Andes Technology Corp.
Investor Conference Report

2020/11/09
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.
Andes Highlights

- Founded in March 2005 in Hsinchu Science Park, Taiwan, ROC.
- Well-established high technology IPO company
- Just over 210 people; 80% are engineers.
- EETimes' Silicon 60 Hot Startups to Watch (2012)
- TSMC OIP Award “Partner of the Year” for New IP (2015)
- Founding Premier membership in the RISC-V International Association (RISC-V Foundation) (2020)
- AI Global Media Award “Most Outstanding Embedded Processor IP Supplier– 2020”

Andes Mission

- Innovate performance-efficient processor solution for low-power SoC

Emerging Opportunities

- Smart and Green electronic devices
- Cloud Computing and Internet of Things and Machine Learning
Business Status Overview

- **200+ commercial licensees**
  - Geographically distributed in Taiwan, China, Korea, Japan, Europe, and USA
  - 400+ license agreements signed

- **AndeSight™ IDE**: 19,000+ installations

- **Eco-system**: 160+ partners

- ~6B Accumulative SoC Shipped
Operation Results
Agreement Growth Analysis

- **IP agreements**
  - 2006: 1
  - 2007: 2
  - 2008: 3
  - 2009: 6
  - 2010: 12
  - 2011: 16
  - 2012: 16
  - 2013: 24
  - 2014: 27
  - 2015: 27
  - 2016: 31
  - 2017: 39
  - 2018: 43
  - 2019: 141
  - 3Q20: 120

- **Accumulated IP agreements**
  - 2006: 1
  - 2007: 3
  - 2008: 6
  - 2009: 12
  - 2010: 18
  - 2011: 34
  - 2012: 50
  - 2013: 77
  - 2014: 104
  - 2015: 133
  - 2016: 172
  - 2017: 211
  - 2018: 254
  - 2019: 391
  - 3Q20: 508
1Q-3Q20 Revenue Analysis

YoY -13.6%

(NT$ thousands)

2019 Q1-Q3: 361,647
2020 Q1-Q3: 312,427

YoY -13.6%
3Q20 Revenue Analysis

YrYr -18.1%

QoQ +2.9%

(NT$ thousands)

127,851

101,797

104,768

3Q19

2Q20

3Q20
1Q-3Q20 Top 10 Customers Analysis by Revenue

Top 10 Customer Contributed 63% Revenue
3Q20 Royalty Analysis

YoY +29.6%
QoQ +19.3%

(NT$ thousands)

3Q19 2Q20 3Q20
28,519 30,976 36,969

+29.6%  +19.3%
1Q-3Q20 Royalty Analysis

YoY +34.3%

(NT$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>1Q-3Q 19</th>
<th>1Q-3Q 20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>74,785</td>
<td>100,439</td>
</tr>
</tbody>
</table>

YoY +34.3%
1Q-3Q20 Top Ten Royalty Contributors Analysis by Application

Top 10 Royalty Customers Contributed 88% Royalty

(NT$ thousands)
Royalty Analysis

(NT$ thousands)
Consolidated Gross Margin

(NT$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>3Q19</th>
<th>2Q20</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Profit</td>
<td>127,528</td>
<td>101,654</td>
<td>104,177</td>
</tr>
<tr>
<td>Gross Margin</td>
<td>99.75%</td>
<td>99.86%</td>
<td>99.43%</td>
</tr>
</tbody>
</table>
Consolidated Operating Expenses

YoY +6.9%
QoQ +7.9%

3Q19 2Q20 3Q20
R&D expenses 54,211 58,233 61,600
Administration expenses 14,991 27,360 27,644
Selling expenses 54,465 36,881 42,904

(NT$ thousands)
Consolidated Operating Income (Loss)

YoY -824%
QoQ -

(NT$ thousands)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>3Q19</th>
<th>2Q20</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3,861</td>
<td>(20,820)</td>
<td>(27,971)</td>
</tr>
<tr>
<td>Change</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Consolidated Operating Margin

YoY: -29.72 PT
QoQ: -6.25 PT

3Q19: 3.02%
2Q20: -20.45%
3Q20: -26.70%
Consolidated Net Income (Loss)

QoQ
-821 %
YoY

3Q20
(29,407)
2Q20
(17,696)
3Q19
4,077
Consolidated Net Profit Margin

YoY -31.26 PT
QoQ -10.69 PT

3Q19 2Q20 3Q20

3.19% -17.38% -28.07%

QoQ and YoY changes in Consolidated Net Profit Margin.
Consolidated Earnings Per Share

YoY -0.79
QoQ -0.28

<table>
<thead>
<tr>
<th>Quarter</th>
<th>EPS (NT$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q19</td>
<td>0.10</td>
</tr>
<tr>
<td>2Q20</td>
<td>(0.30)</td>
</tr>
<tr>
<td>3Q20</td>
<td>(0.69)</td>
</tr>
</tbody>
</table>
1Q-3Q20 Revenue Analysis by Payment Model

