A Leading Logic NVM Company

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June 17, 2014

IPR Notice

What's Logic Non-Volatile Memory (NVM)

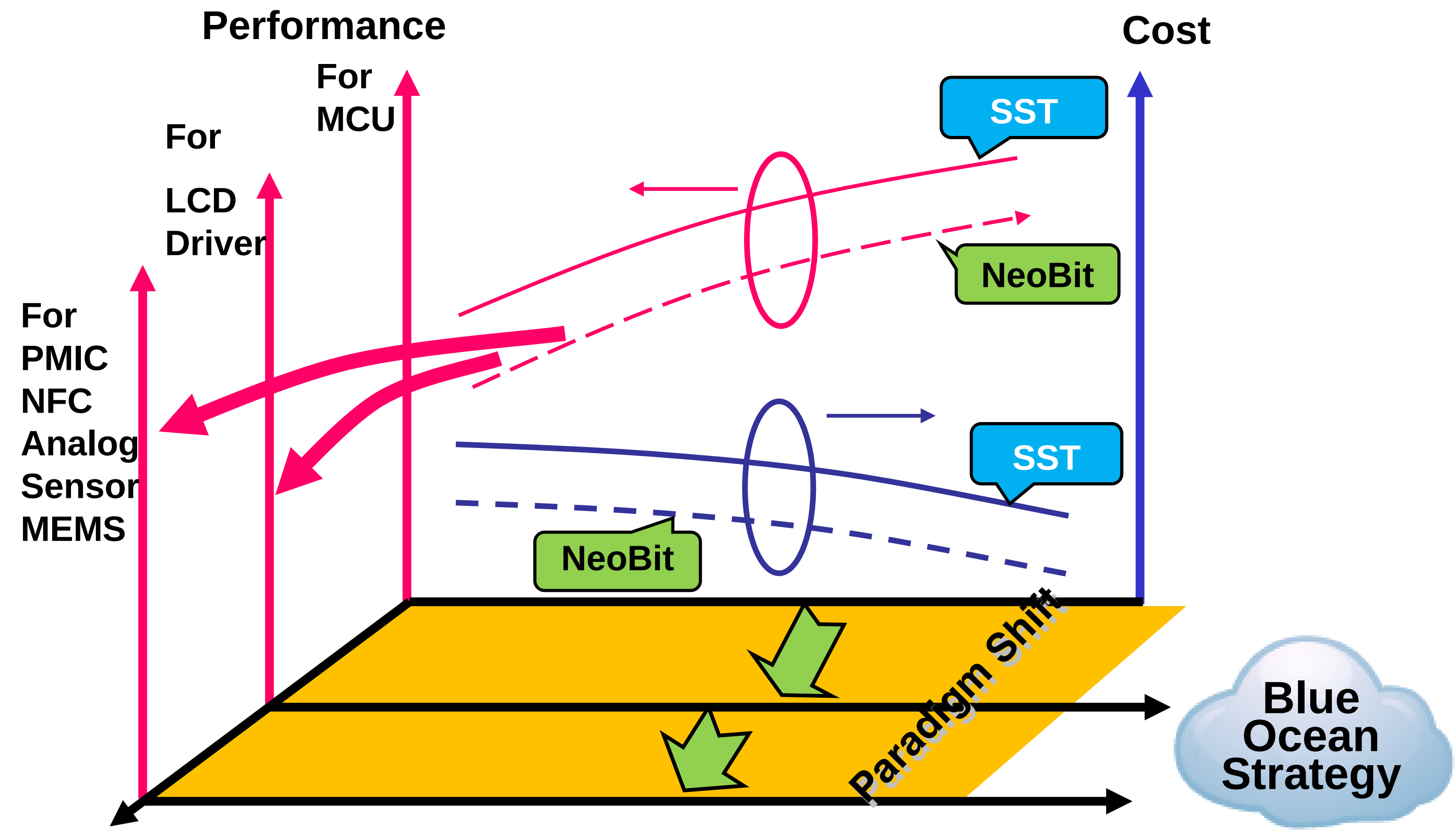
Embedded NVM = LOGIC + 10 Masks

>30%
cost reduction

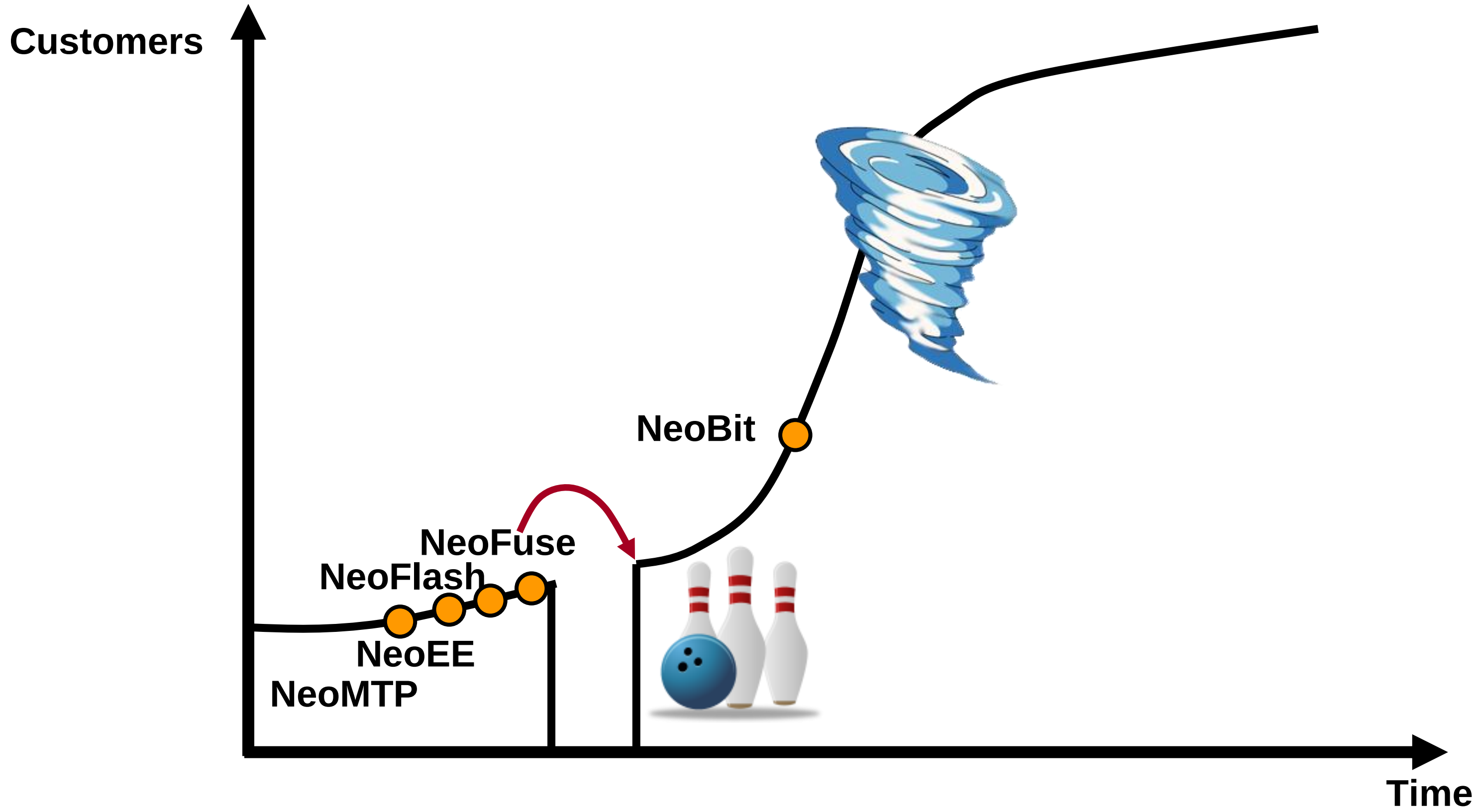
Embedded LOGIC NVM = LOGIC

What We Have Done

- *Innovation, Innovation, and Innovation !*



Crossing the Chasm



Our Position

- Global leader of logic non-volatile memory (NVM) Technology
- Received TSMC’s best IP partner award for 4 consecutive years (2009-2013), on par with ARM and Synopsys
- Innovative business model leads to high profit margin
  - Upfront license fee + Running royalties

