2015 Q3
櫃買市場業績發表會

YT Yang
Chairman & CEO
November 11, 2015
Agenda

✓ Milestone & Organization

✓ Sales and Product Analysis

✓ What Our Development Allied with IoT
1990
Axiomtek established in Taipei, Taiwan

1993
Launched Boards and Embedded PC product lines

1995
Established Axiomtek Italy

1996
ISO 9001 Certified by SGS

1998
Launched Panel PC product line

1999
Deutschland GmbH established in Europe

2002
Strengthened Axiomtek USA presence on both coasts

2004
Launched Singular Technology Shenzhen Co., Ltd., China

2005
Acquired EtherWAN to expand offering of industrial Ethernet products

2007
Established Axiomtek Display Solutions
Taiwan's Top 100 Performing Enterprises*

2008
Established Dongguan factory in China

2010
Launched rBOX embedded system product line

2011
Launched tBOX embedded system product line

2012
Expanded service offerings to include specialized, value-added COTS integration services
Acquired Embedded Computing Solutions (ECS) division of Suntron Corporation

2013
Company won 2014 Taiwan Excellence Award

2014
Expanded to Thailand and Malaysia

2015
Axiomtek reaches its milestone 25th year in business

*by CommonWealth Magazine
Global Operation

<table>
<thead>
<tr>
<th>Company</th>
<th>Axiomtek</th>
<th>EtherWAN</th>
<th>ADS</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>640</td>
<td>180</td>
<td>8</td>
<td>828</td>
</tr>
</tbody>
</table>

Subsidiary

Franchise Partner
Global Partners

- Channel Partners (50)
- Franchise Partners (3)
- Subsidiaries + Sales Office (12)
Axiomtek SBU Organization

Design-in
OEM Partners
EBM (Embedded Board & Module)

Automation / Energy
Retail / Medical
Transportation

Vertical Partners: Distributor, VAR, SI, Reseller, e-Business

IPC
EPC
PPC
InPC (Intelligent PC)

Gaming
ODM NA/ Medical/ Retail

DMS (Design & Manufacturing Service)

Strategic Business Unit/Product Groups

Taipei, Taiwan
PCBA & System Integration

Dongguan, China
Chassis Assembly & Integration

California, US
Design-in & System Integration

Massachusetts, US
High-Valued System Integration

Facilities

RISC X86 EMB X86 IMB X86 SoM
# Business vs. Product Category

<table>
<thead>
<tr>
<th>Business</th>
<th>Commercial</th>
<th>Industrial</th>
<th>Heavy-Duty Mission-Critical</th>
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</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td>Retail Digital Signage POS/Kiosk Entertainment</td>
<td>Factory Automation Automotive Robot Industry</td>
<td>Railway, In-Vehicle Aviation, Marine Energy Medical Military</td>
</tr>
<tr>
<td><strong>Feature</strong></td>
<td>Temp: 0-50°C Flexibility Life Cycle: 3-5 years</td>
<td>Temp: -10°C-60°C IP40/54/65, NEMA 4/12 Life Cycle: 5-7 years</td>
<td>Temp: -40°C-75°C IP66 to 69K, NEMA 4X Certification Life Cycle: 5-10 years</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>GOT5000 FDK eBOX NA OPS+DSB</td>
<td>IPC eBOX IFW+ICO300 GOT3000 P1000/P6000</td>
<td>MPC rBOX tBOX GOT700 GOT800</td>
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Rugged Design Value-added
Agenda

✓ Milestone & Organization

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Financial Results

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<tbody>
<tr>
<td>Revenue (NTD K)</td>
<td>1,440,429</td>
<td>1,321,470</td>
<td>1,342,883</td>
<td>1,459,380</td>
<td>1,666,028</td>
<td>2,024,883</td>
<td>2,226,335</td>
<td>2,142,586</td>
<td>2,172,132</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,761,899</td>
<td>2,802,263</td>
<td>3,690,911</td>
<td>4,368,921</td>
<td></td>
<td></td>
<td></td>
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</table>

(EPS)
**Statements of Comprehensive Income**

Selected Items from Statements of Comprehensive Income

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<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,230,720</td>
<td></td>
<td>1,027,970</td>
<td>1,076,888</td>
<td>19.72%</td>
<td>14.28%</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>36.43%</td>
<td>36-37%</td>
<td>37.72%</td>
<td>33.99%</td>
<td>-1.29ppts</td>
<td>+2.44ppts</td>
</tr>
<tr>
<td><strong>Operating expense</strong></td>
<td>-301,804</td>
<td></td>
<td>-273,007</td>
<td>-246,009</td>
<td>10.55%</td>
<td>22.68%</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>146,494</td>
<td></td>
<td>114,752</td>
<td>120,014</td>
<td>27.66%</td>
<td>22.06%</td>
</tr>
<tr>
<td><strong>Net non-operating income(loss)</strong></td>
<td>55,084</td>
<td></td>
<td>-5,135</td>
<td>16,541</td>
<td>1172.72%</td>
<td>233.01%</td>
</tr>
<tr>
<td><strong>Income before income tax</strong></td>
<td>201,578</td>
<td></td>
<td>109,617</td>
<td>136,555</td>
<td>83.89%</td>
<td>47.62%</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>155,246</td>
<td></td>
<td>79,210</td>
<td>103,566</td>
<td>95.99%</td>
<td>49.90%</td>
</tr>
<tr>
<td><strong>Net income Margin%</strong></td>
<td>12.61%</td>
<td></td>
<td>7.71%</td>
<td>9.62%</td>
<td>+4.90ppts</td>
<td>+2.99ppts</td>
</tr>
<tr>
<td><strong>Net income to shareholders</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of the parent company</td>
<td>149,644</td>
<td></td>
<td>76,591</td>
<td>99,429</td>
<td>95.38%</td>
<td>50.50%</td>
</tr>
<tr>
<td>Net income to NCI</td>
<td>5,603</td>
<td></td>
<td>2,619</td>
<td>4,137</td>
<td>113.94%</td>
<td>35.44%</td>
</tr>
<tr>
<td>EPS</td>
<td>1.89</td>
<td></td>
<td>0.98</td>
<td>1.18</td>
<td>92.86%</td>
<td>60.17%</td>
</tr>
</tbody>
</table>
Product Revenue Breakdown

