

Andes Technology Corporation 2017 Q3 Report

Driving Innovations™



Stock #: 6533
2017/11/9

Safe Harbor Notice



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

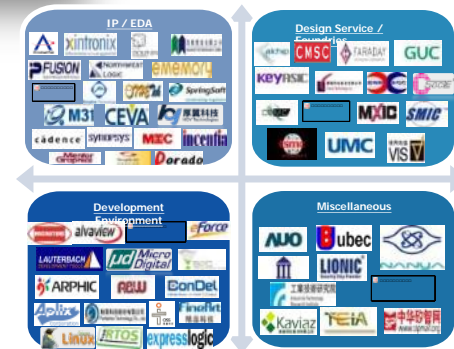
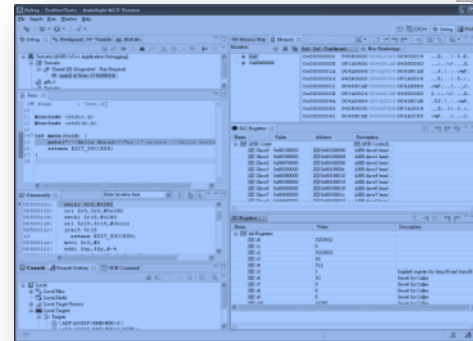


- **>135** commercial licensees
 - Geographically distributed in Taiwan, China, Korea, Japan, Europe, and USA.
 - **>190** license agreements signed

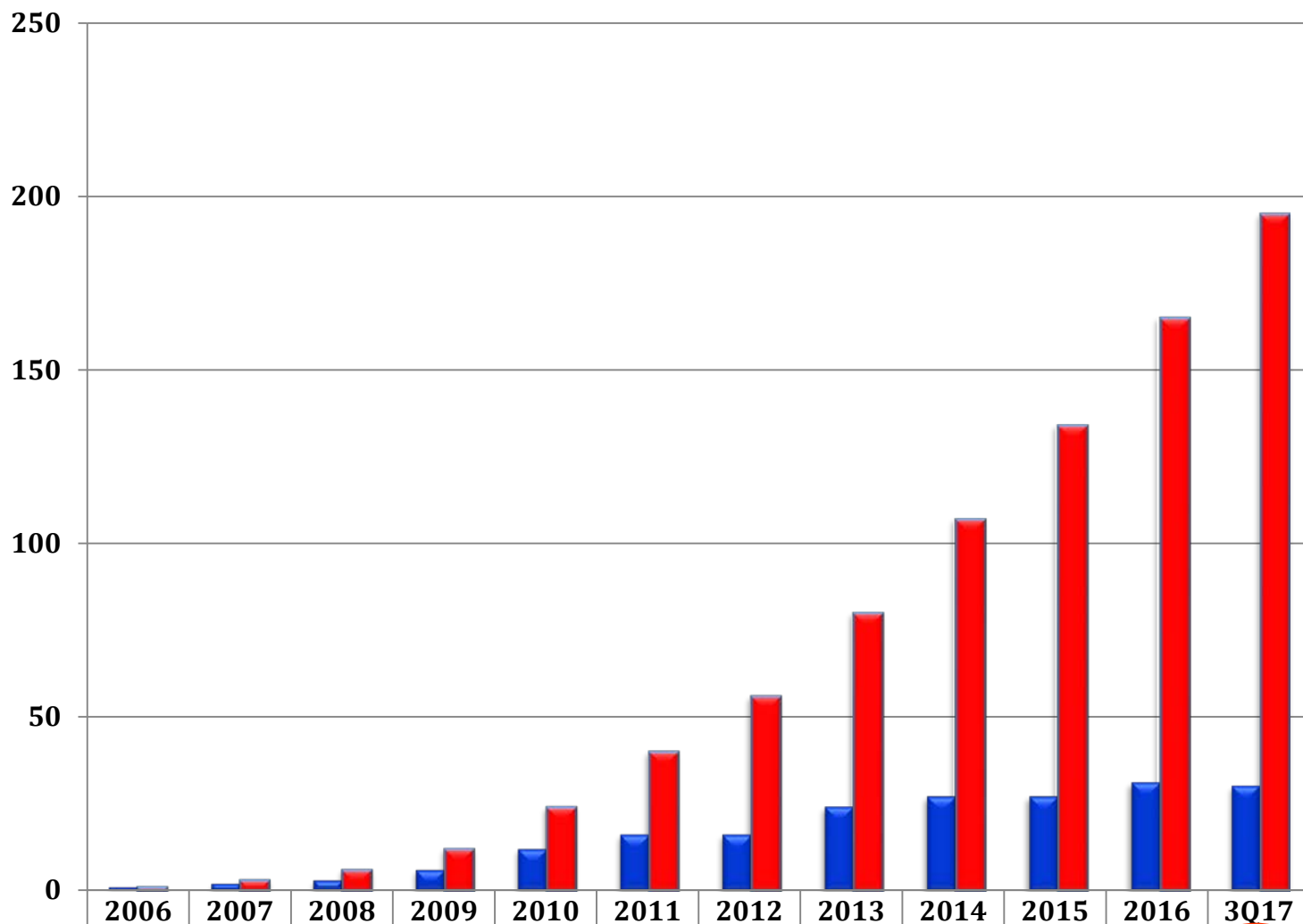
- AndeSight™ IDE:
 - **>10,000** installations

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

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



Agreement Growth Analysis



■ IP Agreements

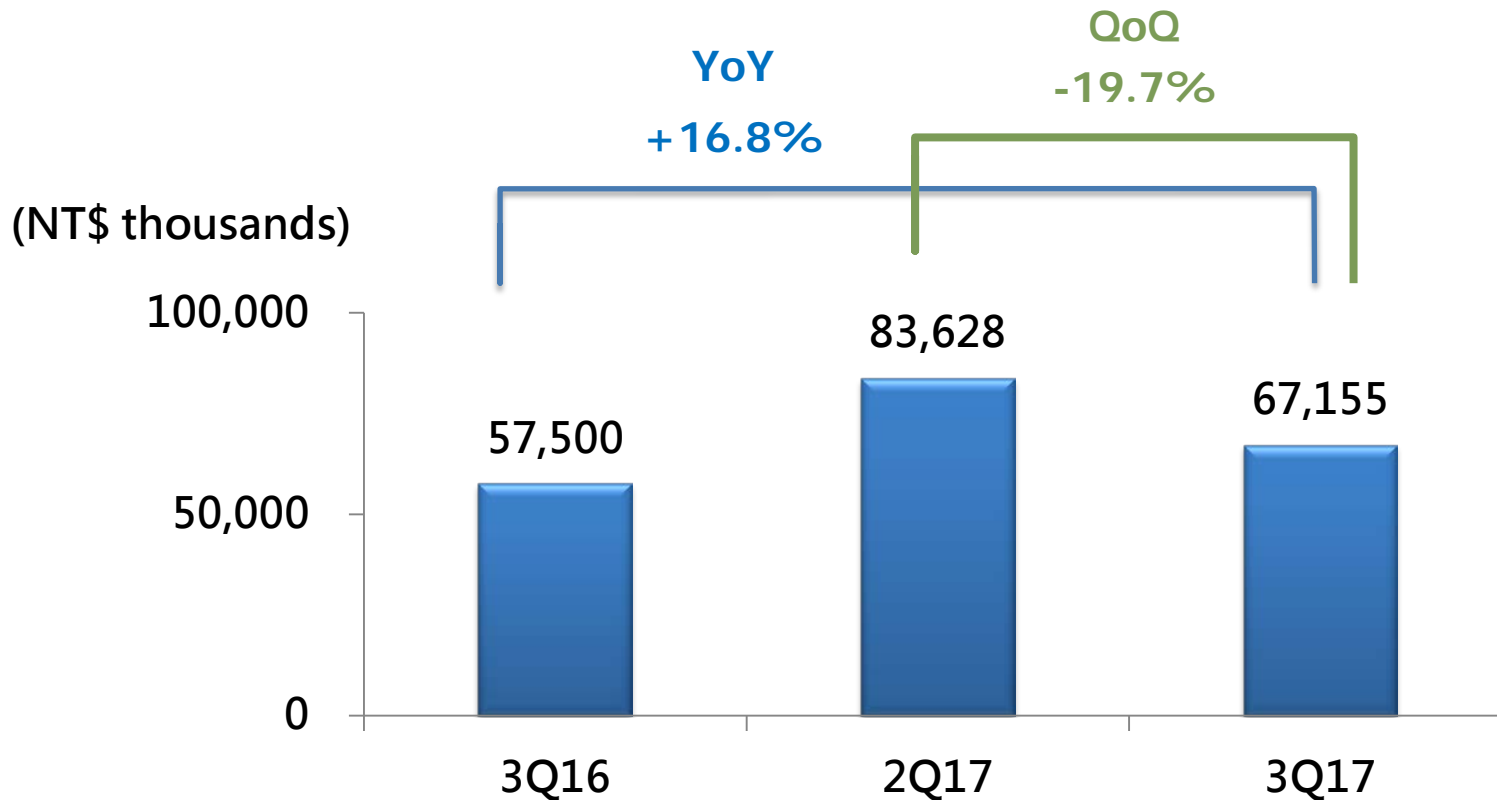
■ Accumulated IP Agreements

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	2	3	6	12	16	16	24	27	27	31	30
1	3	6	12	24	40	56	80	107	134	165	195

