Except for the historical information contained herein, the matters addressed in this presentation are forward-looking statements that involve certain risks and uncertainties that could cause actual results to differ materially, including but not limited to weather, impact of competitive products and pricing, industry-wide shifts in the supply and demand for semiconductor products, rapid technology change, semiconductor industry cycle, and general economic conditions.

Except as required by law, Andes undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.
Agenda

- Operating Results
- Product Application
- New Products and Ecosystems
- Awards Just Granted
- Concluding Remarks
Operating Results
Business Status Overview

- **>135** commercial licensees
  - Geographically distributed in Taiwan, China, Korea, Japan, Europe, and USA.
  - **>190** license agreements signed

- **AndeSight™ IDE:**
  - **>10,000** installations

- **Eco-system:**
  - **>100** partners

- **>2.3B** Accumulative SoC Shipped:
  - (by 2017 Q3 end)
Agreement Growth Analysis

IP Agreements:
- 2006: 1
- 2007: 2
- 2008: 3
- 2009: 5
- 2010: 12
- 2011: 16
- 2012: 16
- 2013: 24
- 2014: 27
- 2015: 27
- 2016: 31
- 3Q17: 30

Accumulated IP Agreements:
- 2006: 1
- 2007: 3
- 2008: 6
- 2009: 12
- 2010: 16
- 2011: 24
- 2012: 40
- 2013: 56
- 2014: 80
- 2015: 107
- 2016: 134
- 3Q17: 195
Consolidated Revenue

- **3Q17 Revenue:** NT$ 67.16M
- **YoY:** grew up 16.8%
- **QoQ:** down 19.7%

(QoQ) -19.7%

(YoY) +16.8%
Consolidated Royalty

(NT$ thousands)

- 3Q16: 3,044
- 2Q17: 9,876
- 3Q17: 9,906
Consolidated Gross Margin

(NT$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>3Q16</th>
<th>2Q17</th>
<th>3Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>57,257</td>
<td>83,341</td>
<td>66,912</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>99.6%</td>
<td>99.7%</td>
<td>99.6%</td>
</tr>
</tbody>
</table>
### Consolidated Operating Expenses

<table>
<thead>
<tr>
<th></th>
<th>3Q16</th>
<th>2Q17</th>
<th>3Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>R&amp;D expenses</td>
<td>18,568</td>
<td>13,821</td>
<td>19,118</td>
</tr>
<tr>
<td>Administration expenses</td>
<td>13,174</td>
<td>38,693</td>
<td>15,922</td>
</tr>
<tr>
<td>Selling expenses</td>
<td>31,664</td>
<td>29,465</td>
<td>14,514</td>
</tr>
</tbody>
</table>

**Note:**
- **YoY -21.8%**
- **QoQ -39.6%**

(NI$ thousands)
Consolidated Operating Income

**YoY**

**QoQ**

+1174.4%

(NT$ thousands)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q16</td>
<td>(6,149)</td>
</tr>
<tr>
<td>2Q17</td>
<td>1,362</td>
</tr>
<tr>
<td>3Q17</td>
<td>17,358</td>
</tr>
</tbody>
</table>

QoQ: +1174.4%
Consolidated Operating Margin

- QoQ: +24.3pt
- YoY: +36.6pt

Year-over-year (YoY) comparison:
- 3Q16: (10.7%)
- 2Q17: 1.6%
- 3Q17: 25.9%
Consolidated Net Income

YoY -
QoQ +471.9%

(NT$ thousands)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q16</td>
<td>(6,199)</td>
</tr>
<tr>
<td>2Q17</td>
<td>3,100</td>
</tr>
<tr>
<td>3Q17</td>
<td>17,729</td>
</tr>
</tbody>
</table>

QoQ +471.9%
Consolidated Net Profit Margin

- **YoY**: +37.2pt
- **QoQ**: +22.7pt

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q116</th>
<th>Q216</th>
<th>Q316</th>
<th>Q416</th>
<th>Q117</th>
<th>Q217</th>
<th>Q317</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit Margin</td>
<td>-20%</td>
<td>-10%</td>
<td>0%</td>
<td>10%</td>
<td>20%</td>
<td>30%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Percentage fluctuations:
- **3Q16**: (10.8%)
- **2Q17**: 3.7%
- **3Q17**: 26.4%
Consolidated Earnings Per Share

