



# Supplemental Investor Presentation Earnings Release – Third Quarter 2022

**November 4, 2022**



**Forward-Looking Statements.** Information presented below under “Q3 2022 Summary” with respect to new product introductions, under “2022 Outlook” with respect to revenue projected to be generated in 2022, under “Shanghai Manufacturing Facilities” with respect to expected commencement of production in Lingang, under “Innovative Product Introductions Expanding SAM” with respect to increasing ACM’s serviceable available market (“SAM”), and under “Internal Longer-term Working Target of \$1B” with respect to revenue targets are forward-looking statements for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may vary significantly from ACM’s expectations based on a number of risks and uncertainties, including but not limited to the following, any of which could be exacerbated even further by the continuing COVID-19 outbreak in China and globally, including the extent and effect of the Shanghai COVID-19 lockdown: anticipated customer orders or identified market opportunities may not grow or develop as anticipated; customer orders already received may be postponed or canceled; suppliers may not be able to meet ACM’s demands on a timely basis; volatile global economic, market, industry and other conditions could result in sharply lower demand for products containing semiconductors and for ACM’s products and in disruption of capital and credit markets; ACM’s failure to successfully manage its operations; and trade regulations, currency fluctuations, political instability and war may materially adversely affect ACM due to its substantial non-U.S. customer and supplier base and its substantial non-U.S. manufacturing operations. ACM cannot guarantee any future results, levels of activity, performance or achievements. The industry in which ACM operates is subject to a high degree of uncertainty and risk due to variety of factors, including those described in ACM Research, Inc.’s public filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and its subsequently filed Quarterly Reports on Form 10-Q for a more complete discussion of these factors and other risks, particularly under the heading “Risk Factors.” ACM expressly disclaims any obligation to update forward-looking statements after the date of this presentation.

**Market Data.** Information presented below under “Investment Highlights” concerning ACM’s total addressable market presents a forecast based on information provided by Gartner, Inc. in its report “Forecast: Semiconductor Wafer Fab Manufacturing Equipment (Including Wafer-Level Packaging), Worldwide, 4Q21 Update” (December 2021). You are cautioned not to rely on or give undue weight to this information. The Gartner report represents research opinions or viewpoints that are published, as part of a syndicated subscription service, by Gartner and are not representations of fact. The Gartner report speaks as of its original publication date (and not as of the date of this presentation), and the opinions expressed in the Gartner report are subject to change without notice. While ACM is not aware of any misstatements regarding the information provided in the Gartner report, it has not independently verified the accuracy or completeness of that information, which involves numerous assumptions and is subject to risks and uncertainties, as well as change based on various factors, that could cause results to differ materially from the forecast presented. The industry in which ACM operates is subject to a high degree of uncertainty and risk due to variety of factors, including those described in ACM Research, Inc.’s public filings with the Securities and Exchange Commission, as described above.

**Note Regarding Presentation of Non-GAAP Financial Measures.** Information presented below under “Q3 2022 Summary”, and “Q3 2022 Financial Results” includes certain “non-GAAP financial measures” as defined in Regulation G under the Securities Exchange Act of 1934, including non-GAAP gross margin, non-GAAP operating loss, non-GAAP basic and diluted EPS, and non-GAAP gross profit. These supplemental measures exclude the impact of stock-based compensation, non-cash change in fair value of financial liabilities and unrealized gain on trading securities, which ACM does not believe are indicative of its core operating results. A reconciliation of each non-GAAP financial measure to the most directly comparable GAAP financial measure is included under “Q3 2022 GAAP and Non-GAAP Reconciliation” below as well as in ACM’s third quarter 2022 earnings release dated November 4, 2022, which (a) has been furnished to the Securities and Exchange Commission and can be viewed at [https://www.sec.gov/Archives/edgar/data/1680062/000114036122039937/brhc10043758\\_ex99-01.htm](https://www.sec.gov/Archives/edgar/data/1680062/000114036122039937/brhc10043758_ex99-01.htm) and (b) has been posted at, and can be downloaded from, the “Investors” content area at ACM’s website, <https://ir.acmrcsh.com/news-releases/news-release-details/acm-research-reports-third-quarter-2022-results>.

**Company References.** As used in these “ACM Shanghai” refers to ACM Research (Shanghai), Inc. and “ACM” refers to ACM Research, Inc. and its subsidiaries, including ACM Shanghai.