Consolidated Revenue



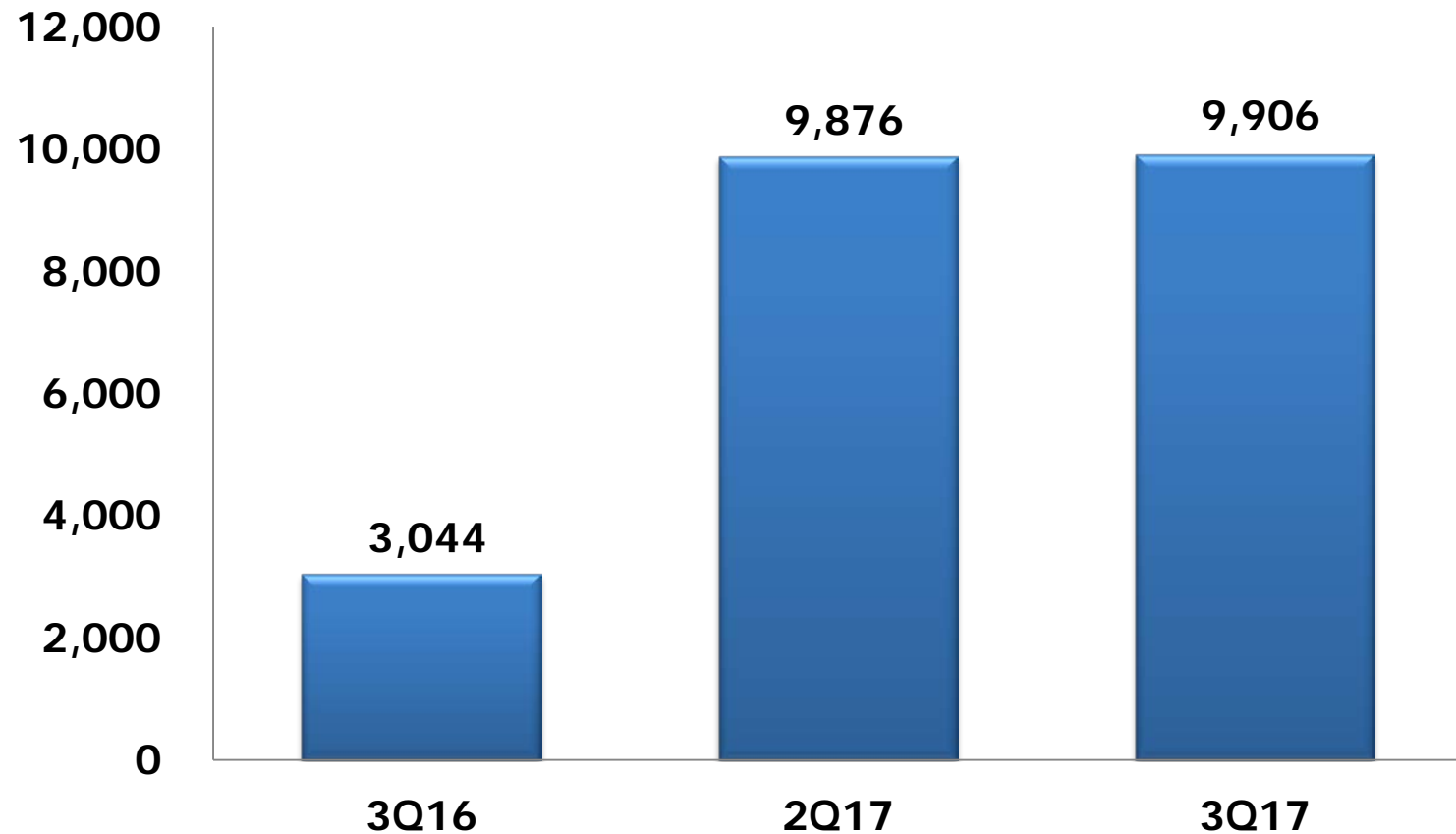
- 3Q17 Revenue: NT\$ 67.16M
- YoY : grew up 16.8%
- QoQ : down 19.7%



Consolidated Royalty



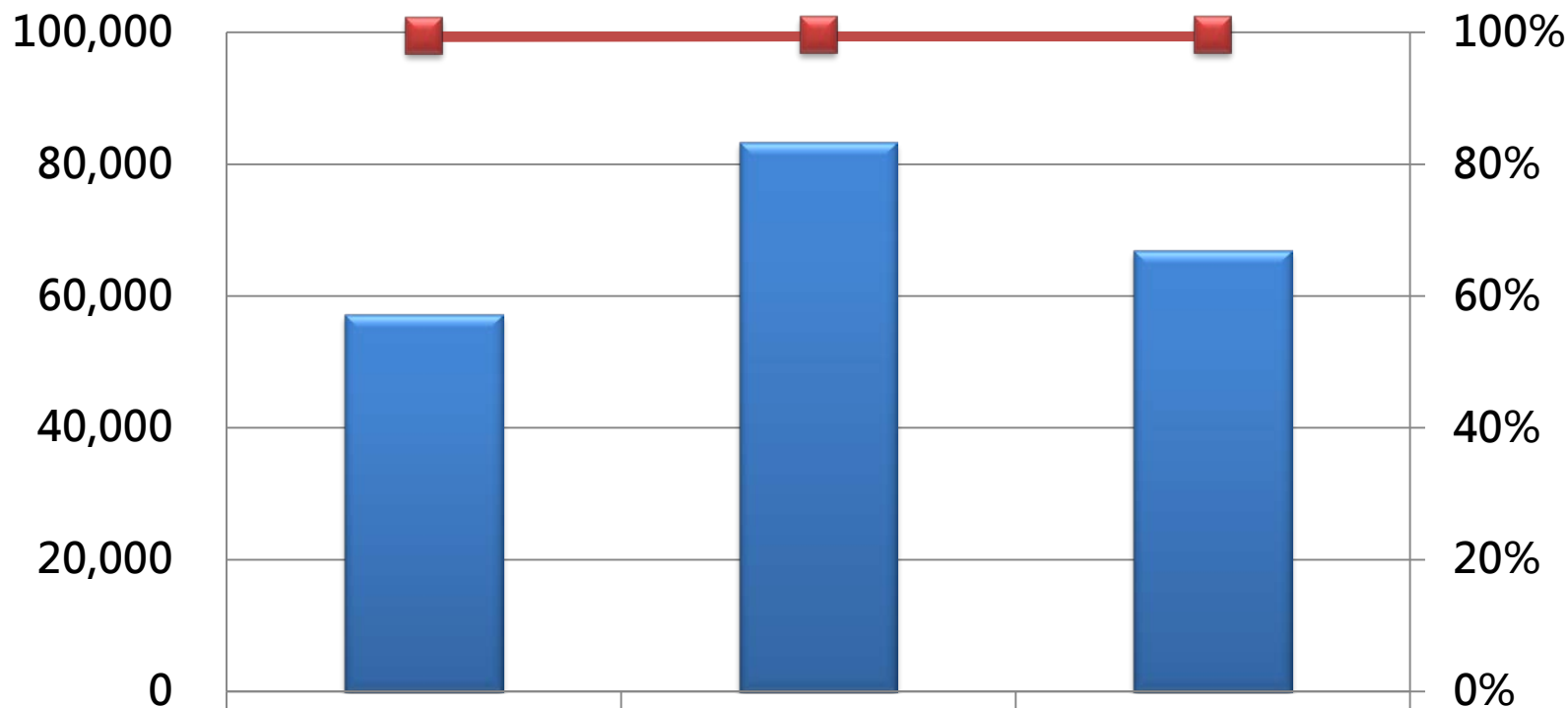
(NT\$ thousands)



