

AP Memory Technology Corporation

Roadshow

2019.05.22
KGI Security Comp.
12F

DISCLAIMER

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OUTLINE

- Introduction
- Financial Information Highlights
- Product Line Summary
- Future Business Prospects

Introduction: A challenging year !

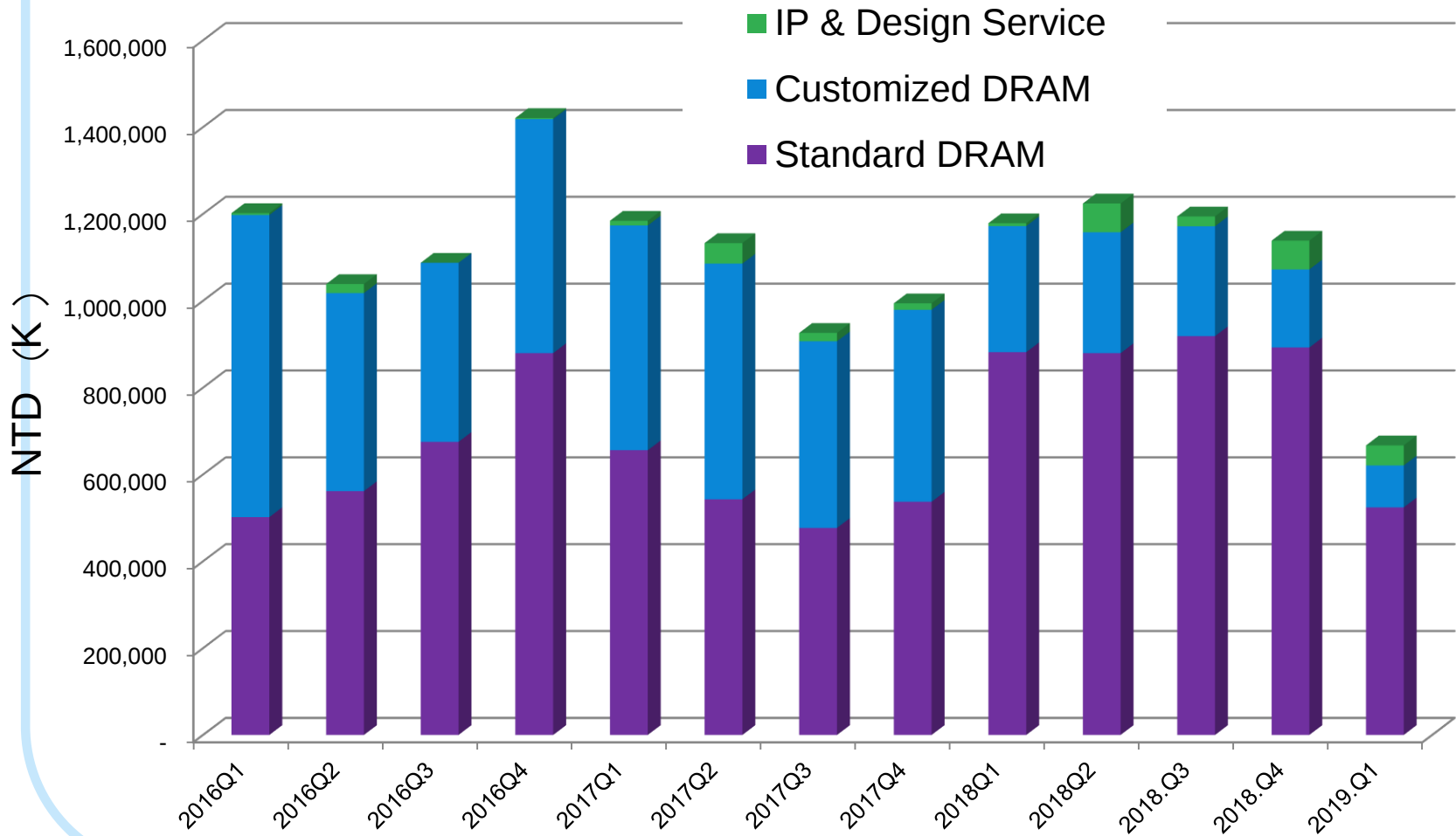
- Truthfully facing the tremendous complaint loss and modestly seeking for the improvements
- Seriously looking into the difficulties and prudently adjusting the strategy
 - Strengthen the internal managements
 - Specify the operation strategy
 - CEO to enhance the management
- AI/IoT/Wearables will bring up a long-term, stable and profitable future.

2019.Q1 F/S brief

- 2019.Q1 F/S summary
 - Net operating loss for NT\$125M.
 - Recognized NT\$342 million one-time loss
 - The loss will be paid by deducting the receivables in 3 years, which assuming no direct impacts on the cash flow.
 - Continuous cooperation with the customer
 - The inventories for NT\$1,742 million, over the usual balance but will depleting
 - Cash balance for NT\$ 413 million, will increase after the depletion of the inventories.