# Q3 2022 Summary

## Q3 2022 Financial Results

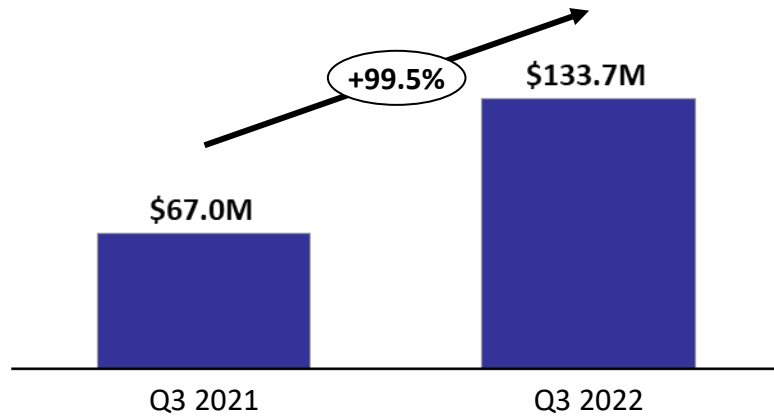
- \$133.7 million revenue (up 99.5% from Q3 2021); total shipments of \$163 million
- 49.3% GAAP gross margin (versus 44.3% in Q3 2021)
- 49.4% non-GAAP gross margin (versus 44.5% in Q3 2021)
- \$31.6 million GAAP operating income (23.7% of revenue)
- \$33.5 million non-GAAP operating income (25.1% of revenue)
- \$0.32 diluted GAAP earnings per share (versus \$0.15 in Q3 2021)
- \$0.42 diluted non-GAAP earnings per share (versus \$0.19 in Q3 2021)

## Key Operational Updates

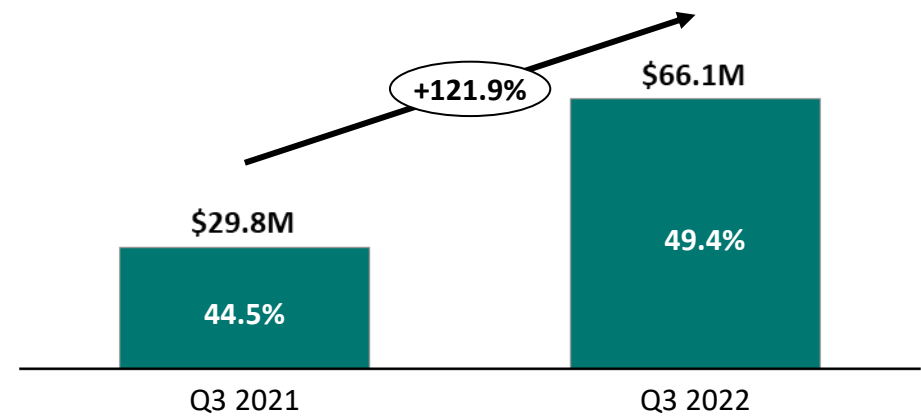
- Preliminary assessment on the impact of new China trade restrictions (see earnings press release for details)
- Made good progress with our sales initiatives at major semiconductor manufacturers outside of China
- Launched and delivered our first ALD furnace tool to a top-tier China-based foundry manufacturer
- Lingang production and R&D center remain on track for mid-2023
- Close to purchasing a new headquarters building and R&D facility in ZhangJiang, Shanghai
- Final stage of site selection for the expansion of R&D and production facilities in South Korea
- On track to introduce 2 new product categories in late 2022 to double our addressable market opportunity