- Over 2500 technology & design licenses
  - Growing by 400+ every year
- 700+ potential royalty payers
- Industry’s largest talent pool
  - More than 70% of employees on R&D teams

Unique Business Model

No capex needed to drive organic growth

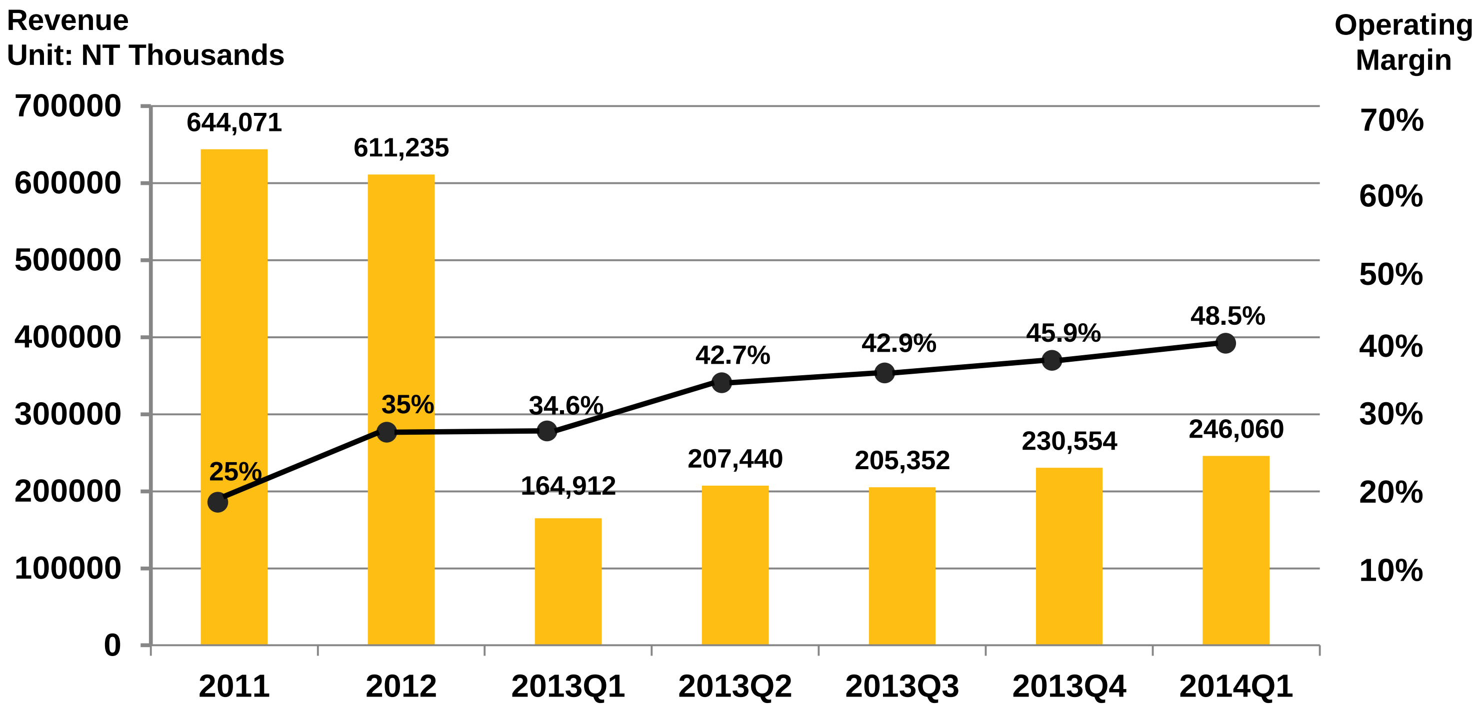
- **Only investment is R&D personnel. Dedicated team moves from fab to fab to finish process development and qualification. All costs (mask, QD) incurred are absorbed by foundry.**

Competitive upfront fee structure and accumulated royalty backlog, hard for new comer to catch up

Able to enter the right technology node at the right time to maximize ROI .