Consolidated Gross Margin

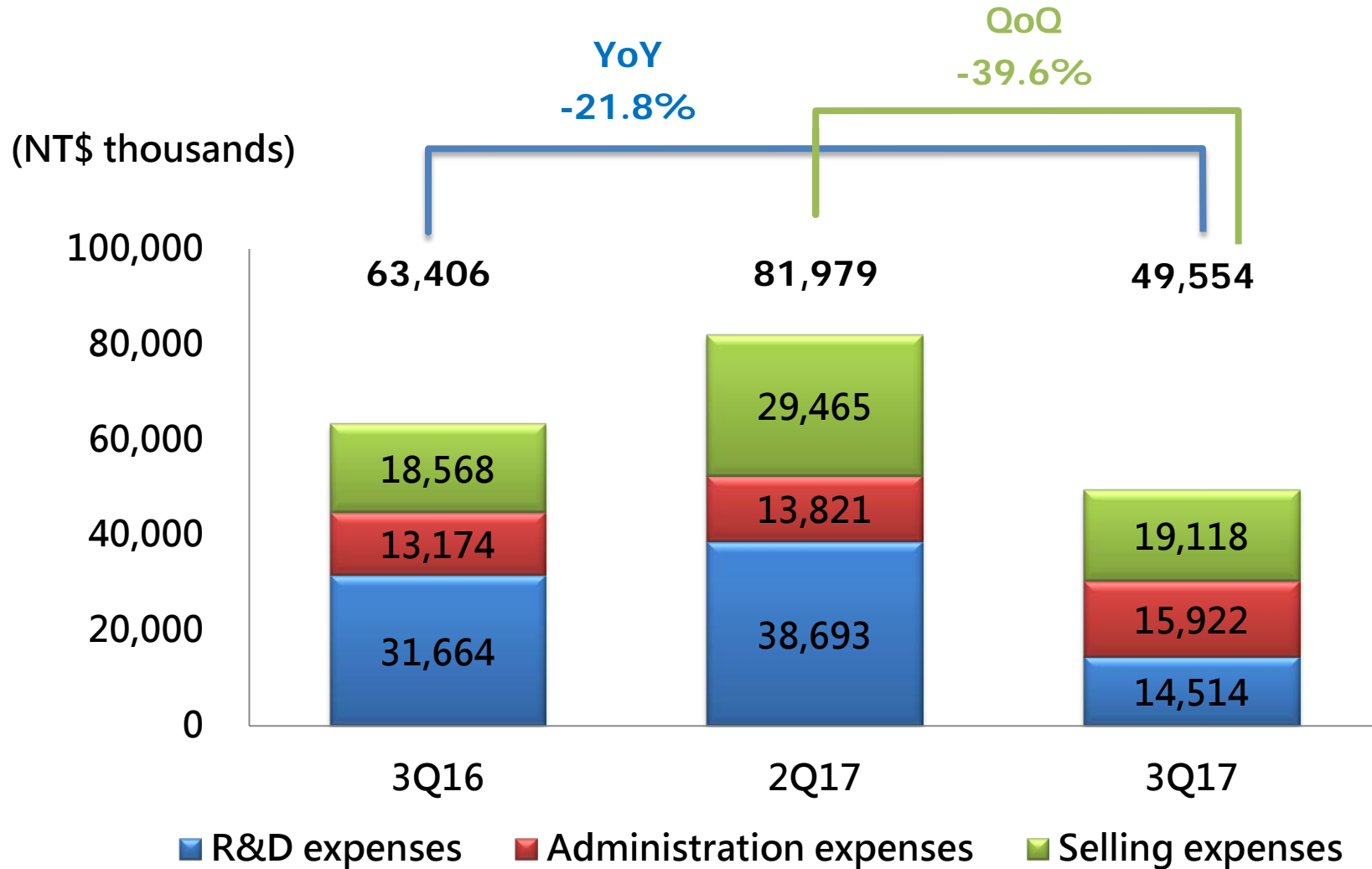


(NT\$ thousands)