# Q3 2022 Financial Results

## Revenue

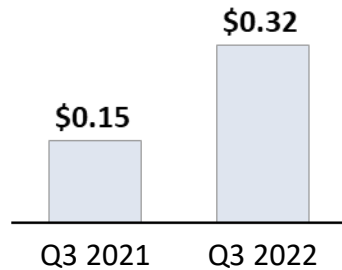


## Non-GAAP Gross Profit

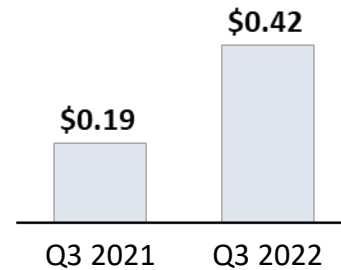


## EPS

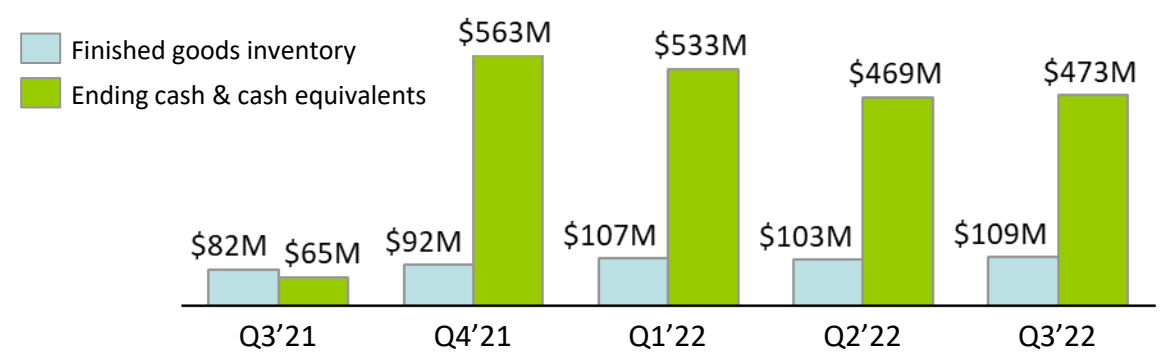
### GAAP



### Non-GAAP



## Balance Sheet Data<sup>1</sup>



<sup>1</sup> Finished goods inventory represents 'demo-to-sales' product which have been delivered to customers for evaluation. These products are carried at cost until ownership is transferred.

<sup>2</sup> Including interest bearing time deposits.