Returns 100% cash to shareholder

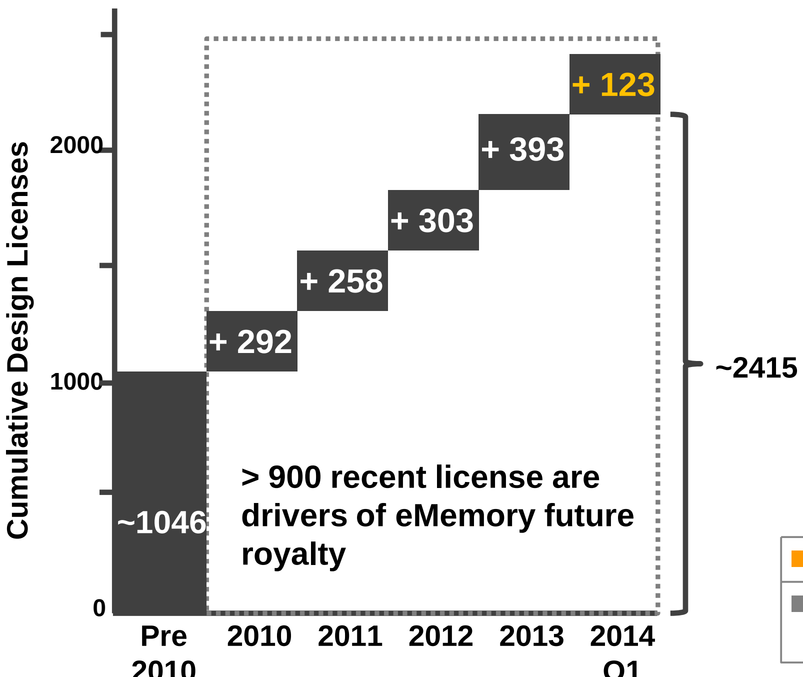
High Operating Leverage

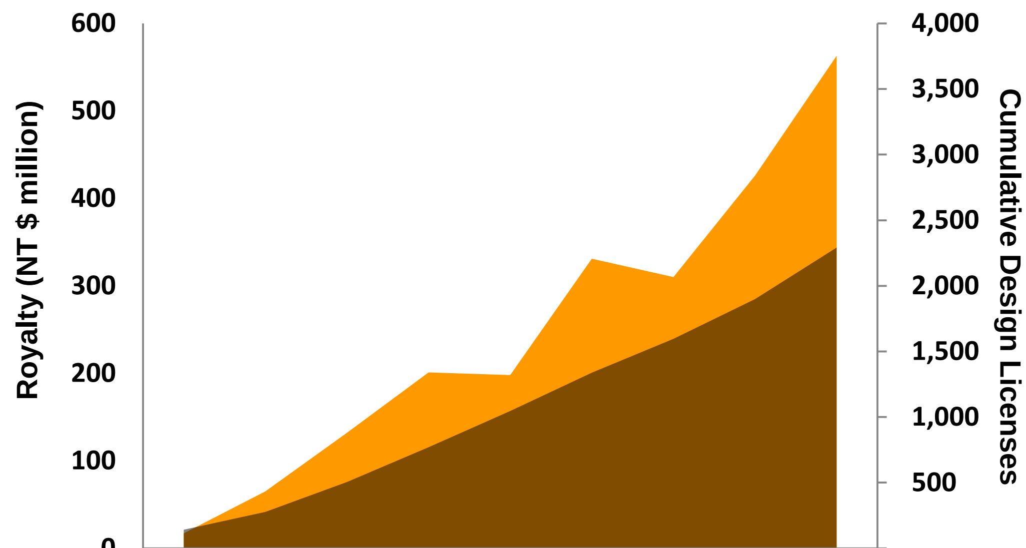


- Upfront fee (Licensing) covers most of operating expense.
- Royalty payments contribute to bottom line earnings.
- 2013 revenue grows 32.23%(YoY), EPS up 80% (YoY)
- 2014Q1 revenue grows 49.21%(YoY), EPS up 108.57% (YoY)