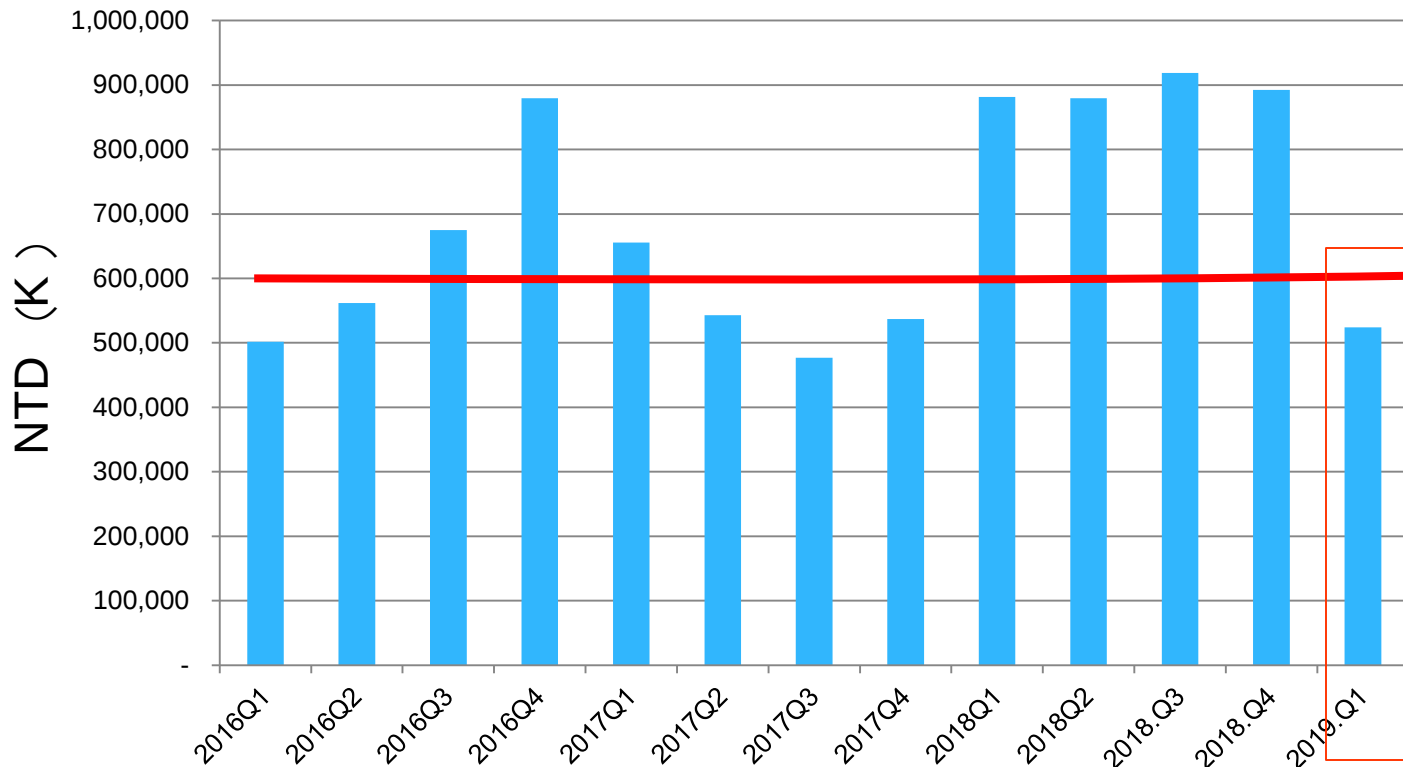
Product Line Summary

Product Line Revenue



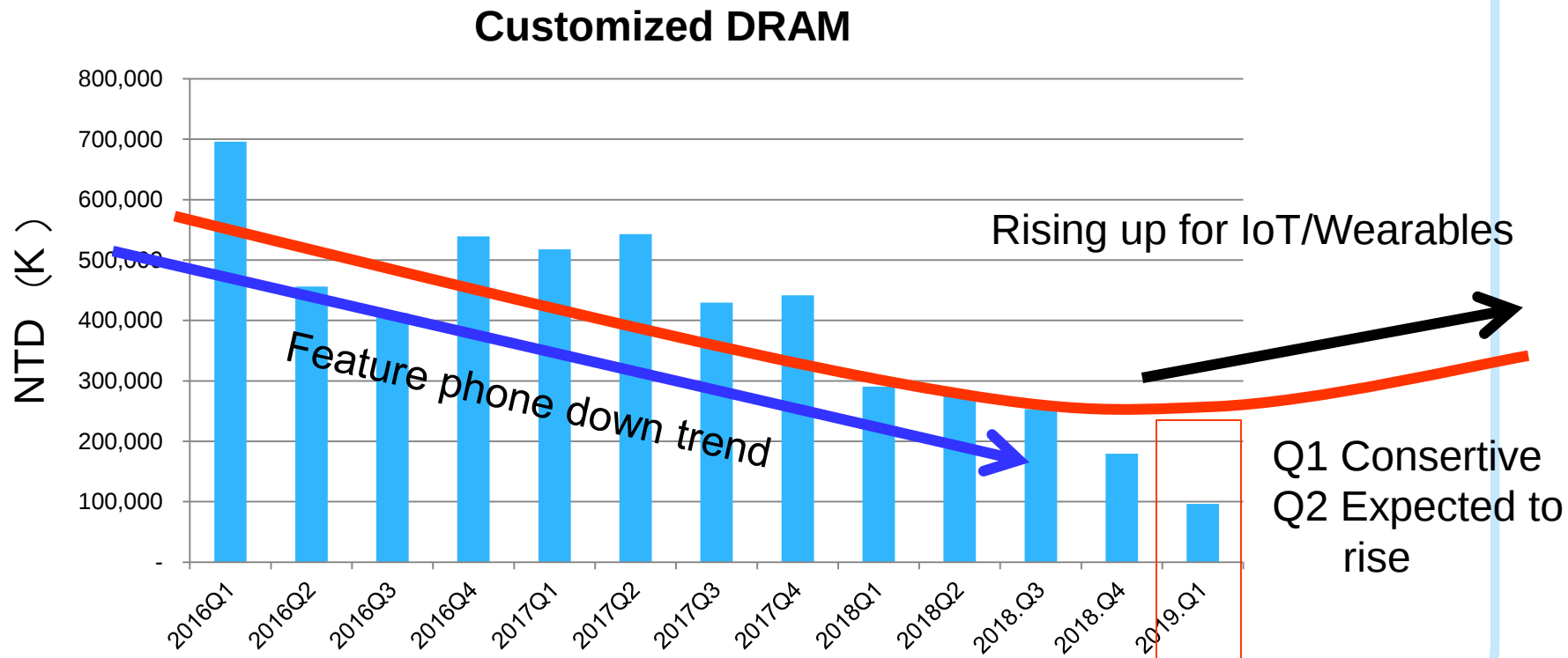
STD. DRAM: Stable market on the basis

Standard DRAM



- Stable profits over revenue
- Transform the products/markets to IP licensing model