# Q3 2022 Revenue Details

## Cleaning

- \$99.7M revenue (up 102%)
- Revenue mix 75% vs. 74%

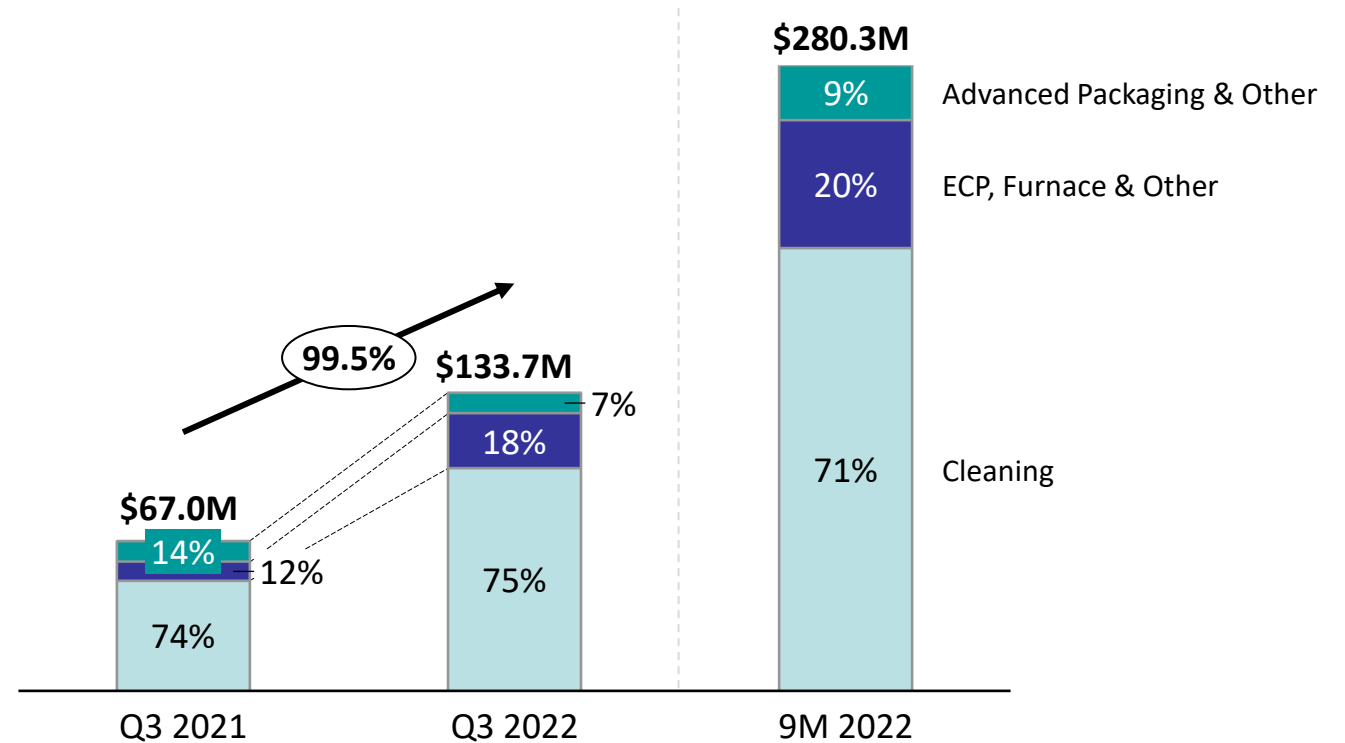
## ECP, Furnace & Other

- \$24.5M revenue (up 199%)
- Revenue mix 18% vs. 12%

## Advanced Packaging & Other

- \$9.5M revenue (up 1%)
- Revenue mix 7% vs. 14%

## Product Category<sup>1,2,3</sup>



1. Cleaning: Single wafer cleaning, Tahoe and semi-critical cleaning equipment
2. ECP, Furnace & Other: ECP (front-end and packaging), furnace and other technologies
3. Advanced Packaging & Other: Advanced Packaging (excluding ECP), services & spares

# 2022 Outlook

- **Expect 2022 revenue guidance of \$365 to \$385 million**
- **Outlook reflects, among other things:**
  - Stability with respect to global COVID-19 pandemic
  - Various spending scenarios for the production ramps of key customers
  - The absence of unexpected disruptions in the Company's supply chain
  - Impact of new US trade policy
  - Range of outcomes for timing and magnitude of customer acceptances for first tools

# Tier One Customer Base

## Front-End Customers



- Major new entrant into NAND flash and DRAM industry
- Expanding capacity with construction of \$24B production facility in Wuhan<sup>(1)</sup>
- Proprietary Xtacking architecture used to produce 3D NAND products<sup>(2)</sup>
- ACM 2021 Revenue %: 21% (primarily 3D NAND)



- Leading advanced foundry in China
- Manages first fully automated 300mm wafer production line in mainland China<sup>(3)</sup>
- Production capacity for 35,000 wafers per month<sup>(3)</sup>
- ACM 2021 Revenue %: 28% (primarily Foundry / Logic)



- Global market leader in memory (DRAM & NAND) semiconductor products
- ACM's first major customer
- Expected to spend \$107B in the coming years to build four new memory chip plants<sup>(4)</sup>
- ACM 2021 Revenue %: <10% (primarily DRAM)

## Back-End Customers



- Largest bumping house in China and leading WLCSP production base
- Subsidiary of OSAT company JCET
- Owns one of the most advanced packaging technology R&D service platforms<sup>(6)</sup>
- Global customer base with exposure to the U.S., Western Europe and Asia



- Mainland China's largest foundry
- Tier-one customers include Qualcomm, Broadcom and Texas Instruments
- Six strategically located fabs in China and Western Europe
- Building \$10B fab to produce 14nm, 10nm and 7nm chips<sup>(5)</sup>
- ACM 2021 Revenue %: <10%



- New China-based entrant to DRAM industry
- Ordered 12-Chamber SAPS-V tool for evaluation
- ACM delivered first tool in Q4 2019

### Five Tier 2 Analog/Power IC Manufacturing Customers

- Hangzhou Silan Microelectronics and 4 unnamed China-based customers
- Ordered a range of semi-critical tools including the scrubber, wet etch, and backside wafer etching tool, auto wet bench, SAPS-II cleaning tool and Cu interconnect ECP map tool.
- ACM delivered first tools in 2H' 2020.



- Leading OSAT provider – #7 globally<sup>(7)</sup> and top 3 in China<sup>(8)</sup>
- Fastest growing OSAT provider globally with ~43% year-over-year revenue growth<sup>(7)</sup>
- Six production facilities serving more than half of the top ten global semiconductor manufacturers<sup>(8)</sup>

(1) Source: Nikkei Asian Review. (2) Source: YMTC Press Release. (3) Source: HLMC Press Release. (4) Source: Reuters. (5) Source: AnandTech. (6) Source: JCAP Company Profile. (7) Source: CY21 Analyst Estimates. (8) Source: TFME website.