Licensing Drives Future Royalties

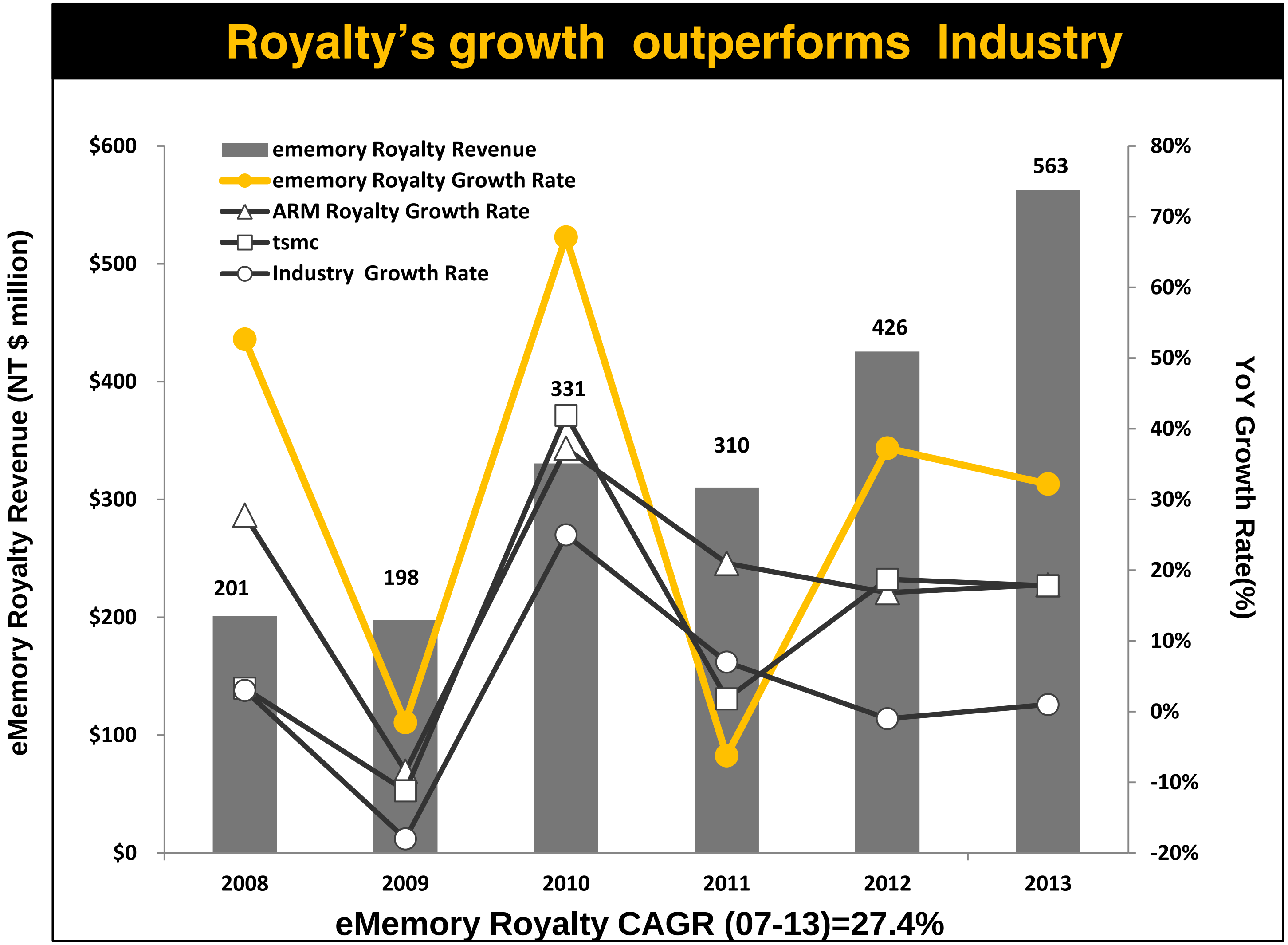
- 20 technology and 393 design licenses were signed in 2013
- 5 technology and 123 design licenses were signed in 2014Q1
- Current royalty revenues are derived from design licenses signed many years ago
- Growing license base leads to royalty revenues over long period





	2005	2006	2007	2008	2009	2010	2011	2012	2013
Royalty	17	65	132	201	198	331	310	426	563
Cumulative Design Licenses	141	277	505	770	1,046	1,338	1,596	1,899	2,292

eMemory Outperforms Industry



Increasing penetration rate

We believe TAM is equal to total world-wide foundry shipment.