CUST.DRAM: Slide down but expected to rise

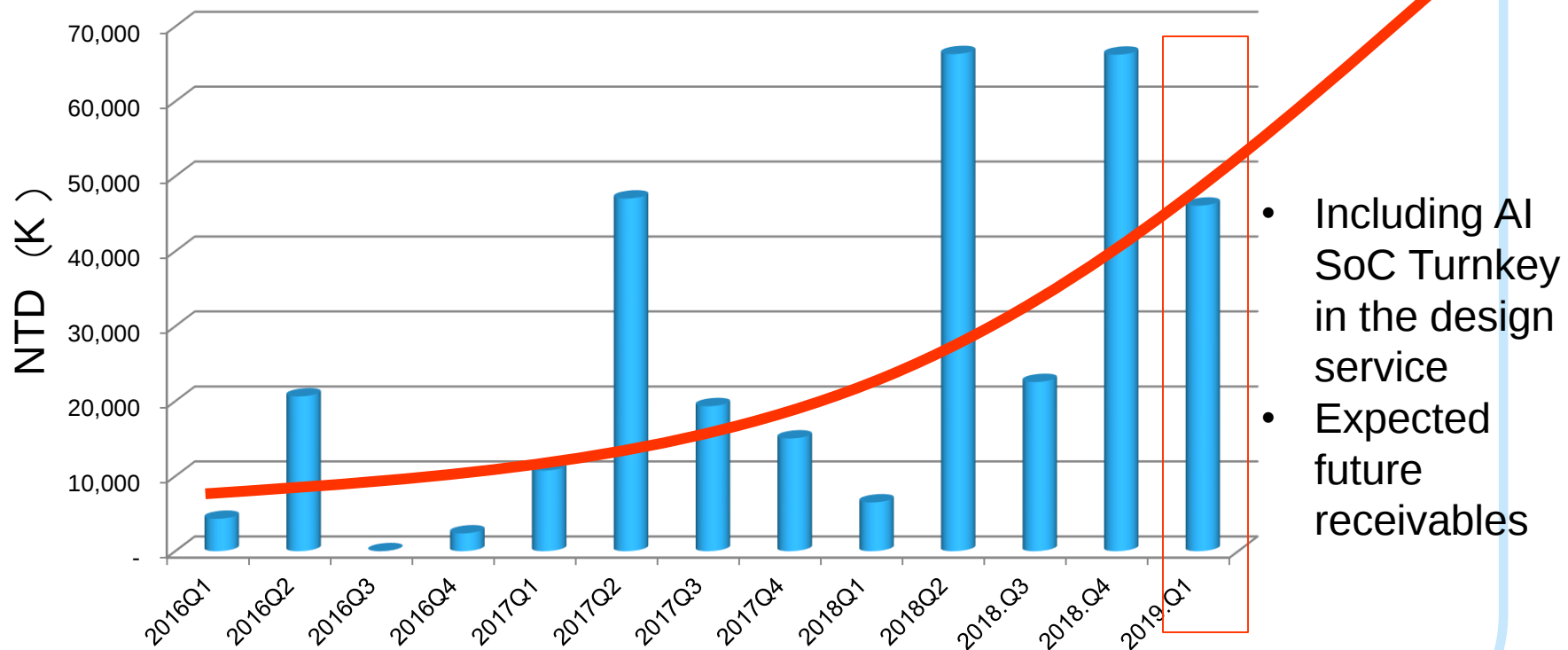


Applications for the CUST.DRAM- More than Feature Phone!

- Feature Phone – Down trend
- IoT – Growing, expected to exceed the feature phone market
- Wearable – Growing, high-value-added
- AI – Initial, setting up the SPEC
- Other application market