- License Fee: 36%
- Running Royalty: 32%
- Custom Computing Service: 20%
- Maintenance & Others: 12%
1Q-3Q20 Revenue Analysis by Region

- Taiwan: 42%
- USA: 28%
- China: 23%
- Korea: 5%
- Europe: 1%
- Japan: 1%
1Q-3Q20 Customer Application Analysis

*Based on agreement number*
1Q-3Q20 Revenue Analysis by Product
3Q20 Revenue Analysis - RISC-V

(NT$ thousands)

<table>
<thead>
<tr>
<th></th>
<th>3Q19</th>
<th>2Q20</th>
<th>3Q20</th>
</tr>
</thead>
<tbody>
<tr>
<td>V3</td>
<td>31,683</td>
<td>38,554</td>
<td>52,593</td>
</tr>
<tr>
<td>RISC-V</td>
<td>69,057</td>
<td>41,894</td>
<td>44,511</td>
</tr>
<tr>
<td>Custom Computing</td>
<td>54.0%</td>
<td>41.2%</td>
<td>42.5%</td>
</tr>
<tr>
<td></td>
<td>27,111</td>
<td>21,349</td>
<td>7,664</td>
</tr>
</tbody>
</table>
Product Applications

http://www.andestech.com
Andes Updates

- A 15-year-old public CPU IP company
- 1.5B+ Andes-Embedded SoC annually in 2019
- A founding premier member of the RISC-V International
- An active role in RISC-V International & its extension task groups
  - RISC-V Board Director
  - Vice Chair of Technical Steering Committee
  - RISC-V Ambassador
  - Chair of P-extension (Packed DSP/SIMD) Task Group
  - Co-chair of Fast Interrupt Task Group
- A major open source maintainer/contributor
Andes Embedded in Various Applications

- **Smart Speakers:** WiFi IoT
- **Bike Sharing:** GPS Ctrl
- **X-Trail:** ADAS Ctrlr
- **Switch:** Game Flash Ctrlr

- In leading **machine learning computers** for datacenter
- In tier-one **switch routers** for datacenter
- Recent applications: **5G networking, 802.11ax, AI processors** (using Andes Custom Extension, ACE)
V5 Adoptions: From MCU to Datacenters

- **Edge to Cloud**
  - ADAS
  - AIoT
  - Blockchain
  - FPGA
  - MCU
  - Multimedia
  - Security
  - Wireless (BT/WiFi)

- **40nm to 7nm**

- **Many in AI**
  - Datacenter AI accelerators
  - SSD: enterprise (& consumer)
  - 5G macro/small cells
Andes RISC-V Cores Adopted in SoC
Andes RISC-V Product Overview

AndesCore™ Processors
- Highly optimized design with leading PPA
- Handy peripheral IPs to speed up SoC construction

AndeStar™ Architecture V5
- Best extensions to RISC-V

AndeSight™ Tools
- Professional IDE with high code quality

AndeShape™ Platforms
- Extensive SW stacks from bare metal, RTOS to Linux

AndeSoft™ Stacks
- Professional IDE with high code quality

Andes Embedded™
Andes RISC-V Product Roadmap

**27-Series:**
- Vector Ext. MemBoost
- NX27V, A27/AX27, and more.
- 5-stage (1.1 GHz)

**45-Series:**
- Dual Issue MemBoost
- N45/NX45, D45/DX45, A45/AX45, and more.
- 8-stage (1.2 GHz)

**Benefits**
- 512-bit SIMD raises MobileNet by 30x (CNN for mobile vision)
- Boost performance by 50%
- Raise bandwidth to 3x; Cut latency by 40%

**Applications:**
- AIOT, Comm., ML/DL, Multimedia, Networking, Storage
- For data processing as well as control processing
Andes V5 Architecture for All Levels of Computing

**AndesStar™ V5 CPUs**
- N/D-series
  - N22 N(X)25 D25...
- A-series
  - A(X)25 A(X)27 A(X)45 Multicore...
- Vector
  - NX27V, NX45V...

**Conventional Computing Architecture**
- Leading PPA Embedded Processor
  - IoT, Sensing, Storage, Audio, GPS
- High Performance and Power Efficient AP
  - 5G, AI, Datacenter, Video Surveillance, Networking

**Domain Specific Architecture (DSA)**
- Define custom instruction to handle time critical codes
- Andes Custom Extension
- Better approach for accelerator /co-processor to do particular jobs
- Automation Tool for the generation of toolchain, ISS, partial RTL and verification

**Andes V5**
- Leading PPA Embedded Processor
  - IoT, Sensing, Storage, Audio, GPS
- High Performance and Power Efficient AP
  - 5G, AI, Datacenter, Video Surveillance, Networking
- Cray Style, Scalable Vector Processor
  - Datacenter, Server, Deep Learning