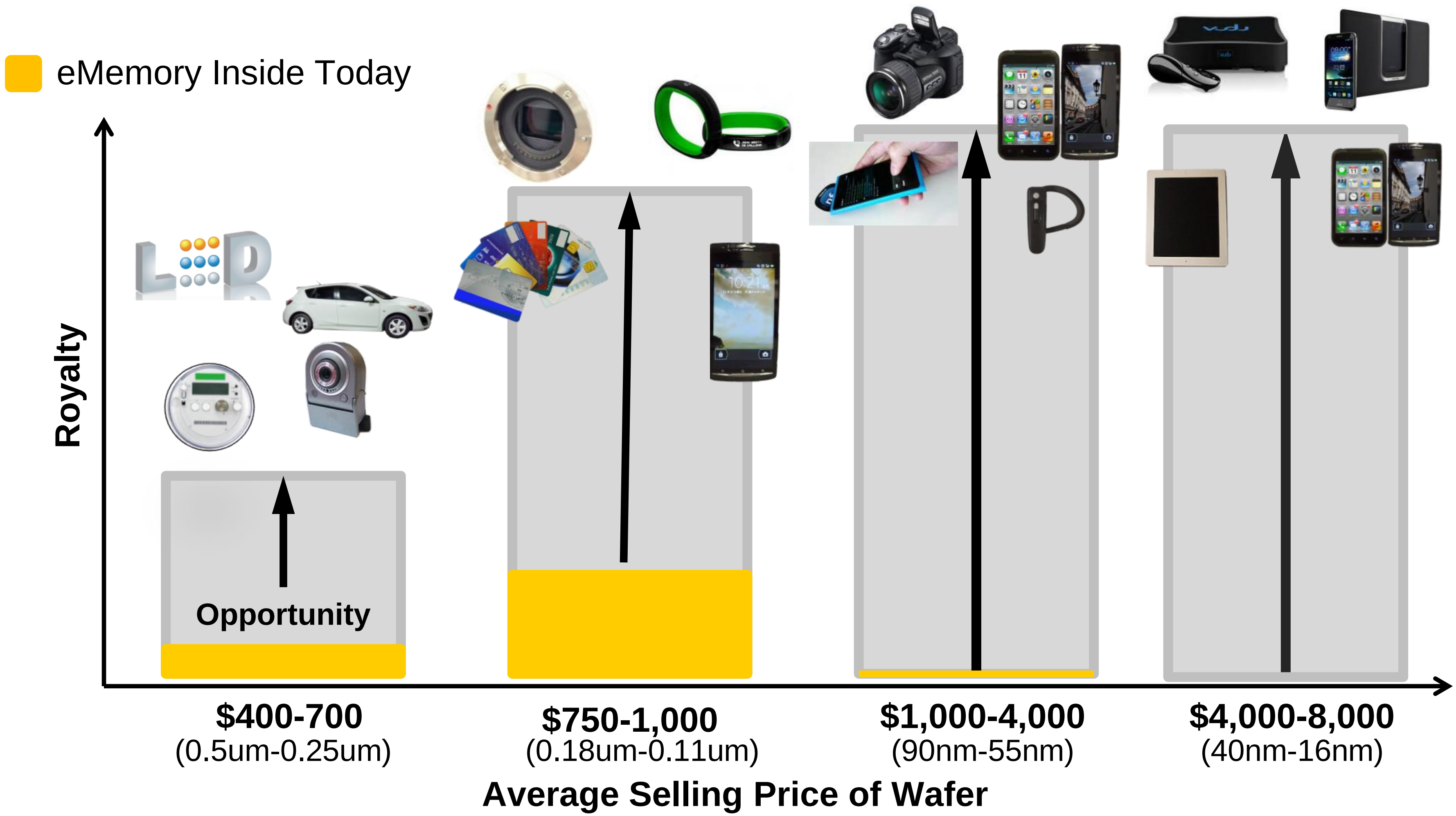
In 2013, the numbers of wafers embedded with eMemory IP totaled 2.2 mil. Total world wide foundry shipment is 43 mil 8" equiv. wafers. Our current penetration share is only around 5%.

TSMC was the main driving force for the last 3 yrs. Our penetration rate in TSMC increased from 3% in 2010 Q4 to 10% in 2013 Q4, and quarterly royalty revenue from TSMC increased 385% accordingly.