IP licensing/Design Service: Grow up gradually

IP Licensing & Design Service

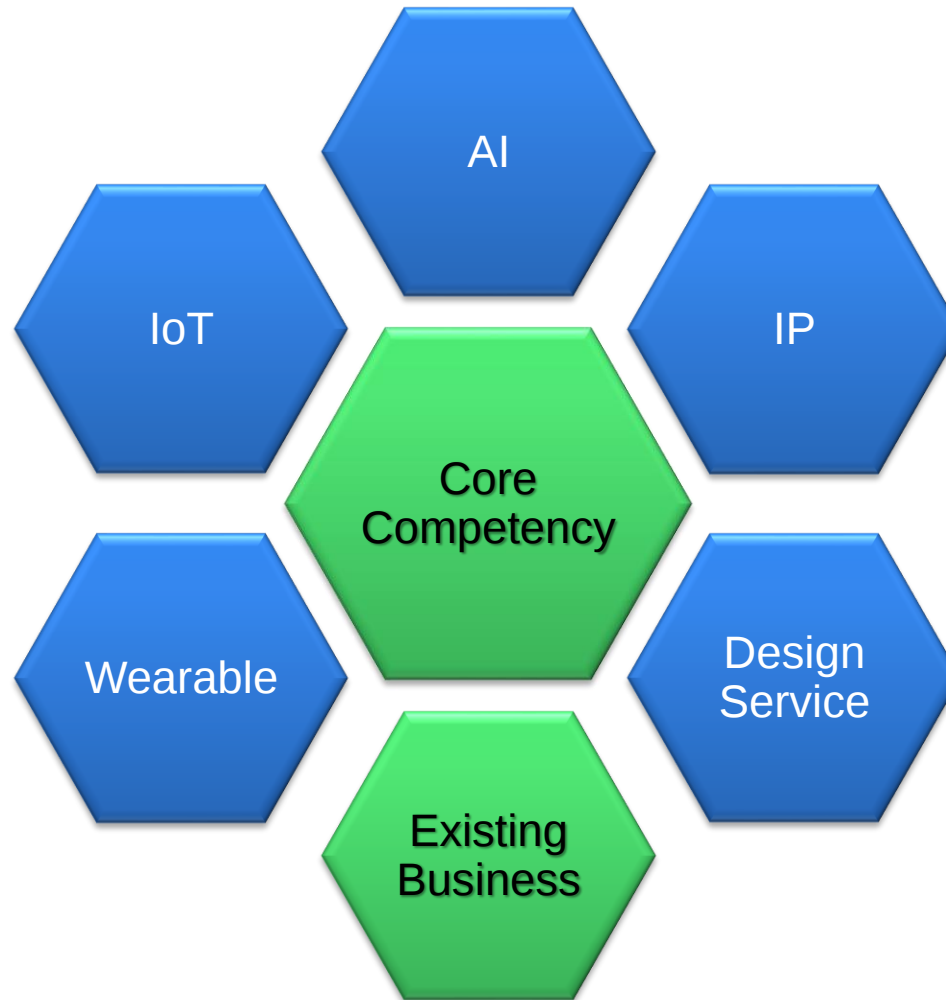


Contents for design services

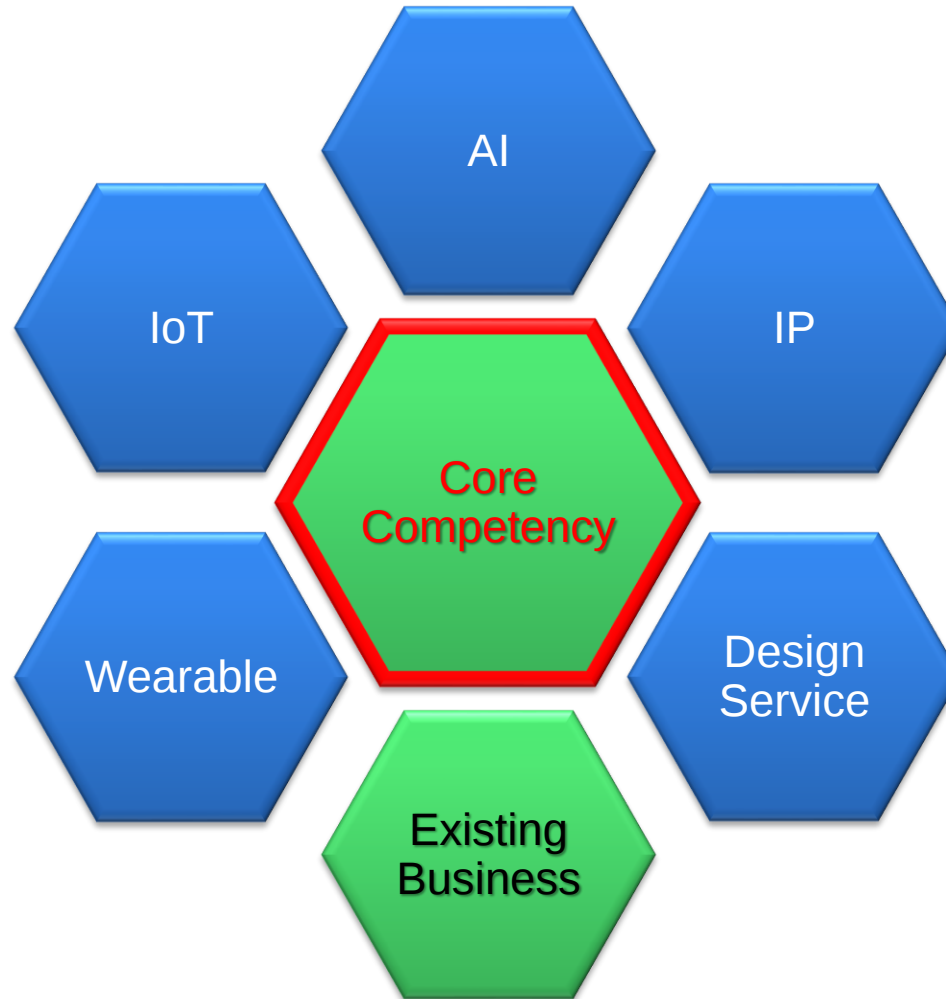
- DRAM
 - Provide technical service to the DRAM Foundry with stable revenue
- Logic + DRAM – AI SoC Turnkey
 - Early stage for design service income while late stage for product revenue
 - The ONLY design service partner with DRAM foundry platform.
- 3D DRAM – integration for memory & computing
 - Business model: IP licensing + 3D DRAM Product sale
 - Early stage for design service income while late stage for IP licensing + product revenue