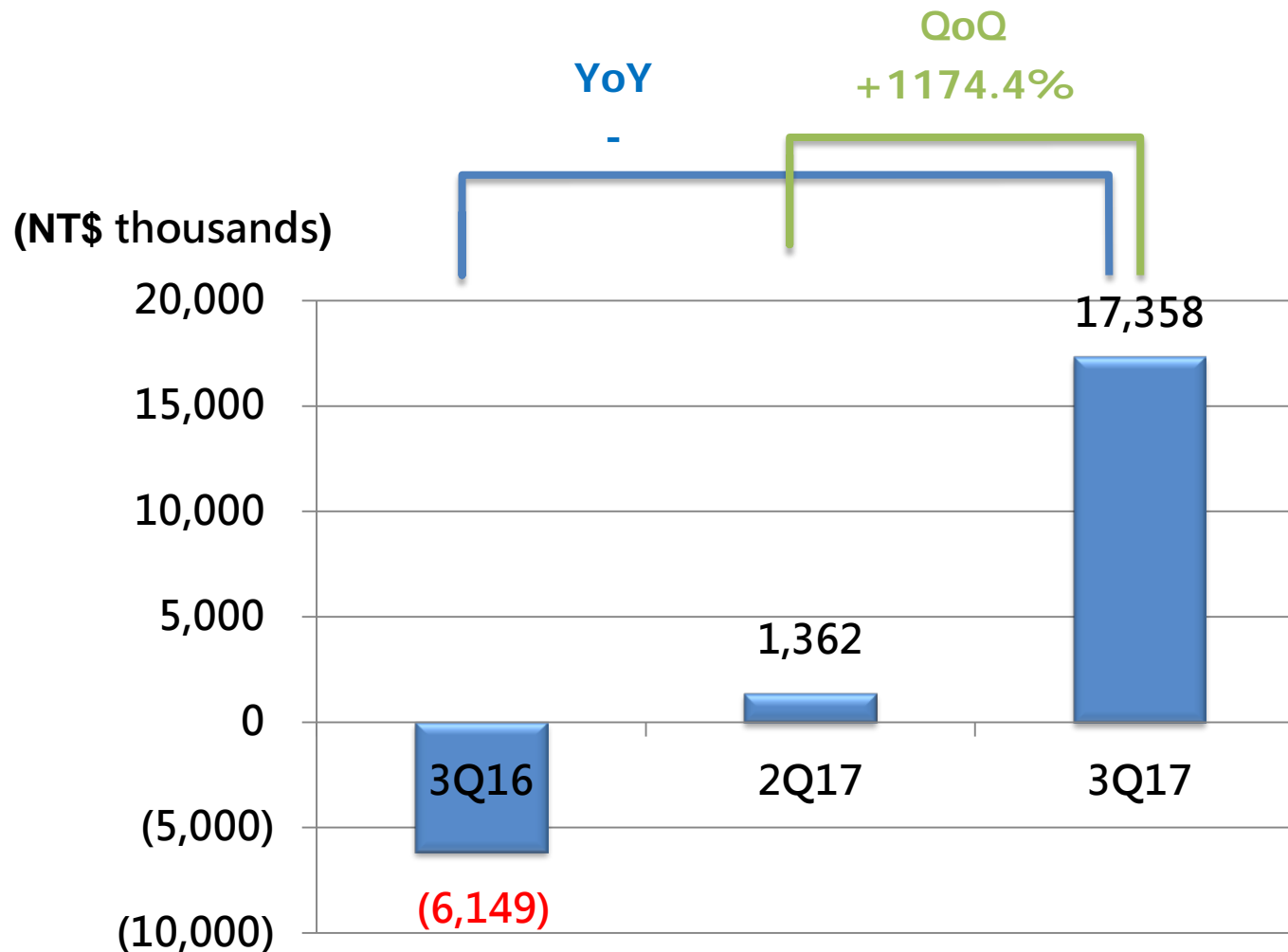


 Gross Profit	57,257	83,341	66,912
 Gross Margin	99.6%	99.7%	99.6%

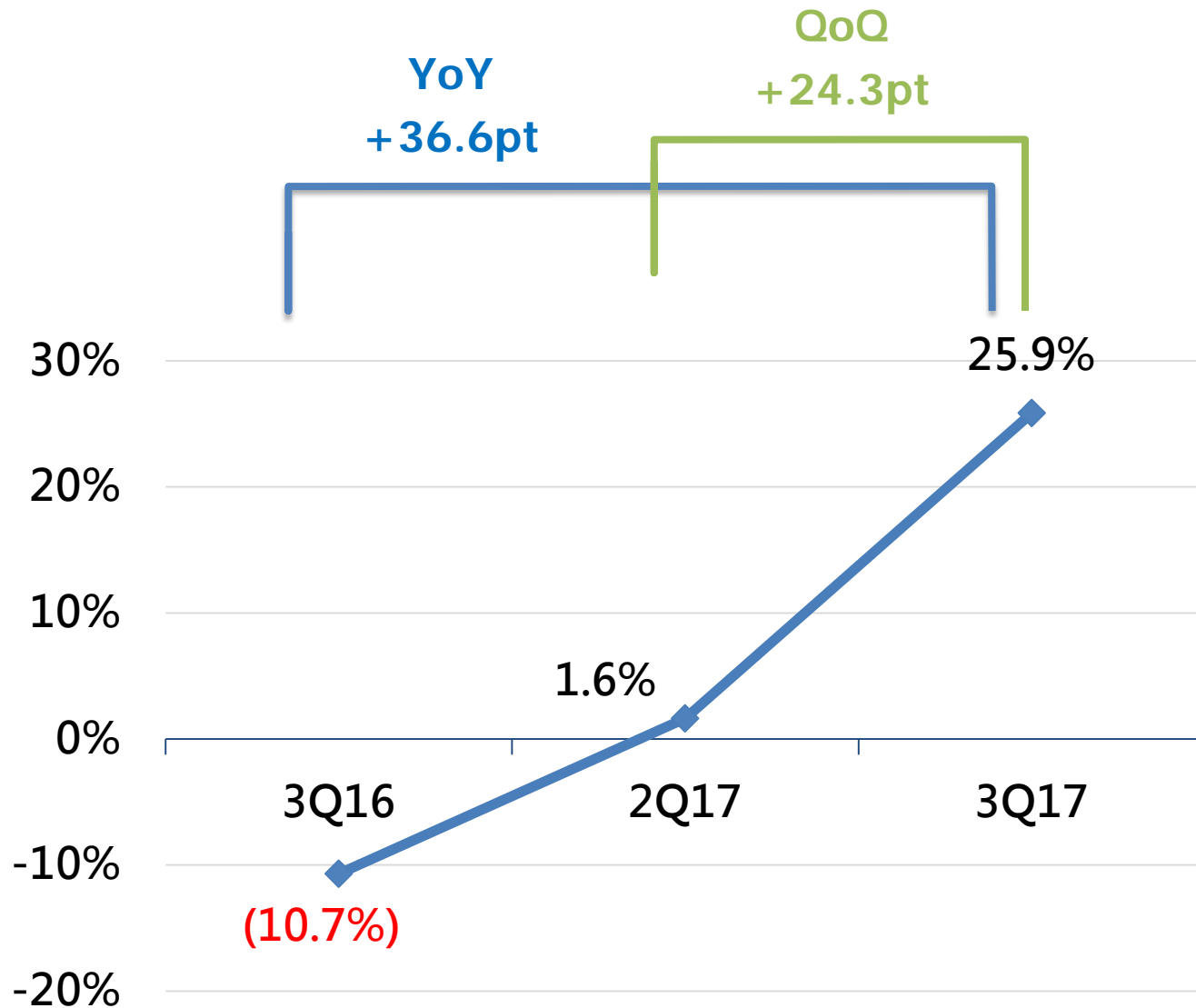
Consolidated Operating Expenses



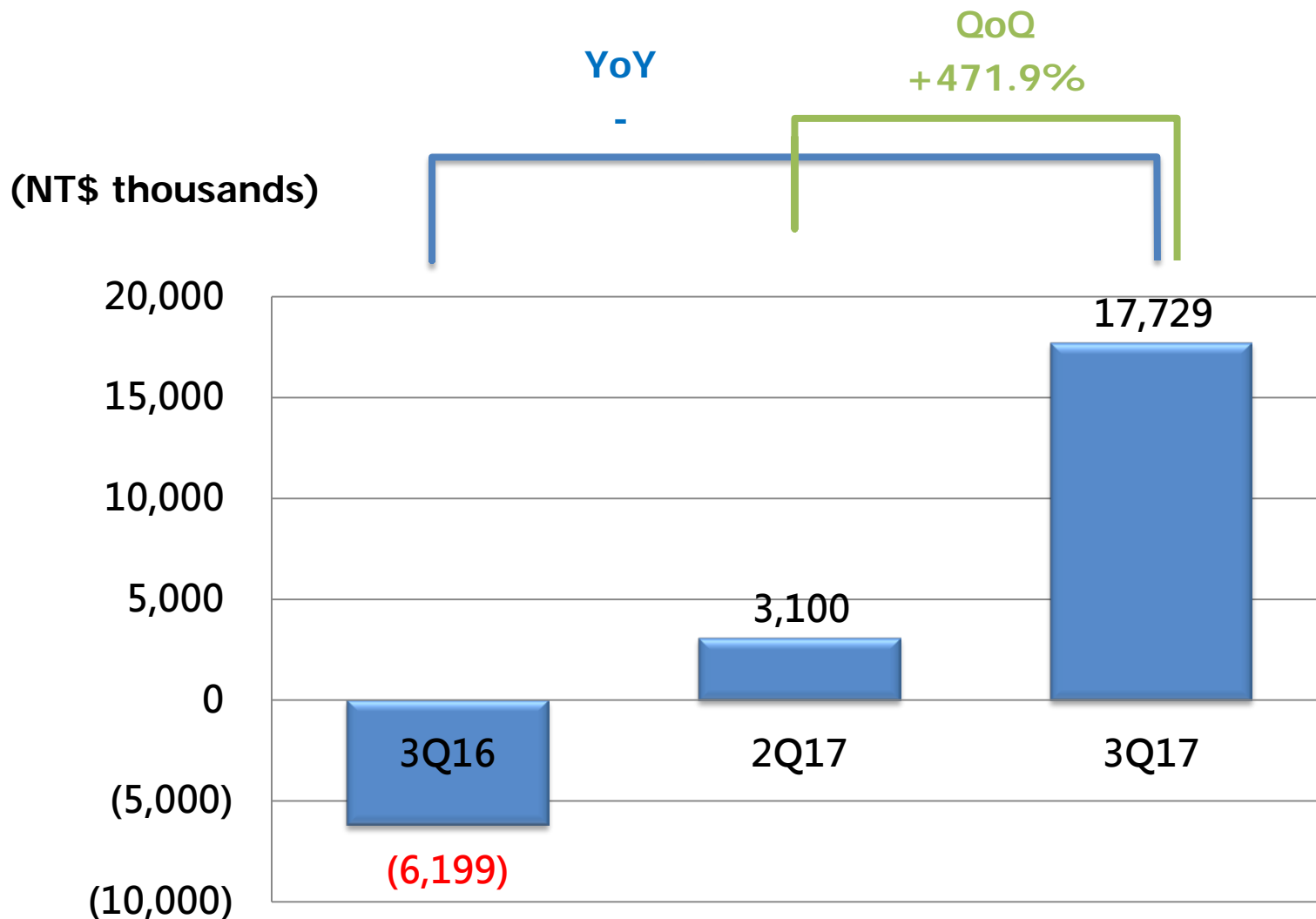
Consolidated Operating Income



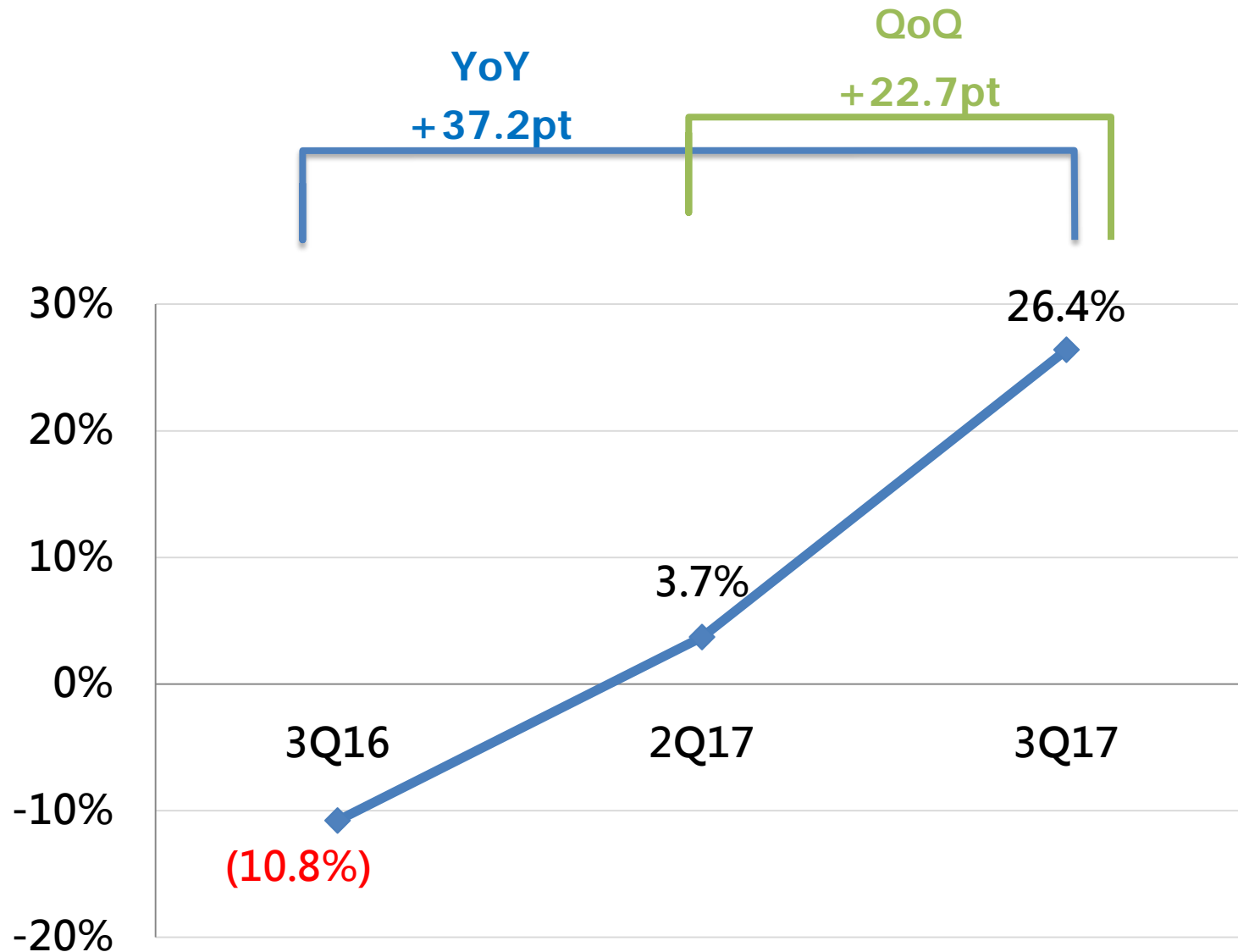
Consolidated Operating Margin



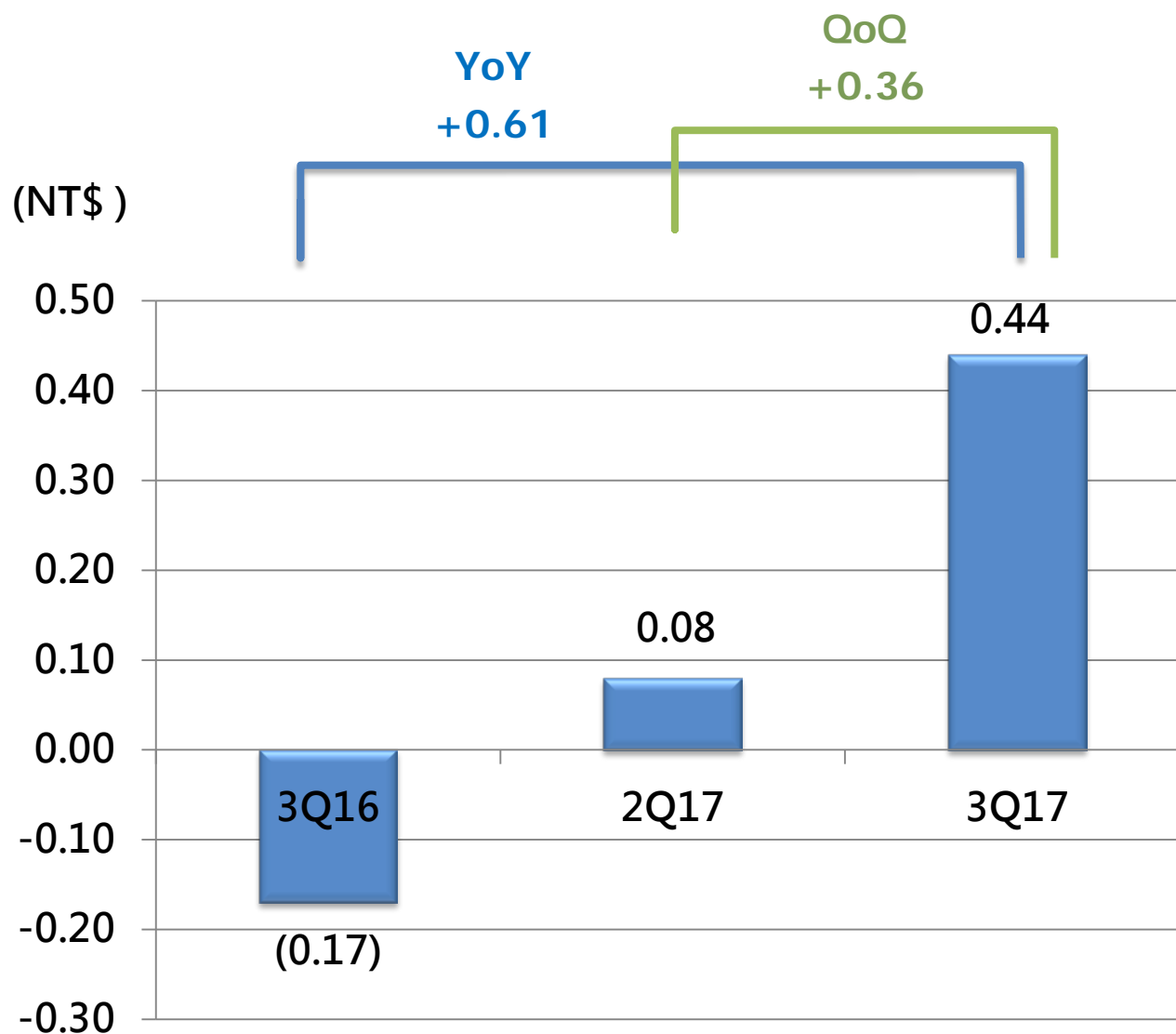
Consolidated Net Income



Consolidated Net Profit Margin