- **YoY** +0.61
- **QoQ** +0.36

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Earnings Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q16</td>
<td>(0.17)</td>
</tr>
<tr>
<td>2Q17</td>
<td>0.08</td>
</tr>
<tr>
<td>3Q17</td>
<td>0.44</td>
</tr>
</tbody>
</table>
Revenue Analysis by Payment Model

1Q17-3Q17

85%

11%

4%

License Fee
Royalty
Maintenance and others
Revenue Analysis by Region

- 53.3% Europe
- 21.3% USA
- 17.1% Taiwan
- 3.7% China
- 0.2% Korea

1Q17-3Q17 Revenue:
- 4.5%
Revenue Analysis by Product

*Based on revenue
Application Analysis

*Based on agreement number

- IoT: 40%
- Storage: 18%
- Sensing: 12%
- MCU: 9%
- Connectivity: 6%
- Artificial Intelligence: 3%
- Audio: 3%
- Automotive: 3%
- Networking: 3%
- Others: 3%

*Based on agreement number
Product Application
Rich Customers’ Applications

- Touch Screen
- eBook/ eDictionary
- Power management
- Bio-medical device
- CMMB
- MCU
- TCON

- Wireless display
- WiFi, Bluetooth
- GPS, GPON, NFC
- Gateway/ router
- Portable Karaoke
- Sigfox LPWAN
- IoT Cat0 base station
- IoT MCU
- ESL
- Smart Meter
- Smart Lighting

- USB3.0
- SSD, eMMC
- Anti-virus
- Sensor Hub
- mSATA
- Secure SD
- Fingerprint Recognition

- Motor Control
- Wireless Charger
- Surveillance
- Barcode scanner
- ADAS
- VEDR
- 4K2K CODEC
- 8K4K CODEC

Communication & IoT

Consumer

Storage & Sensor

Industrial & Video

Andes Core™
IoT Applications -1

- Bluetooth Speaker
- Sigfox LPWAN
- Healthcare device
- Wearable device
- Electronic price tags
- Sensor Hub

IoT – LPWAN

- Smart Agriculture
- Smart Home
- Smart Energy
- Smart Mobility
- Smart Retail
- Internet of Things
- Smart Health
- Open Data

Electronic price tags

IoT Applications -1

- N705
- N801

Driving Innovations™
IoT Applications - 2

Wearable devices

Drone

Portable Karaoke

WiFi/ GPS/ FM/ Bluetooth combo

GPS/ Beido in shared bikes

Contactless payment (NFC)
Automotive Applications

- N13
  - Calibration of AVM (Around View Monitoring) in NISSAN New X-Trial

- N10
  - CAR Event Recorder
  - ADAS

- D10
  - ADAS
**AI Applications**

- **N9** Dataflow Processing
- **D10** Voice Recognition
- **D15F** Video recognition
- **AI companion**

**Andes Embedded™**

- **SoC for WiFi in AI Companion**

**Courtesy: Wave Computing**
Emerging Applications

- AI
  - Deep Learning
- Next generation TV
- Network Engine
  - Router
- Drone
- Robot
- ...
- Many new applications are emerging
New Products and Ecosystems
New AndesCore™ Revealed in 2017

New Cores Announced/Released in 2017

- Protocol Processing
- Gateway
- Storage

N25
NX25

D15(F)
N15(F)

- DSP
- FPU

N13

- Switch
- Router

D10(F)
N10(F)

- Wearable
- Sensor
- WiFi
- Gateway

N9

- Sensor
- WiFi

N7
E8
N8
S8

- BT sensor
- ZigBee sensor
- Strong security

Power consumption

IoT graphic source: Wilgengebroed on Flickr

ANDES Technology Confidential
Driving Innovations™
Awards Just Granted
Leading in IoT Wave