Future Business Prospects

Growth Areas: Customized + IP



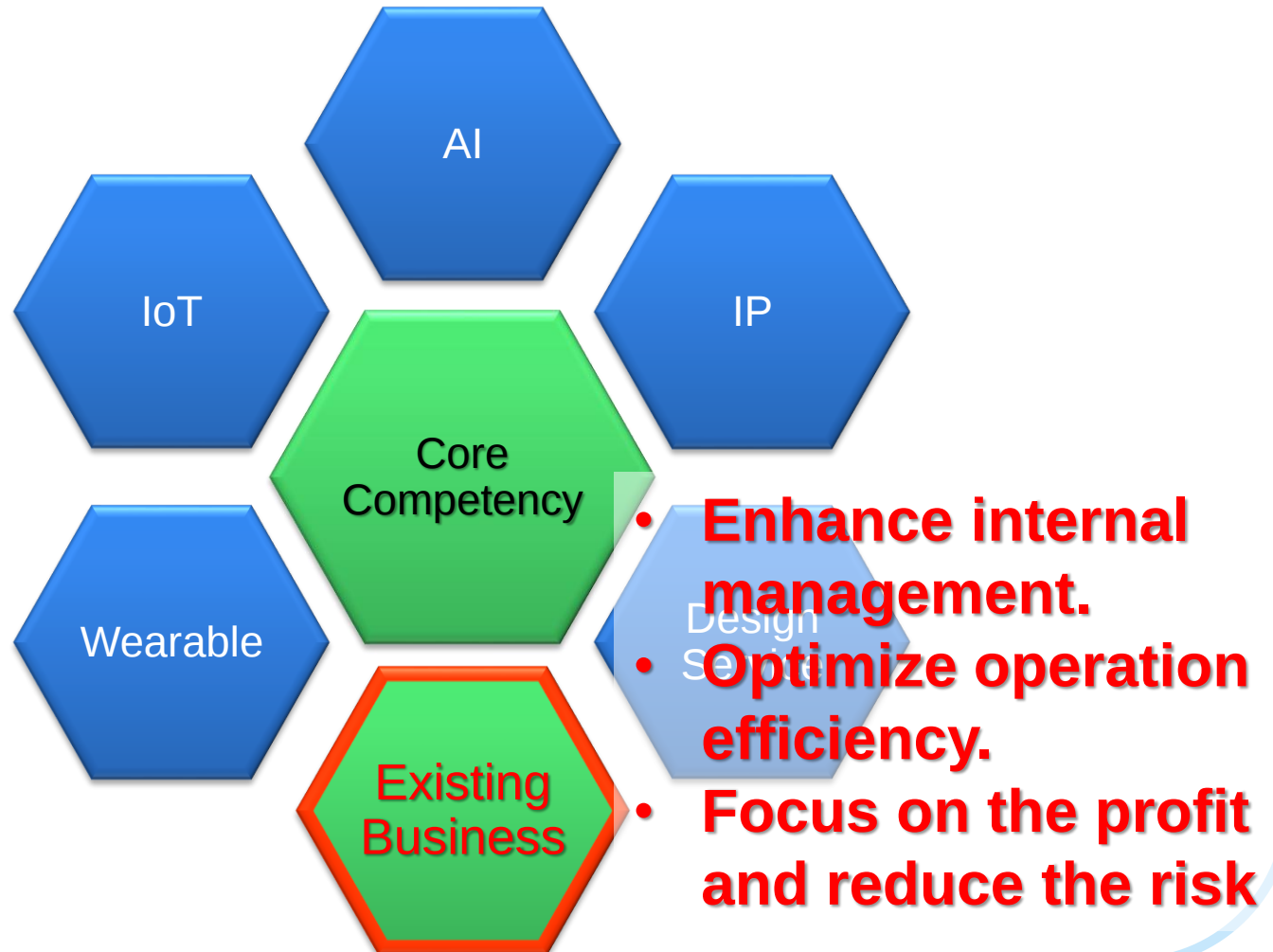
Core Competence



Core Competence

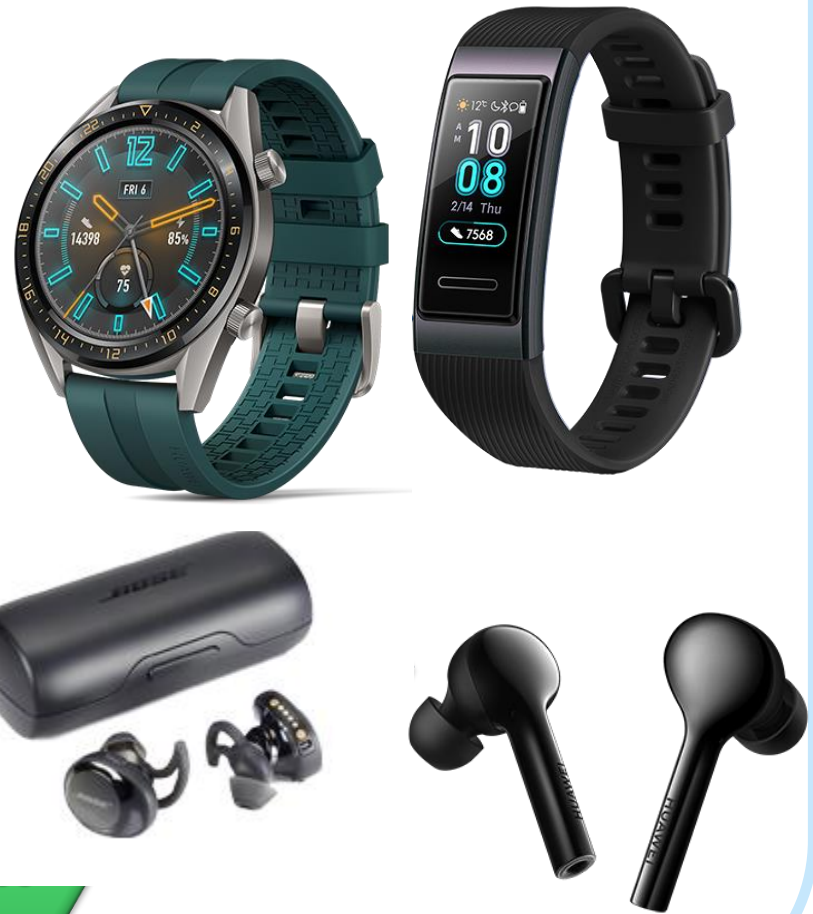
- Strong Design Team
 - Design ability among high-performance-computing (HPC) and memory
- Innovation for the heterogeneous Integration among logic and memory IC
 - The key to optimize the performance of the next generation of the AI
- Strategic position in customized memory
 - Alliance with the foundry