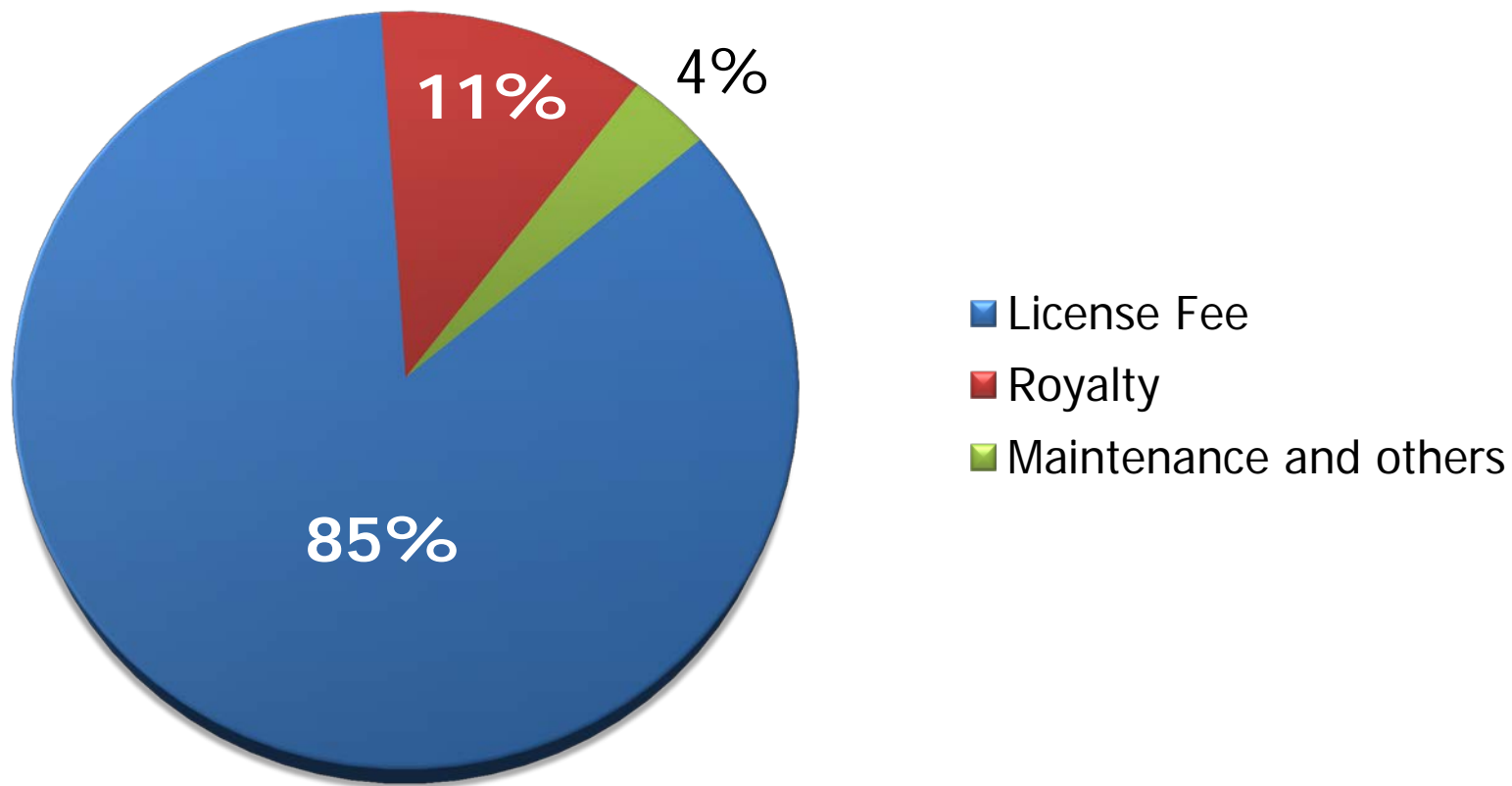
Consolidated Earnings Per Share



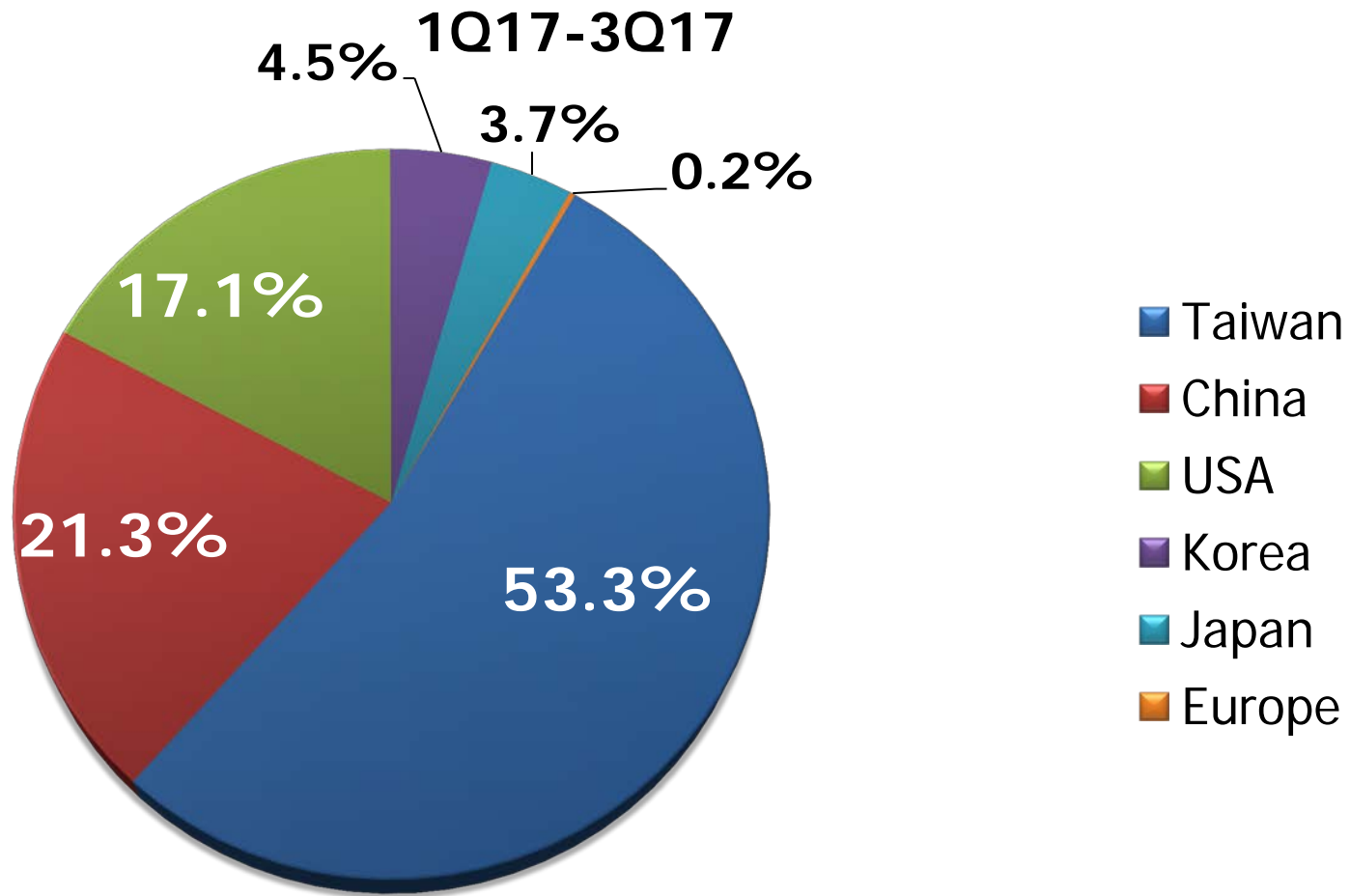
Revenue Analysis by Payment Model



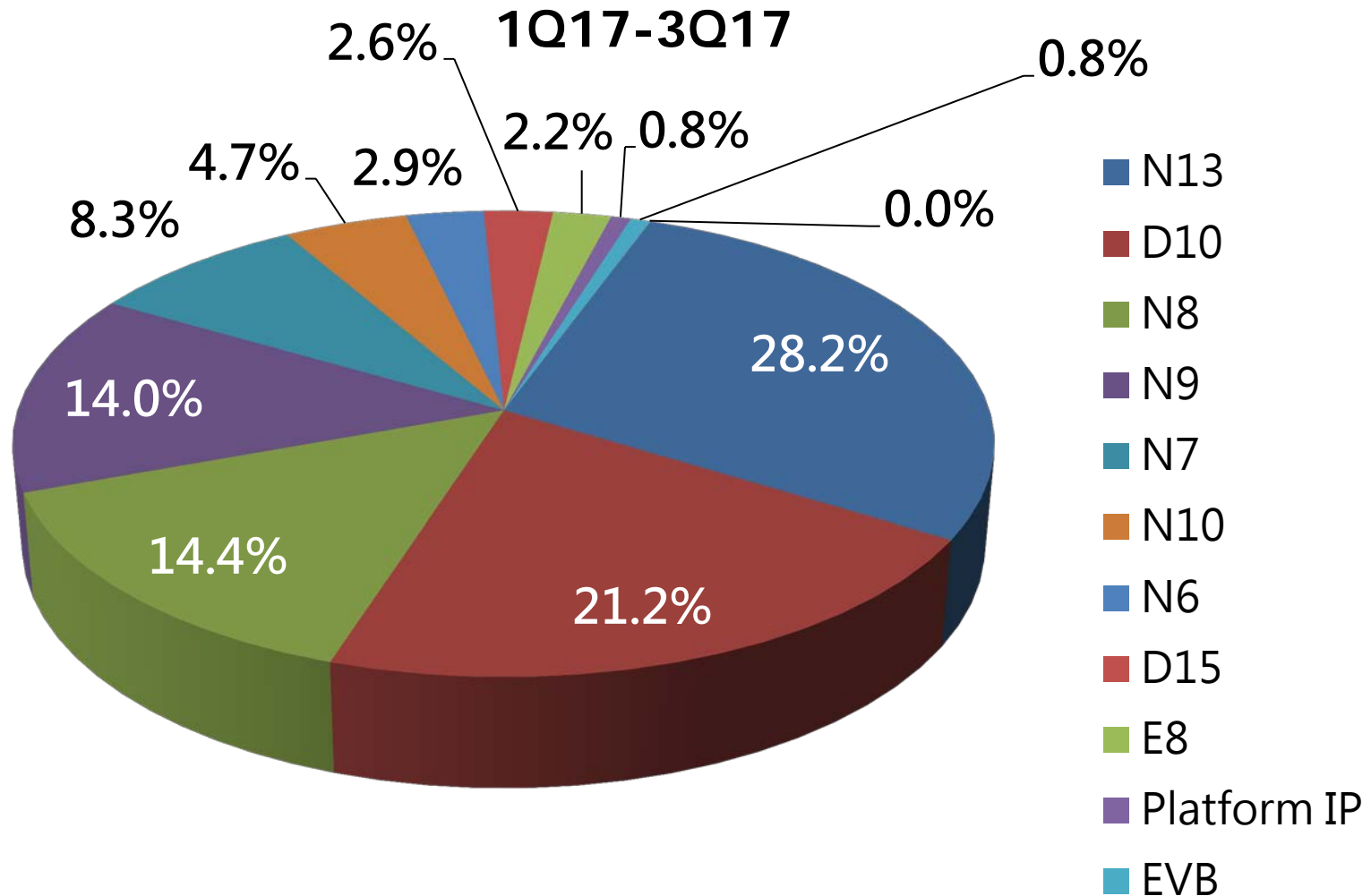
1Q17-3Q17



Revenue Analysis by Region

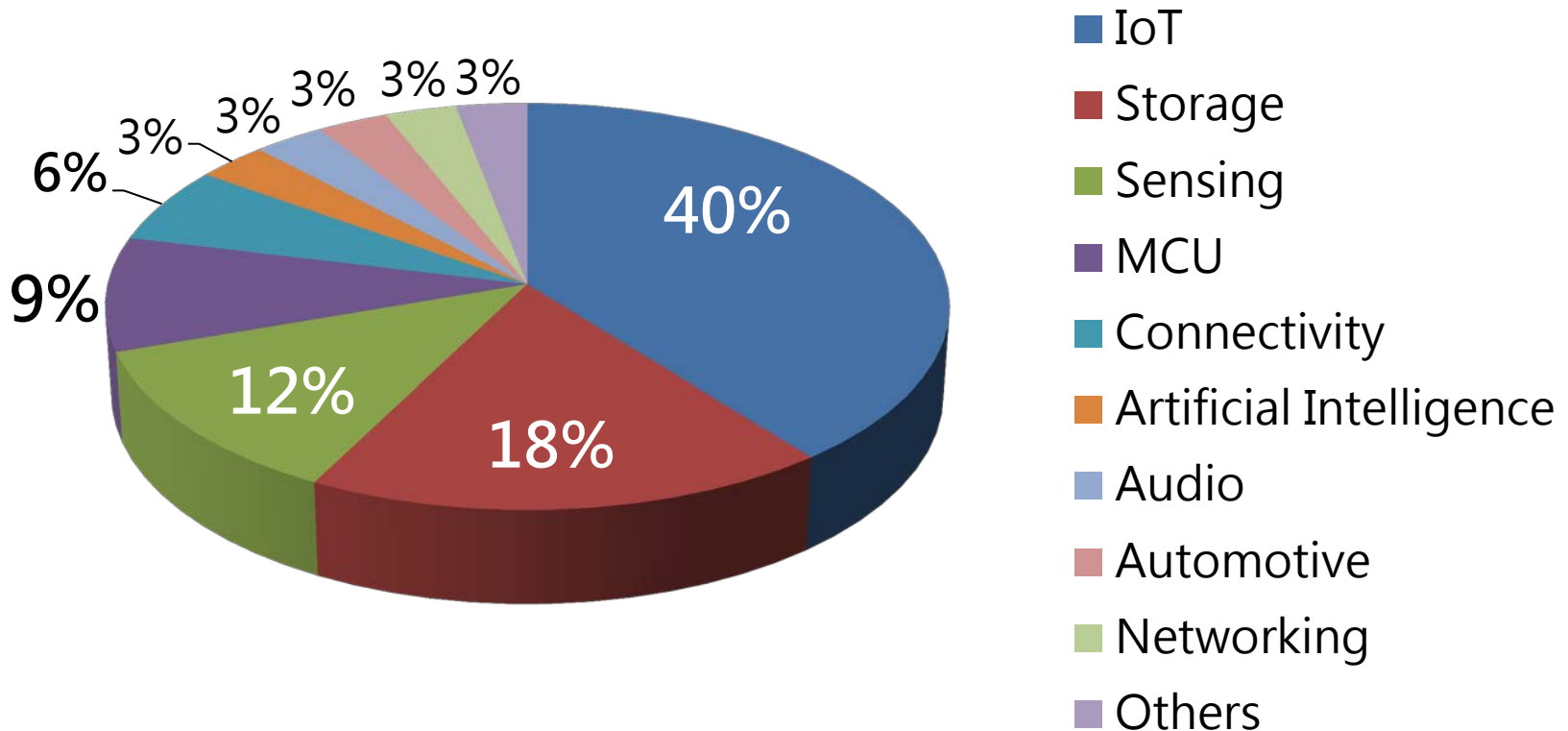


Revenue Analysis by Product



*Based on revenue

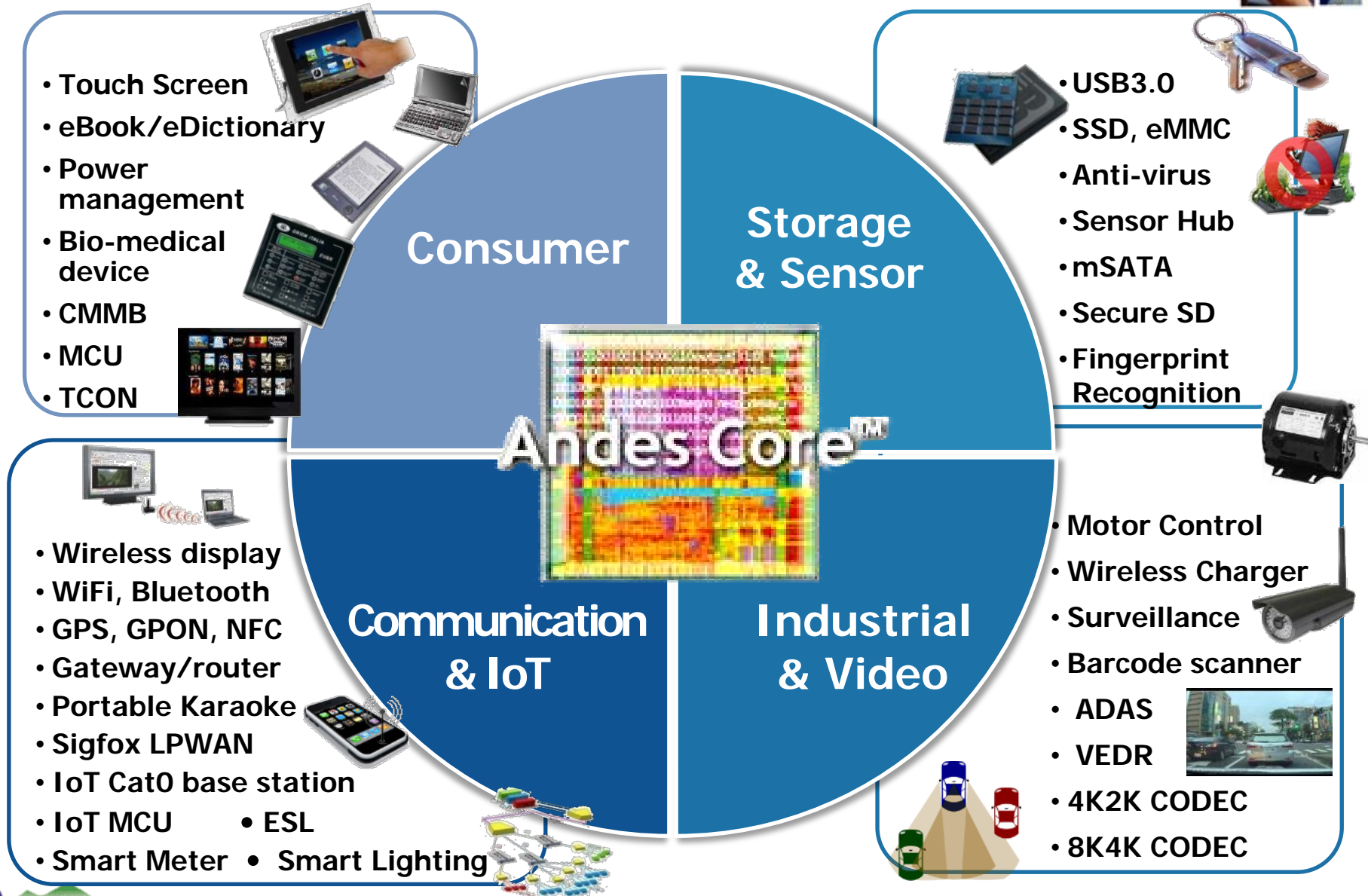
Application Analysis



*Based on agreement number

Product Application

Rich Customers' Applications