# Shanghai Manufacturing Facilities

## Factory #1 (Shanghai HQ)



- Original ACM factory
- 36,000 sq. ft. facility
- 8,000 sq. ft. of class 10,000 clean room space for product assembly and testing
- 800 sq. ft. of class 1 clean room space for product demonstration purposes
- Co-located with ACM Shanghai Headquarters and China R&D Center

## Factory #2



- Located in Chuansha area of Pudong district, approximately 11 miles from ACM Shanghai's Zhangjiang area HQ
- Opened first building in September 2018 and added 2nd floor in 2020; fully operational with 100,000 sq. ft. of available floor space
- Leased second building in Q1 2021 to expand Chuansha facility to 200,000 sq. ft. of available floor space for production

## Lingang Under Construction



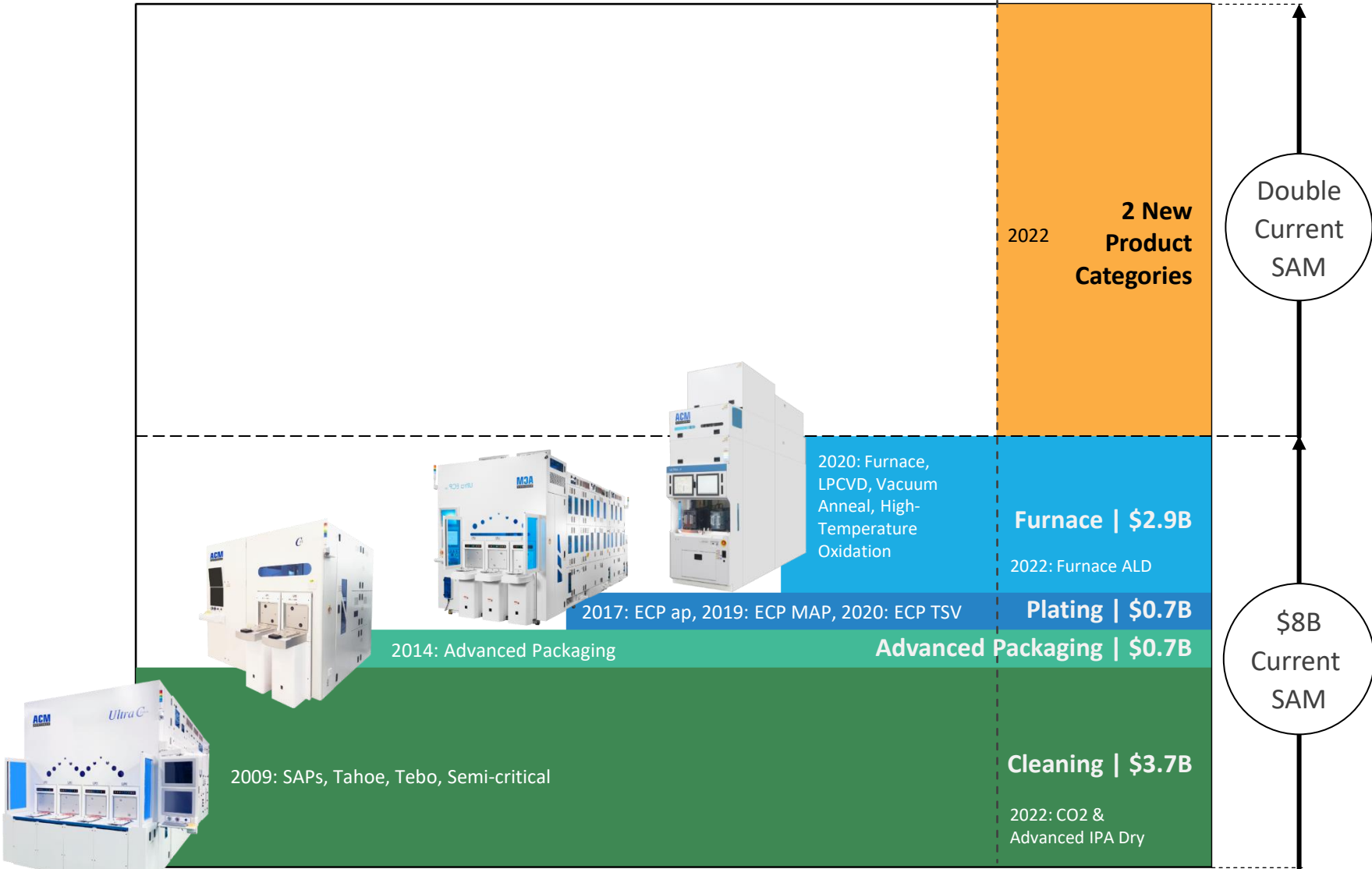
- Broke ground on the new R&D and production facilities in Lingang region of Shanghai in July 2020
- Approximately 30 miles from ACM Shanghai's HQ in Zhangjiang
- 1 million square feet
- Expect initial production activities to commence in mid-2023