Existing Business

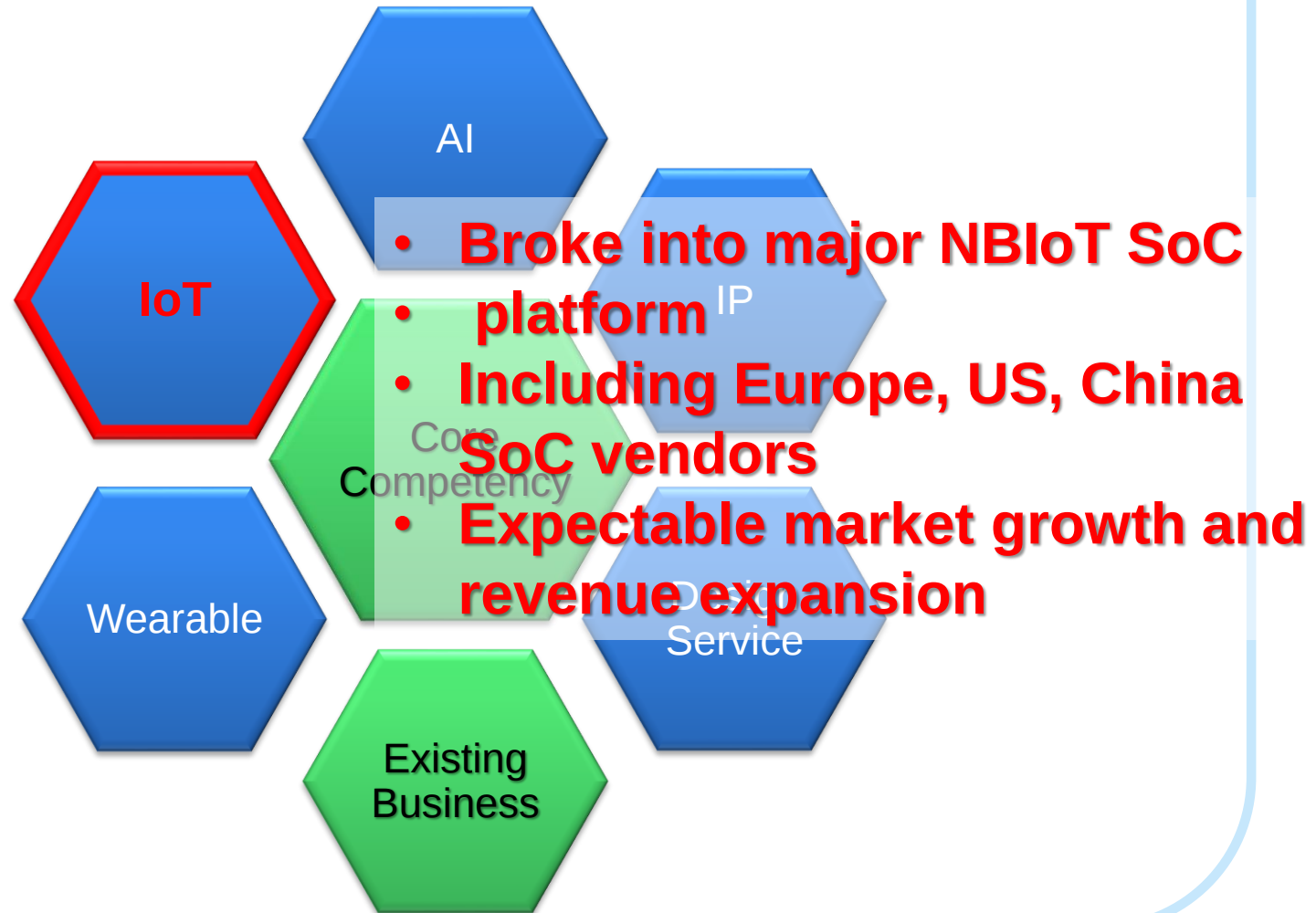


Wearables: to be expanded

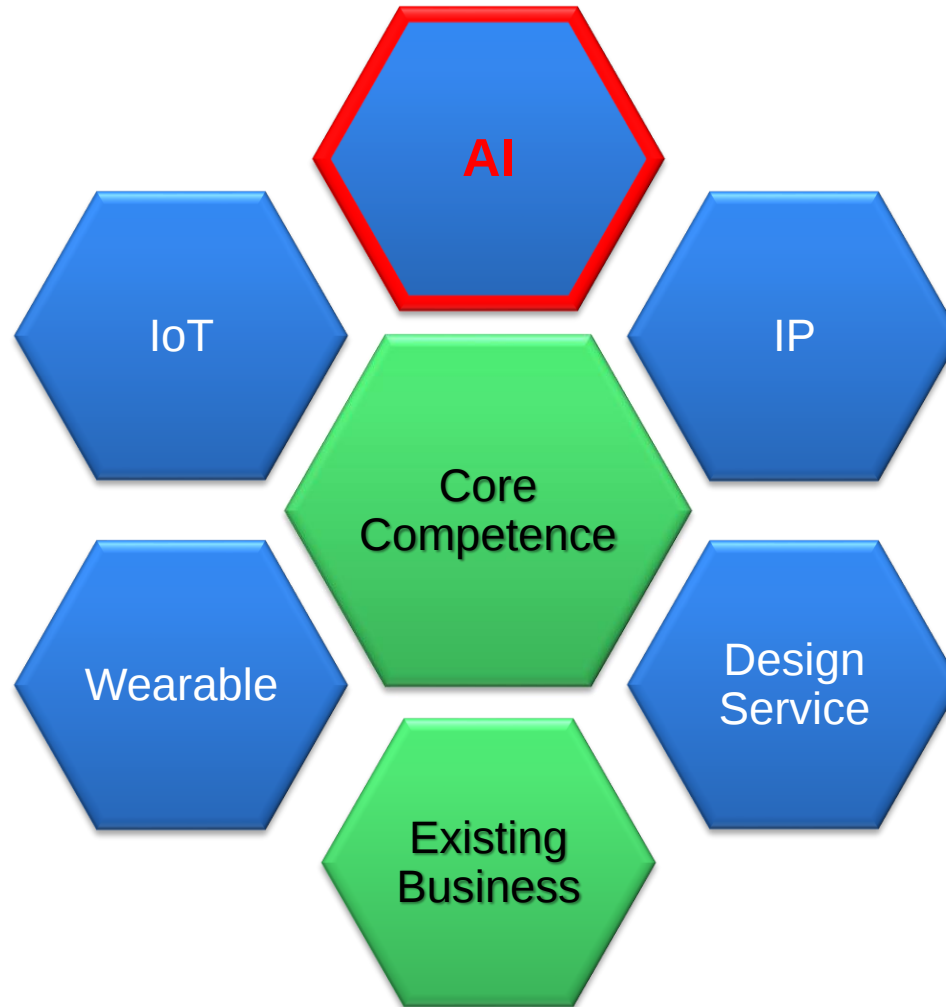
- Take the advantage of low power consumption for the MCU platform.
- Certified by several 1 tier customers in Europe, US, and China
- Initial growing market and will contribute in the revenue the coming years.