"Top 25 IoT Solution Providers 2017" — APAC CIO Outlook Magazine

Andes Technology Corporation:
Delivers High Performance/Low Power
32/64-bit Processor IP

Embedded processor brings the bottom line operations of device to a new level by adding flexibility and optimizing power. The

Andes, Taiwan-based Andes Technology Corporation (www.andes.com) is a distinguished and fastest-growing embedded processor intellectual property supplier, which is equipped with a full set of IoT solution providers and server

technologies. With over two decades of experience in profiling processors based on Andes instruction set architecture, having tools available for Andes processor-based development and debugging, testing operating system to Andes Core, bringing software stacks to support various applications including especially IoT, developing platforms for Andes Core embedded SoC, and strengthening help and support to SoC, design teams from varied sectors, Andes has become the choice of customers around the world.

Being an intellectual property supplier, the company provides digital IP, complete infrastructure, and ecosystems for SoC design engineers to use.

Since enterprises have become highly reliant on digital technologies to automate their business functions, they also need to ensure a proficient SoC solution supplied by the semiconductor industry to be integrated into their organizations for better scalability, flexibility, and power saving. "We see ourselves as a one-stop supplier in embedded processor intellectual property industry and it is our responsibility to customers to design high-quality SoC," states Frankwell Liu, President, Andes Technology Corporation. To address it, Andes develops a spectrum of innovative products that include the patented Andes Core™ Instruction Set Architecture, the leading performance-efficient AndesCore™ Processors, the flexible pre-integrated and pre-verified AndesBlox™ Platform IP solutions, the innovative AndesFlex™ Software Development Kits, “Software development ready to use” and the comprehensive AndesFlex™ Software Stack.

AndesTech™: Software Development Kit is a simple and convenient entry point into the AndesFlex™ IDE, a comprehensive set of functionalities that include an optimizing compiler, a debugger, a Linux script editor, ROSS-avanced support, a profiler, a flash programmer, and a virtual SoC that enables rapid performance evaluation and early software development. With these, it helps customers to efficiently develop, debug, and optimize their software to achieve aggressive project schedules, for meeting its business objectives," said Liu.

Andes Technology proffers high performance/low power 32/64-bit processors that increase the processing speed of embedded applications invariably

Migrating from one design to another requires knowledge of new design concepts. The most important concerns of IC design houses is the correct implementation of IP cores. Designers often have to customize their products and their software development process to meet the requirements of the end product. The Andes Advanced Technology Platform is a comprehensive set of tool kits that enables customers to design their own products, and also provides the necessary support for the development of new applications.

Andes Technology’s experience towards this allows in customers to design their own SoC with the highest quality and faster time to market. In the recent past, the company has also collaborated with IBM, Intel, Intrinsity, LSI, Inside Secure, Sonion IC, Arrow RF, and Winbond to ensure the security of the customer’s products. These customers are also part of another Andes-based ecosystem - OneNet™, a website and community specially created for IoT, where it collaborates with third-party companies to help common customers develop high-quality connected products. Andes Flex™ offers comprehensive IoT solutions, including IoT Platforms, Andes-compatible development boards, development tools, and more.

Andes Technology Corporation
Recognized as
Top 25 IoT Solution Providers

The Annual listing of 25 Most Promising IoT Solution Providers in APAC

Andes Technology Corporation

Driving Innovations
ASPA Excellence Prize

“2017 ASPA Excellence Prize”
— Asian Science Park Association
Concluding Remarks
Expand Product Line and Strengthen Ecosystem

- Andes will release the new V5 architecture processor core N25 / NX25, perfect for applications of emerging technologies including network communication, deep learning and high end storages.

- The collaboration with GlobalFoundries on its 22nm FD-SOI (22FDX®) technology allows Andes Technology to further build up the ecosystem and provide low power consumption and high performance IoT solutions.

- Many projects of Andes Technology have entered development stage, they will help enhancing Andes intangible capital and values.
Thank You!

www.andestech.com
Q&A