IoT Applications -1



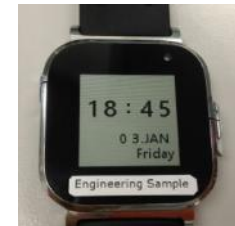
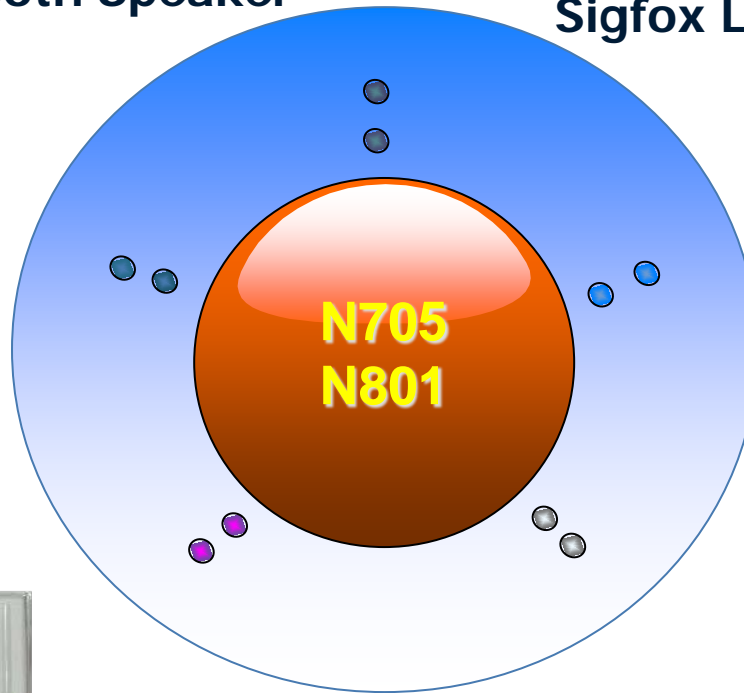
Bluetooth Speaker



Sigfox LPWAN



Healthcare device



Wearable device



Electronic price tags



Sensor Hub

IoT Applications -2



Wearable devices



Drone



Portable Karaoke



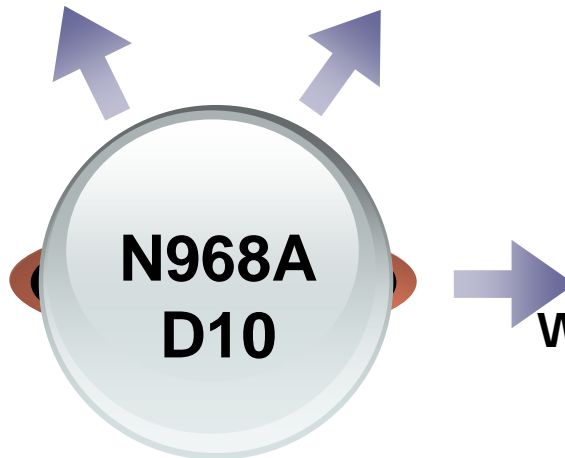
**WiFi/GPS/FM/Bluetooth
combo**



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

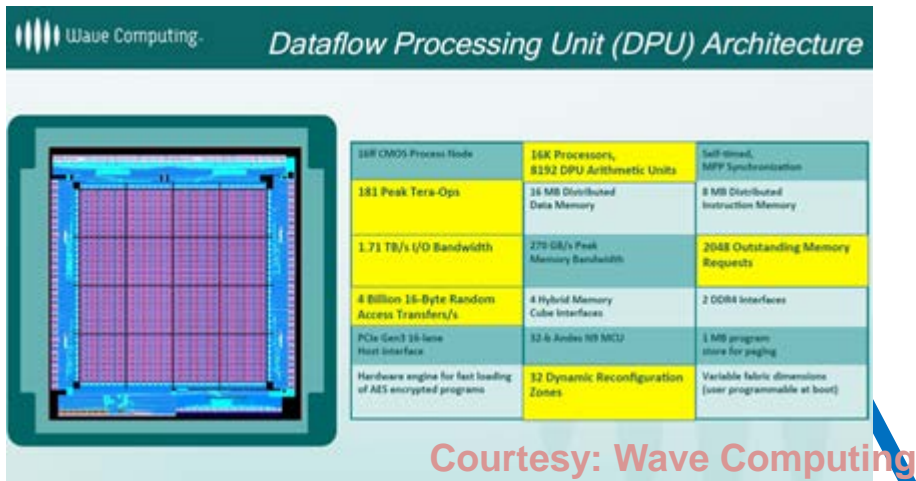