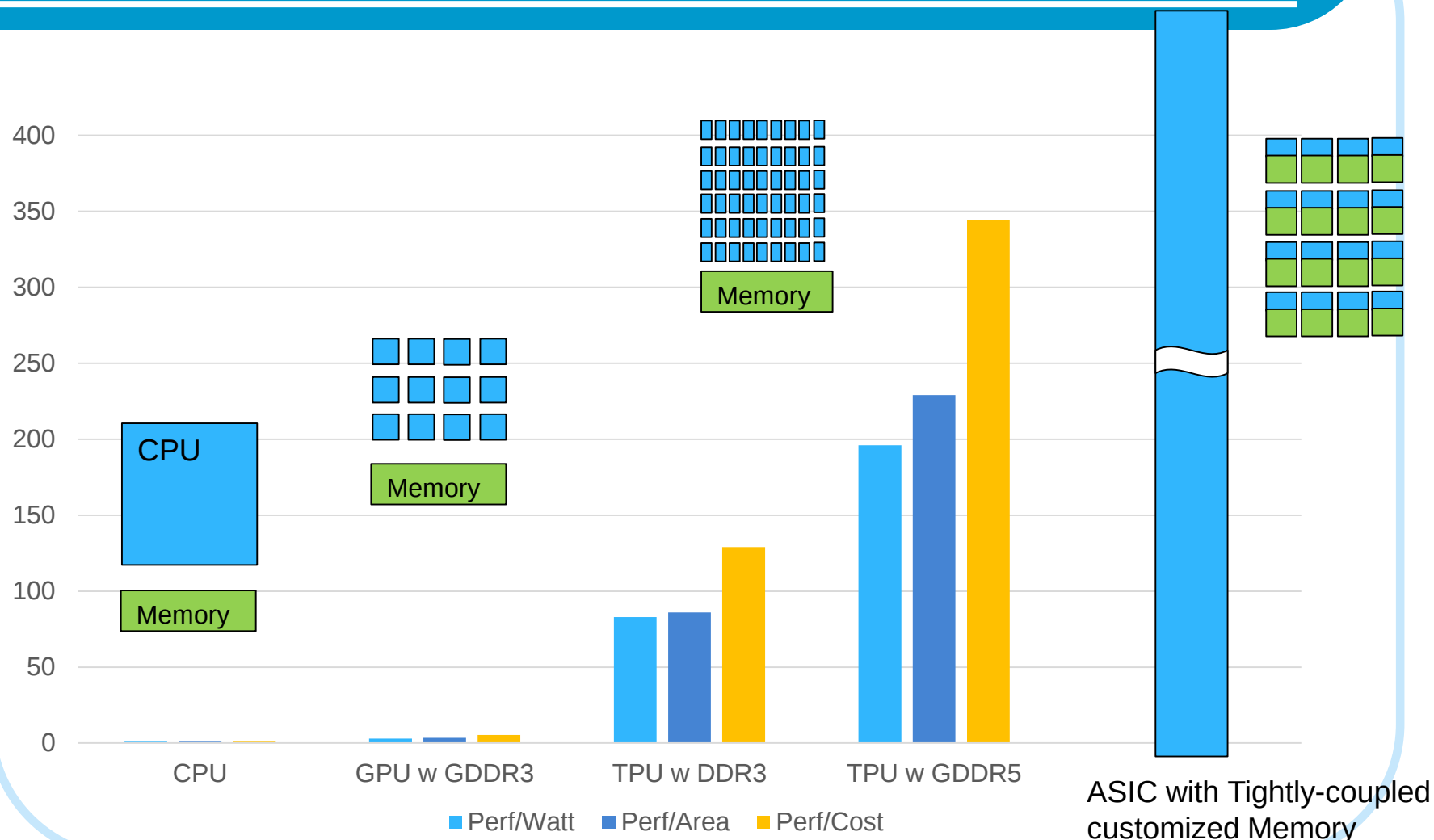
IoT : Arrangement completed, expected for the huge market



