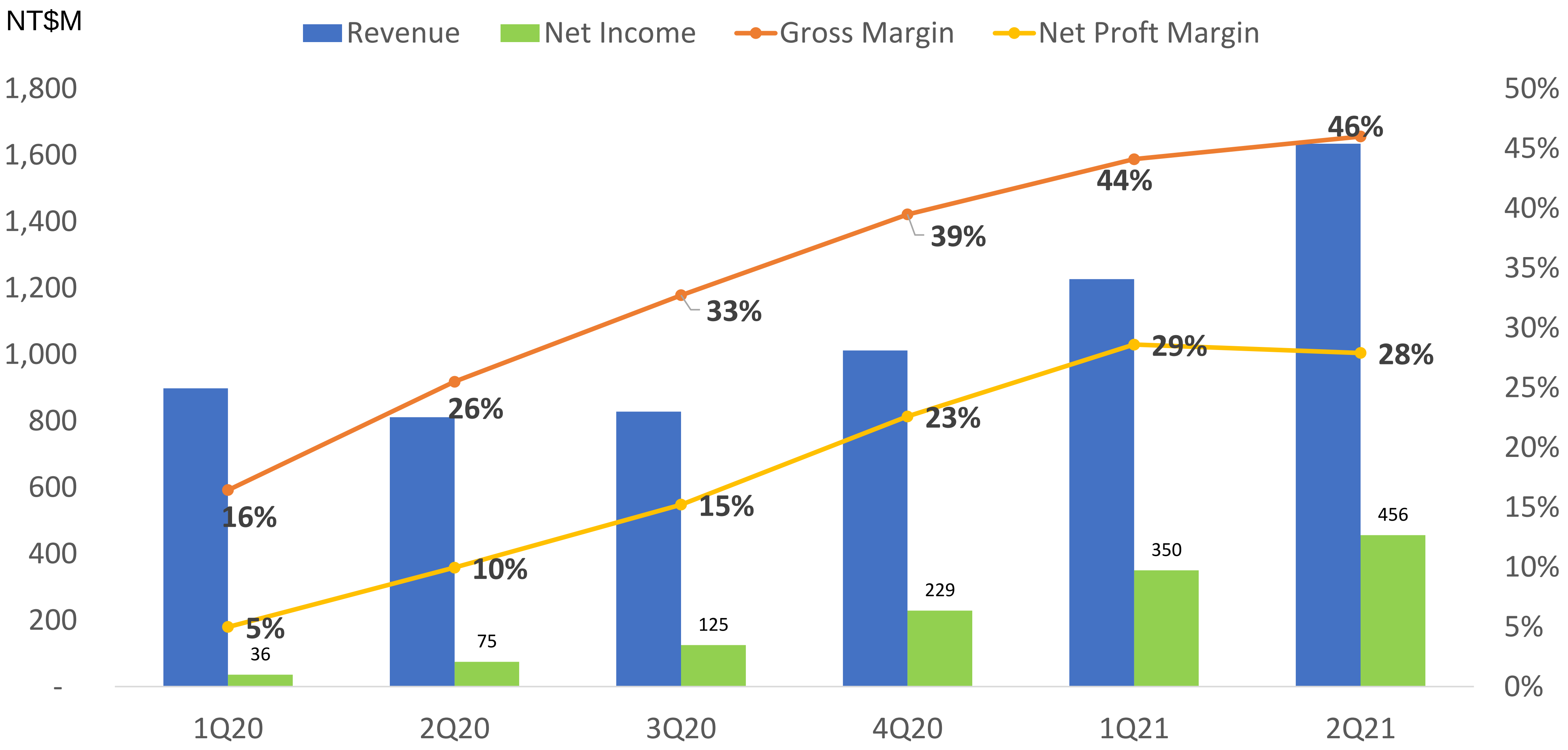
Financial Highlight

Revenue Trend



* Excluded the discontinuing operation

Operating Results



*4Q20 excluded one time gain on disposal of subsidiary.