**Anes Technology**
- RV32/64
- Andes Extension
Andes Processors to Fit Your AI

- Voice trigger
- Voice command
- Always-on
- Face trigger
- Object detection
- Intelligent HMI
- Barge-in
- Beamforming
- Speech to text
- Natural language

Smart Camera

- Face unlock
- Bokeh
- Avatar
- SLAM
- Gesture recognition
- High resolution
- > 1 camera

Smart IoT Devices

- Voice trigger
- Voice command
- Always-on

Smart Home

- Face trigger
- Object detection

Mobile AR/VR Surveillance

- ADAS, HDR
- > 10 cameras

Vector CPUs

- > 10 TOPS

D/A-Series CPUs

- >1 TOPS

N-Series CPUs

- >1 GOPS

Data Center

- >10 TOPS

- >100 TOPS

Automotive

- ~30 MOPS
- ~100 MOPS
- > 1 GOPS
- >1 TOPS

- ~100 MOPS
RISC-V DSP Extension

- Andes contributed market-proven DSP (SIMD) as P-Extension
- Designed to accelerate slow video, audio/voice and low data rate DSP workloads

Real world speedup using P-Extension

- RV32P
  - MP3 decode: 2
  - AMR voice codec: 3.7
  - ML-KWS (keyword spotting): 5.2
- RV64P
  - PNET (90% of Face Detection): 8.9
  - CIFAR10 (Image Classification): 14

Increase power efficiency to your DSP applications
NX27V One Vector for All Implementations

- **Cloud Computing** – Datacenter, HPC, Server
  - *512b*

- **Edge Computing** – 5G, Vision Processing
  - *256b*

- **Endpoint Computing** – Natural Language Processing
  - *128b*

* Configurable compute data width (VLEN)
Andes Custom Extension

- ACE unlocks RISC-V’s Potential of DSA
  - Define ACE instruction to handle time critical codes
  - Another approach to co-processor or accelerators

- All-in-one COPILOT development environment
  - Automation tool and ease of use
  - Extensions are easy to re-use, can be used as a library
Taking RISC-V Cores to Next Level

Andes is the world-leading supplier shipping the commercial RISC-V cores to market with the support of:

- **P-Extension**: D25F, A(X)25(MP), A(X)27, A(X)45
- **V-Extension**: NX27V, NX45V
- **Custom-Extension** (w/ ACE* support): Entire 25, 27, 45 series

*: Andes Custom Extension
Bring Andes Strength to RISC-V Cores

Performance & Extensibility
- Leading PPA and code size
- Rich data processing in P, V, and ACE

Configurability
- Flexible configurations for rich features

Maturity
- Compiler optimizations, and SW stacks
- Comprehensive features in AndeSight IDE
Aggressive in RISC-V Community

Foundation Task Groups (partial list)

- Contributing hardware architecture extensions
  - Chair of the P-extension (Packed SIMD/DSP) Task Group
  - Co-chair of Fast Interrupts Task Group
  - Closely reviewing activities of other Task Groups
Andes Helps Strengthen RISC-V Ecosystem

- More choices for customers are good
- Andes works closely with partners to grow RISC-V ecosystem
Andes Position in RISC-V

- Complete product portfolio
- Reliable RISC-V core IP vendor
- Extreme low power consumption, high computing efficiency
- World’s leading P-, V- and Custom-Ext. Capable RISC-V cores
- Professional custom computing service
Two Ecosystems: Andes and Knect.me
Knect.me™ Ecosystem

- Built up the community to help developing IoT products
  - To knect solutions for silicon IP’s, SW stacks, tools, applications, systems and products
  - Including
    - SoC IP Platforms
    - Software Stack
    - Development Boards
    - Development Tools
- Forms a IoT League
  - To knect chip vendors, partners, application developers, system vendors
FreeStart Program

**FreeStart Evaluation Program (FSEP)**
- For all RISC-V enthusiasms and educator/researcher
- Fixed-Configuration N22 RTL
- Sign simple evaluation agreement directly on website

**FreeStart Mass-production Program (FSMP)**
- For industrial and academy mass production
- Full-configuration N22 RTL
- License fee: $0; only running royalty is required when mass production

**Support Package (FSSP)**
- For all
- $20K for 1st year, including
  - 1 year e-service
  - FreeStart AE250 RTL
  - Corvette F1 FPGA board

For more info., please visit [www.andestech.com](http://www.andestech.com)
Event Promotion

RISC-V CON series
RISC-V Roadshow & Workshop Series
TSMC symposium & OIP series

RISC-V Summit in San Jose
2020: Diamond Sponsor
Concluding Remarks
Successfully rolled out new series of RISC-V cores (w/ leading P-, V- and Custom-Ext.), custom computing service and FreeStart program to extend more oppy.

Aggressively involved in RISC-V International new technology development, contributing and leveraging RISC-V eco-system.

Becoming a technology contributor, market promoter, and sales leader in the RISC-V industry.

A Trusted Computing Expert

Andes Technology
Thank You

http://www.andestech.com
+886-3-5726533