# Innovative Product Introductions Expanding SAM<sup>1</sup>

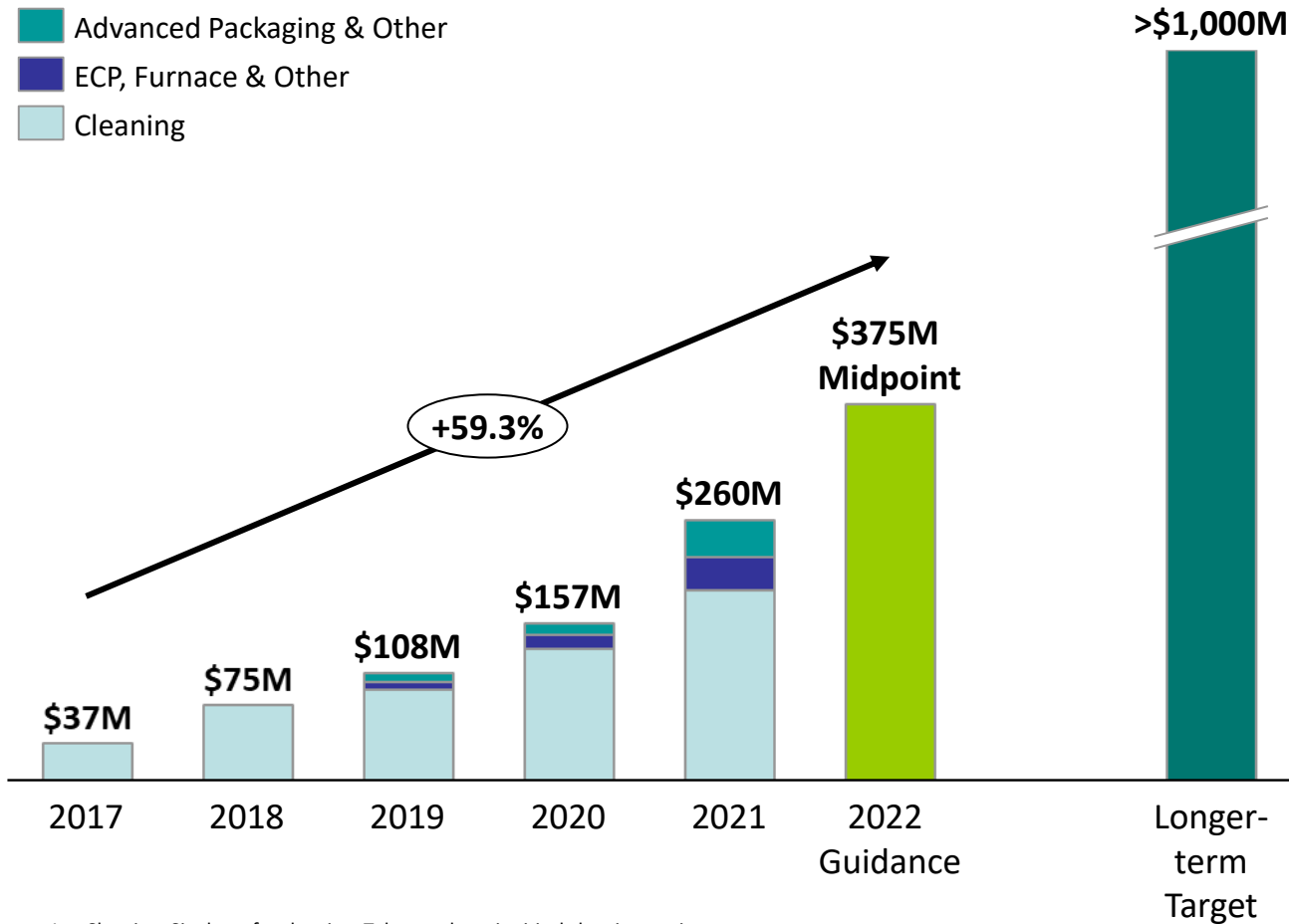
Estimated SAM of \$8 billion addressed by ACM's current and near-term product portfolio<sup>1</sup>