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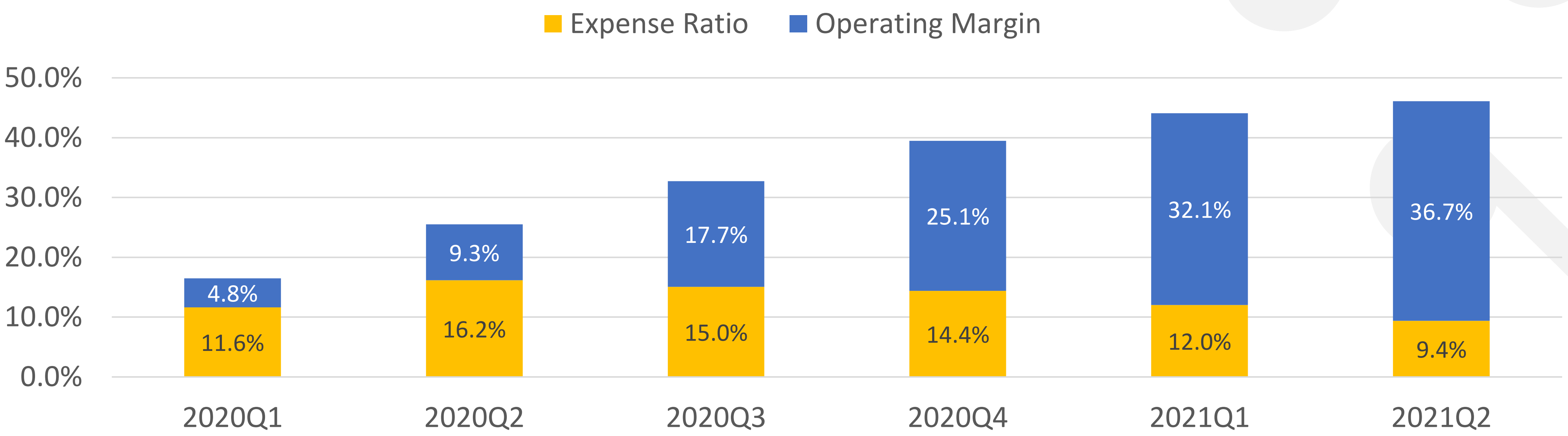
Operating Profit Margin Rates & Expense Ratios



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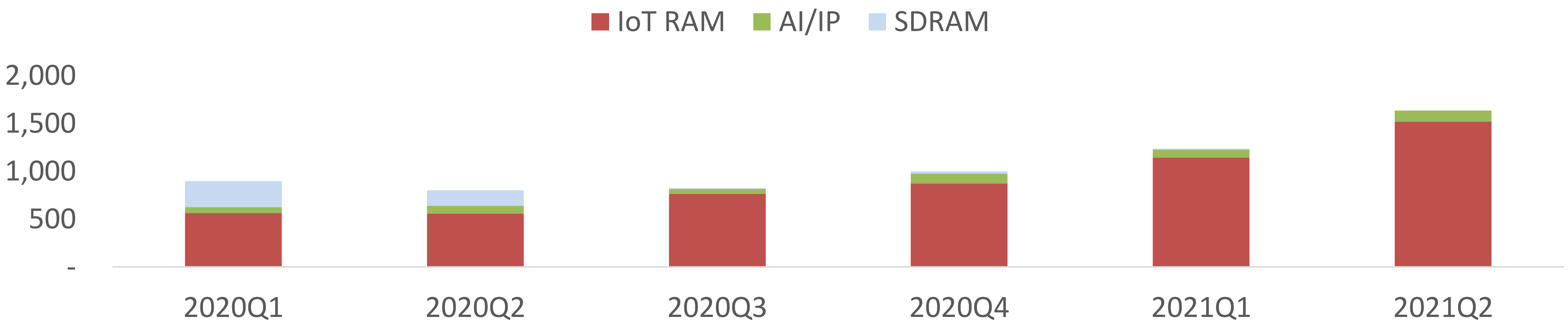

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Financial Ratios

	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Current Ratio	**274%**	352%	387%	357%	318%	349%
Quick Ratio	**213%**	284%	313%	277%	202%	214%
Average A/R collection days	**44 days**	52 days	49 days	66 days	77 days	63 days
Days sales of inventory	**98 days**	109 days	119 days	156 days	169 days	151 days
Net income(%)	**28%**	29%	22%*	15%	9%	5%
ROA	**37%**	33%	25%*	15%	10%	5%
ROE	**52%**	43%	33%*	21%	13%	6%

*2020.Q4 excluded one time gains from disposal of subsidiary.
** Exclude the discontinuing operation
*** W/O cash dividends payable, Current Ratio and Quick Ratio will be 355% and 276%, respectively.

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2021H1 Gross Margin by BU

NT$K

Revenue	Q2		Q1		H1	
	Sales	%	Sales	%	Sales	%
IoT BU	1,518,704	93%	1,141,761	93%	2,660,465	93%
AI BU	114,802	7%	85,444	7%	200,246	7%
	1,633,506	**100%**	**1,227,205**	**100%**	**2,860,711**	**100%**

Gross Profit	Q2		Q1		H1	
	Gross Profit	GM%	Gross Profit	GM%	Gross Profit	GM%
IoT BU	669,553	44%	455,865	40%	1,125,418	42%
AI BU	82,406	72%	85,393	100%	167,799	84%
	751,959	**46%**	**541,258**	**44%**	**1,293,217**	**45%**

Business Outlook

- **IoT BU: A growing cash cow.**
- **AI BU: VHM™ adoption driving high potential growth**
- **Business Environment**
  - Capacity remains tight in 2021, may impact customer supply chain.
- **2021 Outlook**
  - IoT BU
    - Demand strong in Q3/Q4, consistent with long term growth trend.
  - AI BU
    - VHM™ mass production continues to ramp. New design-in engagements ongoing.

Q&A

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