AI : New blue ocean



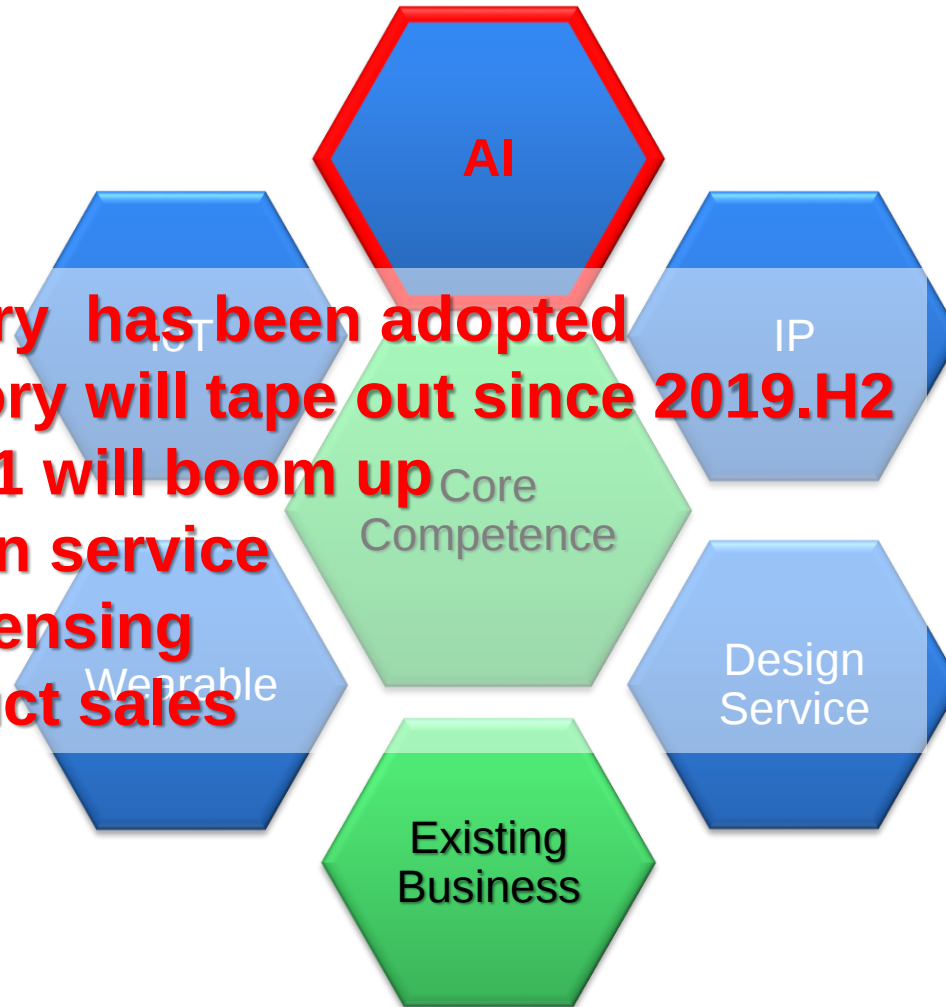
記憶體是目前人工智能發展的瓶頸



Source: Google, Bernstein Research, AP Memory Research

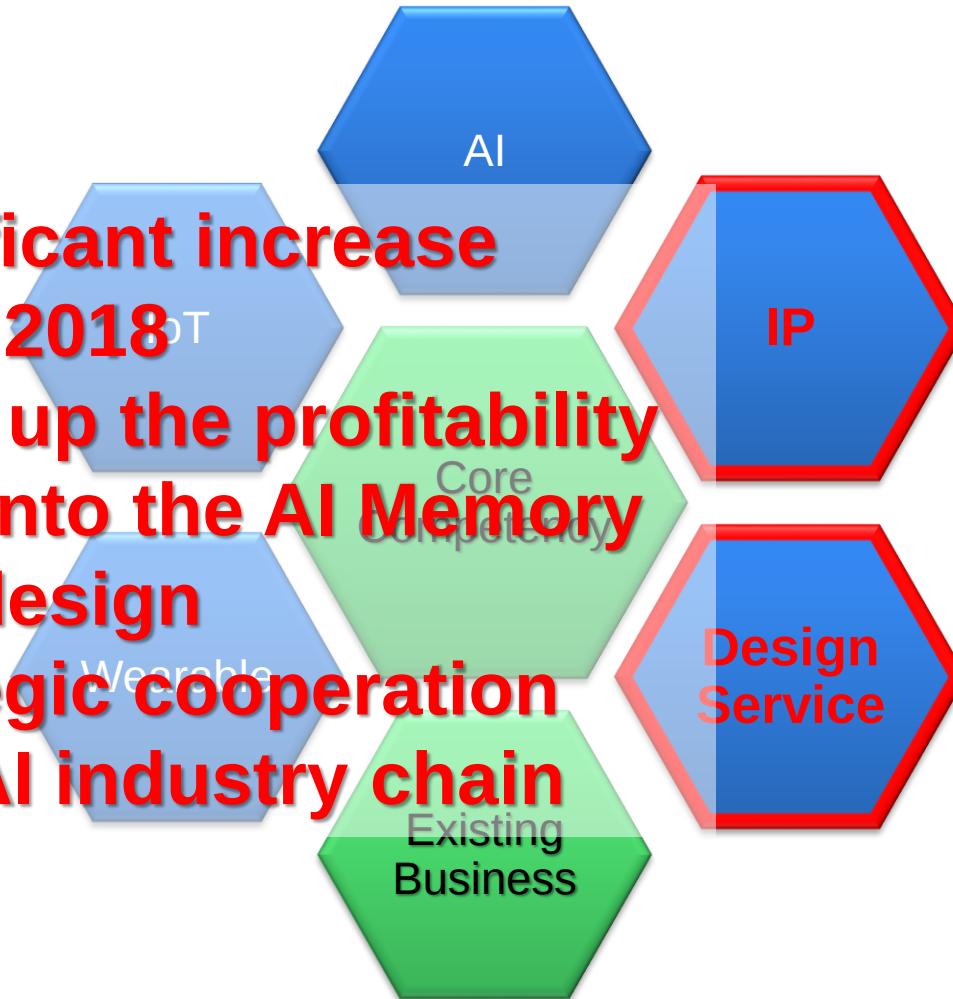
AI : New blue ocean

- **AI Memory has been adopted**
- **3D Memory will tape out since 2019.H2**
- **2020/2021 will boom up**
 - **Design service**
 - **IP Licensing**
 - **Product sales**



IP Licensing/Design Service: New kinetic energy for profitability

- **Significant increase since 2018**
- **Bring up the profitability**
- **Step into the AI Memory SoC design**
- **Strategic cooperation with AI industry chain**



Conclusions

- Operation target
 - Current product line: continuous optimization and profit maximization
 - IP & Design Service : New tech and new direction to bring up profit.
- Managerial goal
 - Strengthen internal management
 - Implement with efficiency and effectiveness



Q & A

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