- **by OBM/DMS (ODM)**
  - OBM: 67.0%
  - DMS: 33.0%

- **by Product**
  - Embedded Systems: 49.0%
  - Panel PC and Display: 10.0%
  - Industrial Network: 21.0%
  - Embedded Boards and SoMs: 20.0%

- **Geography**
  - America: 50.0%
  - Europe: 22.5%
  - Asia: 11.0%
  - Greater China: 13.0%
  - Emerging: 3.5%
Agenda

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IoT and Industry 4.0
**Internet of Things**

Lead industry in transforming businesses and the way we live by making it simple to create exciting, new IoT solutions.

Devices that connect to the Internet integrating greater compute capabilities using data analytics to extract information.
Talk About No. of Connectivity

85% of existing industrial embedded devices are unconnected.

15B Expected number of devices connecting to the internet in 2015.

50B Expected number of devices connecting to the internet in 2020.
Intelligent & End to End Security Solution

The Intel® IoT Platform is an end-to-end reference model and family of products from Intel—that works with third-party solutions—to provide a foundation for seamlessly and securely connecting devices, delivering trusted data to the cloud, and delivering value through analytics.

VISUALIZE DATA AND MONETIZE INSIGHT

CONNECT THINGS AND DEVICES

TURN DATA INTO INSIGHT

INTELLIGENCE AT THE EDGE

END-TO-END SECURITY
Secure hardware, software, and data
Secure device management
Secure policy management
Safeguard scalable compute
How to Get Started for IoT

- Define What You’d Like to Learn From Sensors
- Build an IoT Network and Security Foundation
- Convert Devices and Controllers To Be As IP-based Equipment
- Establish Vertical Ecosystems With Allied Partners
- Collect data As Much As Possible, Convert Them To The Value Information
Challenges That Could Slow IoT Grow

- Security & Privacy
- Diversified Vertical Markets and Industries
- IT/OT & Control/Data Integration
- Legacy Infrastructure
- Standards & Regulation
Industrial Automation Coverage

Connectivity

Industrial Controller

Machinery

Drives

Movement Controller (CNC, GMC)

Software

Feedback Systems

Industrial Automation
Industrial Controller Coverage

- IPC
- PLC/PAC
- Embedded IoT Controller
- DCS
- RTU
- HMI
Connected World thru IoT

Future Internet

Internet of Things

Smart Cities
Connected Communities

Smart Planet
Green Environment

Smart Energy
Electric Grid

Smart Transport
ITS, HEVs, EVs

Smart Industry
Industrial Environments

Smart Buildings
Buildings, Smart Homes

Smart Living
Entertaining, Leisure

Smart Health
Healthcare System
What We are Working for IoT Platforms

**Industrial Automation**
- EtherCAT Solution for Motion Control
- PoE Solution for Security and Vision Inspection
- Integrated More IO for Remote Monitoring and Diagnosis

**Transportation**
- Segmented More Domains with Specific Feature
- Wireless Gateway and Router
- PoE Solution for IP Surveillance
- EN50155, e-Mark, IEC60945, etc.

**Energy & Utility**
- Outdoor and Heavy-duty Features
- Wireless Gateway and Router
- Isolated IO and Serial Ports
- IEC61850, 1588, ATEX (EU), C1D2 (US), etc.
What We Are Working on Embedded Board Design-in for IoT

**X86 Sector**
- Aggressive on earlier access for EMB
- Complete SOM platforms, ZIO and Mini-PCIe modules
- Leverage China partners to cost down IMB series
- Promote ATP to increase design-in opportunities

**RISC Sector**
- Focus on M2M gateway platforms
- Standardized module with open source platforms to support makers business
- Developing DAQ for RTU series
- Leverage EBM ATP (Axiomtek Technical Portal)

AXView 2.0 Remote Management Solutions (Firewall & Gateway)
Product & Market
Axiomtek IoT Architecture

Applications
- Factory Automation
- Intelligent Transportation
- Energy Saving
- Health Care
- Security and Surveillance
- Building Management
- Agriculture Automation
- Vehicle Controlling and Monitoring

Networks
- Industrial Firewall (IFW)
- Industrial Gateway (ICO)
- EtherWAN Converter (ICON)
- EtherWAN Switch (ER58000 Series)

Devices & Process
- Embedded Systems
- Din-rail Embedded Controllers
- Transportation Embedded Systems
- Multi-touch Panel Computers
Axiomtek IoT & M2M Solution

**Devices & Process**
- Transportation Solution: Railway, IVI, Marine
- Smart Energy Solution
- EtherCAT Master Controller
- WLAN, WPAN

**Gateway & Firewall**
- Industrial Gateway
- Industrial Firewall
- WWAN, WLAN

**Industrial Networking**
- Industrial Ethernet Switch
- Ethernet Extender
- Media Converter

**Software**
- Intelligent Management Solution (AXView)
- SCADA
A Milestone of Leadership
Axiomtek Turns 25

Thank You