ACM targets to double its SAM with the introduction of two major new product categories in 2022



<sup>1</sup>Source: Gartner - "Forecast: Semiconductor Wafer Fab Manufacturing Equipment (Including Wafer-Level Packaging), World-wide, Q4'21 Update" and Company Estimates

# Internal Longer-term Working Target of \$1B

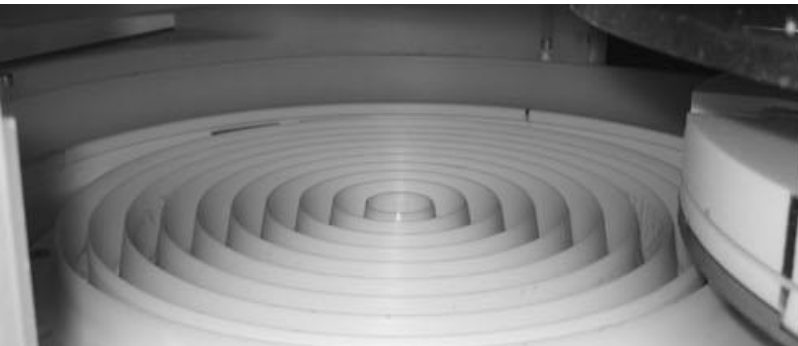


Longer-term Target Assumptions <sup>1</sup>			
		ACM	
Mainland China	SAM	Share	Revenue
Cleaning	\$0.9B	50%	\$0.5B
ECP	\$0.3B	50%	\$0.2B
Furnace	\$0.8B	30%	\$0.2B
Ad. Packaging			\$0.1B
New Products	>\$2B		Upside
			<b>\$1B</b>
RoW			
Cleaning	\$3.1B		Upside
ECP	\$1.2B		Upside
Furnace	\$2.6B		Upside
Ad. Packaging			Upside
New Products	>\$7B		Upside
			<b>Upside</b>
<b>ACM China + RoW Revenue</b>			<b>At least \$1B</b>

<sup>1</sup>Source: Gartner - "Forecast: Semiconductor Wafer Fab Manufacturing Equipment (Including Wafer-Level Packaging), World-wide, Q4'21 Update" and Company Estimates

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## Appendix



# Q3 2022 GAAP to Non-GAAP Reconciliation

Three Months Ended September 30,

	2022				2021			
	Actual (GAAP)	SBC	Other non- operating adjustments	Adjusted (Non-GAAP)	Actual (GAAP)	SBC	Other non- operating adjustments	Adjusted (Non-GAAP)
<i>(In thousands)</i>								
Revenue	\$ 133,709	\$ -	\$ -	\$ 133,709	\$ 67,013	\$ -	\$ -	\$ 67,013
Cost of revenue	(67,742)	(130)	-	(67,612)	(37,328)	(108)	-	(37,220)
Gross profit	65,967	(130)	-	66,097	29,685	(108)	-	29,793
Operating expenses:								
Sales and marketing	(13,133)	(349)	-	(12,784)	(6,363)	(417)	-	(5,946)
Research and development	(15,678)	(666)	-	(15,012)	(7,856)	(293)	-	(7,563)
General and administrative	(5,520)	(748)	-	(4,772)	(3,671)	(460)	-	(3,211)
Income (loss) from operations	\$ 31,636	\$ (1,893)	\$ -	\$ 33,529	\$ 11,795	\$ (1,278)	\$ -	\$ 13,073
Unrealized loss on trading securities	(5,281)	-	(5,281)	-	(919)	-	(919)	-
<b>Net income (loss) attributable to ACM Research, Inc.</b>	<b>\$ 21,004</b>	<b>\$ (1,893)</b>	<b>\$ (5,281)</b>	<b>\$ 28,178</b>	<b>\$ 10,155</b>	<b>\$ (1,278)</b>	<b>\$ (919)</b>	<b>\$ 12,352</b>
Basic EPS	\$ 0.35			\$ 0.47	\$ 0.17			\$ 0.21
Diluted EPS	\$ 0.32			\$ 0.42	\$ 0.15			\$ 0.19