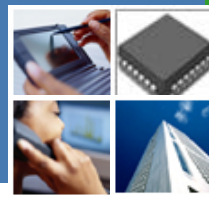


◆ D10

- ◆ ADAS



AI Applications



◆ N9
Dataflow Processing

◆ D10
Voice Recognition

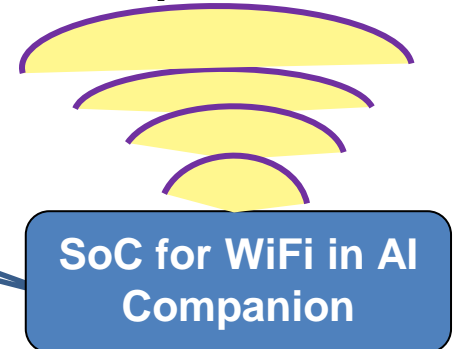


Andes
Embedded™

◆ D15F
Video recognition



◆ N9
AI companion



Emerging Applications



❖ AI

- Deep Learning

❖ Next generation TV

❖ Network Engine

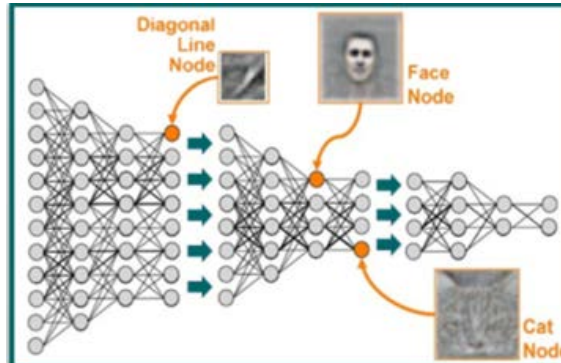
- Router

❖ Drone

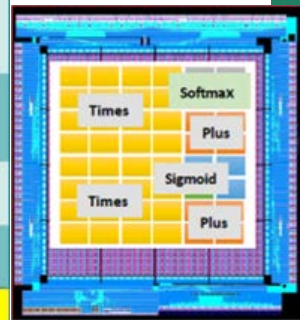
❖ Robot

❖ ...

❖ Many new applications are emerging

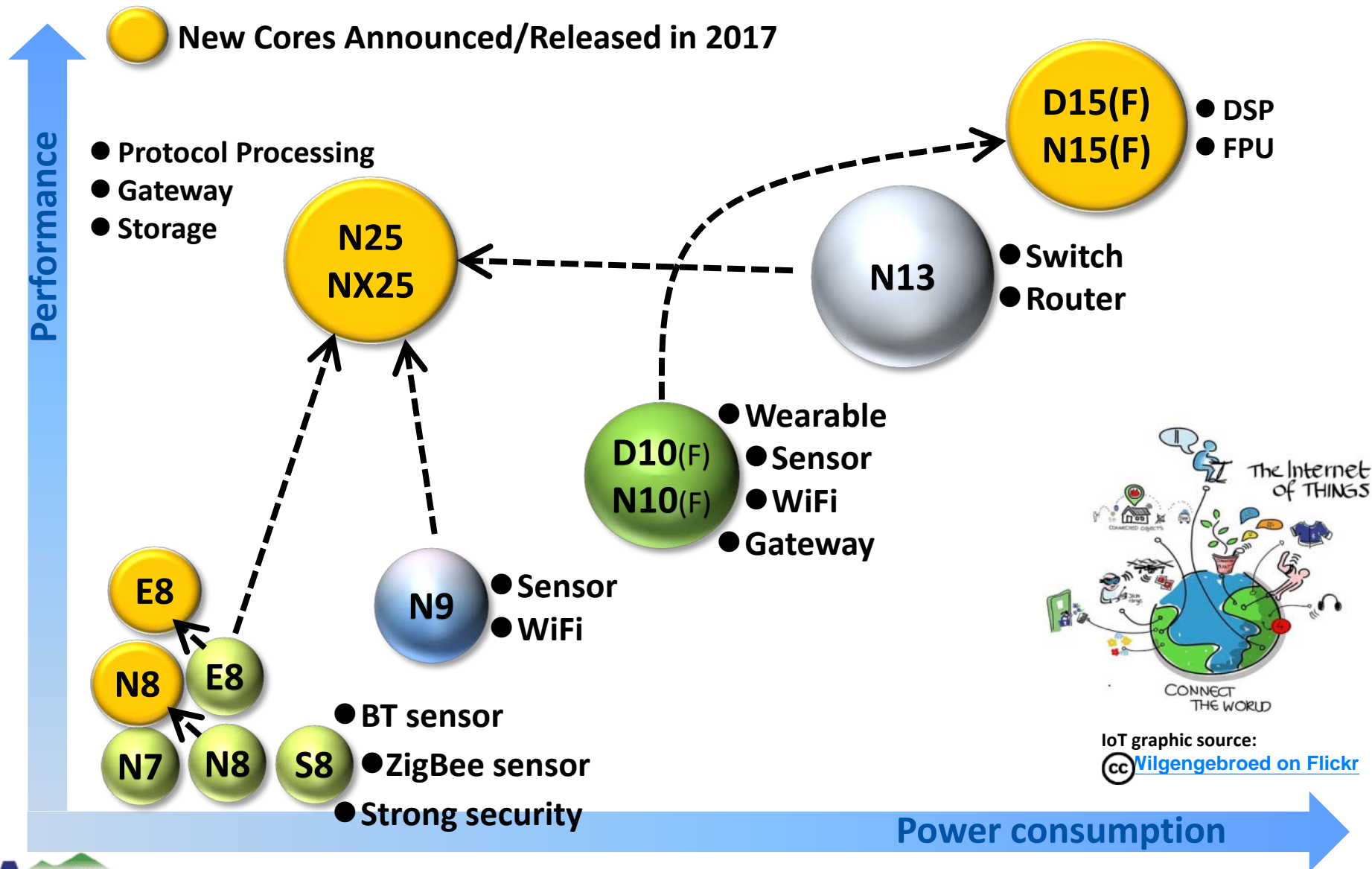


16K Processors, 8192 DPU Arithmetic Units
16 MB Distributed Data Memory
270 GB/s Peak Memory Bandwidth
4 Hybrid Memory Cube Interfaces
32-b Andes N9 MCU
32 Dynamic Reconfiguration Zones



New Products and Ecosystems

New AndesCore™ Revealed in 2017



Awards Just Granted

Leading in IoT Wave



► “Top 25 IoT Solution Providers 2017” — APAC CIOOutlook Magazine

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

Embedded processor brings up the bottom line operations of a device by adding flexibility and optimizing the cost. The Hsinchu, Taiwan-based Andes Technology Corporation stands as a distinguished and fastest growing embedded processor intellectual property supplier, which is congested with a multitude of IoT solution providers and newest technologies. With over twelve years of experience in proffering processors based on Andes instruction set architecture, having toolchains available for AndesCore™ based software development and debugging, porting operating system to Andes Cores, 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 tier-one supplier in embedded processor intellectual property industry and it is our responsibility to enable customers to design high-quality SoCs,” states Frankwell Lin, President, Andes Technology Corporation. To address it, Andes developed a spectrum of innovative products that include the patented AndeStar™ Instruction Set Architecture, the leading performance-efficient AndesCore™ Processors, the flexible pre-integrated and pre-verified AndeShape™ Platforms IP solution, the intuitive AndeSight™ Software Integrated Development Environment (IDE), and the comprehensive AndeSoft™ Software Stacks. “Software development easily consumes more than 70 percent man-months of a typical SoC project. To alleviate it, we design into the AndeSight IDE, a



Frankwell Lin,
President



comprehensive list of functionalities that include an optimizing compiler, a debugger, a linker script editor, RTOS-awareness support, a profiler, a flash programmer, and a virtual SoC platform that enables rapid performance evaluation and early software development. With those, it helps customers to efficiently develop, debug, and optimize their software to achieve aggressive project schedule, for meeting their business objectives,” said Lin.

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 design and designing a unique architecture are the major concerns of IC design houses in the current era. Bolstered by proficient engineers and significant experience, Andes empowers its customers to customize their products and

proffers mechanisms, namely Andes Customer Extension (ACE) and ACE COPILOT tools, that enable customers to design unique instructions that can hook into Andes instruction set architecture quickly, hence resulting customer's unique processor and SoC, bringing benefits of lower power, better security, and higher computing efficiency. Besides, the company has an ecosystem where it brings together more than one hundred third party companies to help customers use hassle-free IP, tools, software stacks in developing application orient system chips.

Having technical support engineers in China, Taiwan, and the United States, Andes Technology offers round the clock support and optimizes their time to market with quality design. Being a committed company to its customers, Andes Technology ensures that its customers are also well trained to deploy and work with Andes configurable embedded processors developing environment. To help customers obtain in-depth knowledge and consulting services on its product lines, the company proffers training courses for engineers.

Andes Technology's initiative towards this allows its 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

eMemory, Intrinsix ID, Inside Secure, Secure IC, Secure RF, and Winbond to ensure appropriate security features can be easier embedded into customers' IoT products. Those companies are part of another Andes-initiated ecosystem Kneet me™, a website and community specially created for IoT, where it collaborates with third-party companies to help common customers develop high-quality connected products. Kneet me™ offers comprehensive IoT solutions, including SoC IP Platforms, Arduino-compatible development boards, development tools and IoT software stack, to help speed up SoC developments for IoT applications. It also hosts the IoT League for customers to showcase their IoT products and for interested device makers to find the right SoC for their next projects.

The company's new products such as N15 and D15, which further empower its customers with more computing power and less power consumption, and NX25—which extends application's data addressability to over 4 GB and is the most power-efficient 64-bit processor in the industry, have already made their way into the market. With a visionary aspect from the beginning, Andes Technology has designed its products and further eyes to innovate, adapt new-fangled technologies to provide the best ROI to customers. ■■

Andes Technology Corporation

Recognized as



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

Joe Philip
Managing Editor

October 22, 2017

October 23, 2017

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!



Andes Core™

www.andestech.com

Q&A