Apple products related chip suppliers' contribution went from less than 15% of total royalty payments in 2013 to 25% in Q1 2014 . Expect the number to further increase in H2 of 2014.

Penetrates into PMIC chip suppliers among Chinese smart phone vendors (used to dominate mainly on DDI chip solution) .

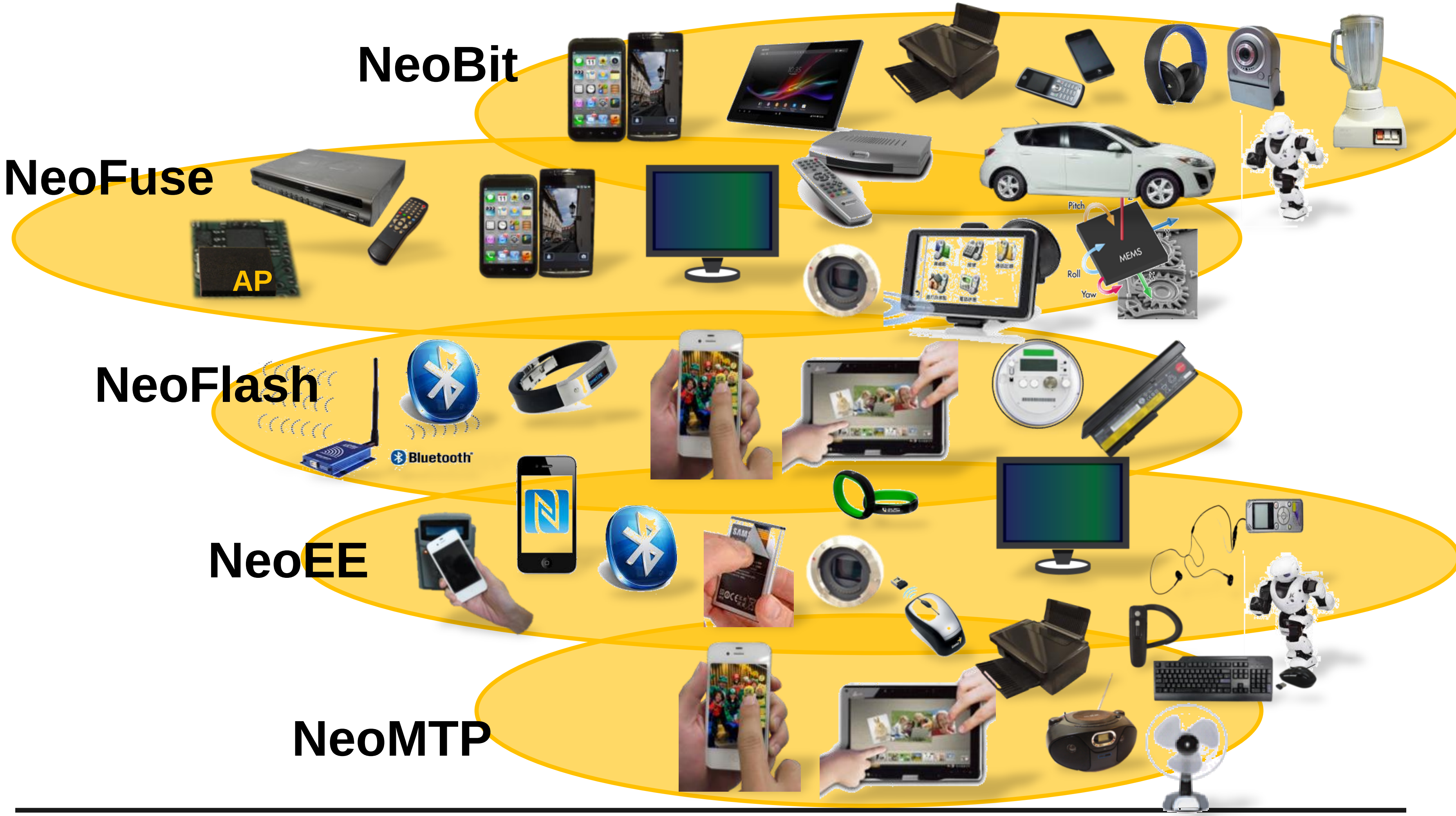
Opportunity at all Price Points



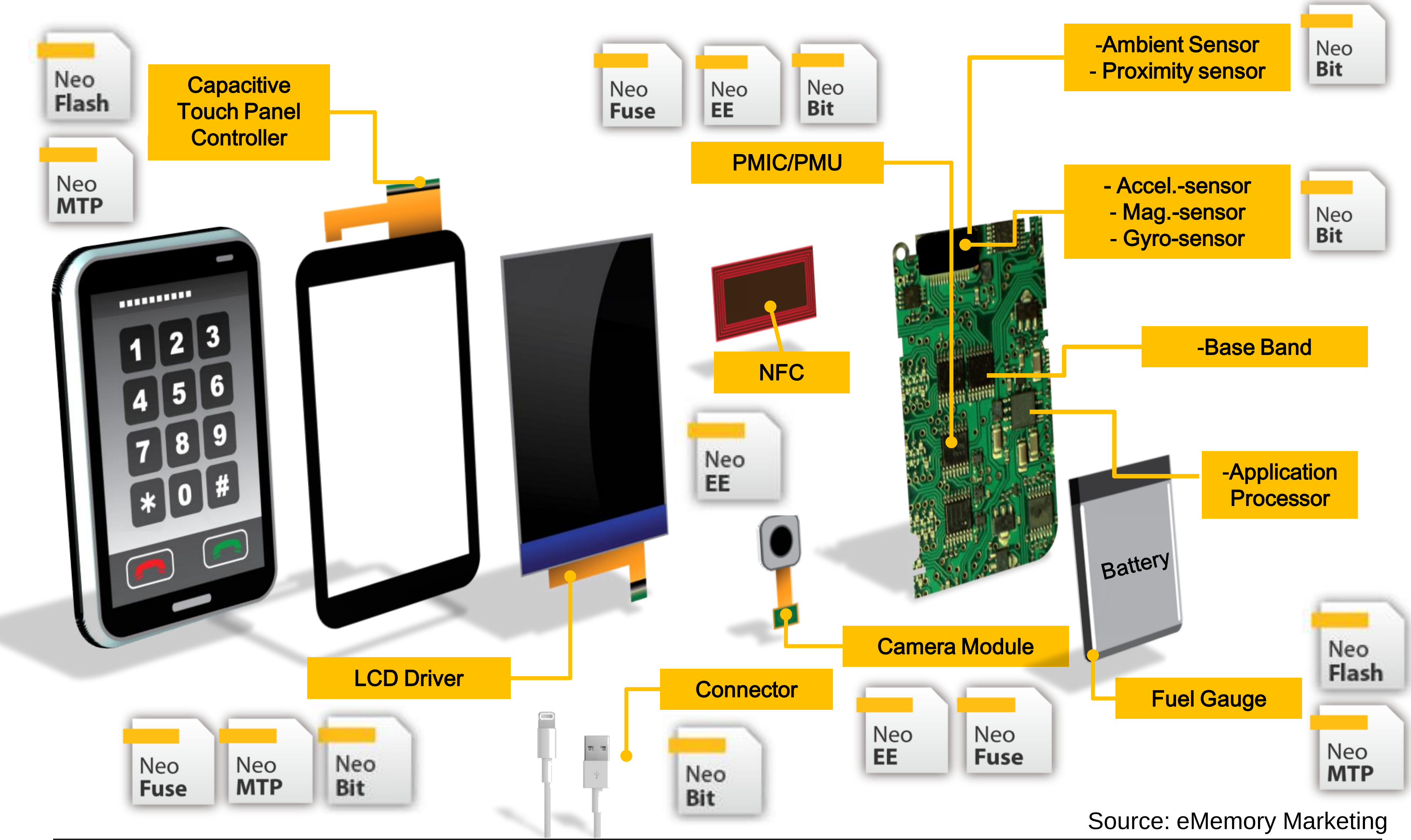
Note: 2.2 million 8" equivalent wafers with eMemory IP were shipped in 2013. (~5% of WW foundry shipment)

Applications with eMemory IP

12"					8"			
16/20nm	28nm	40nm	55/65nm	80/90nm	110/130nm	160/180nm	250nm	350nm

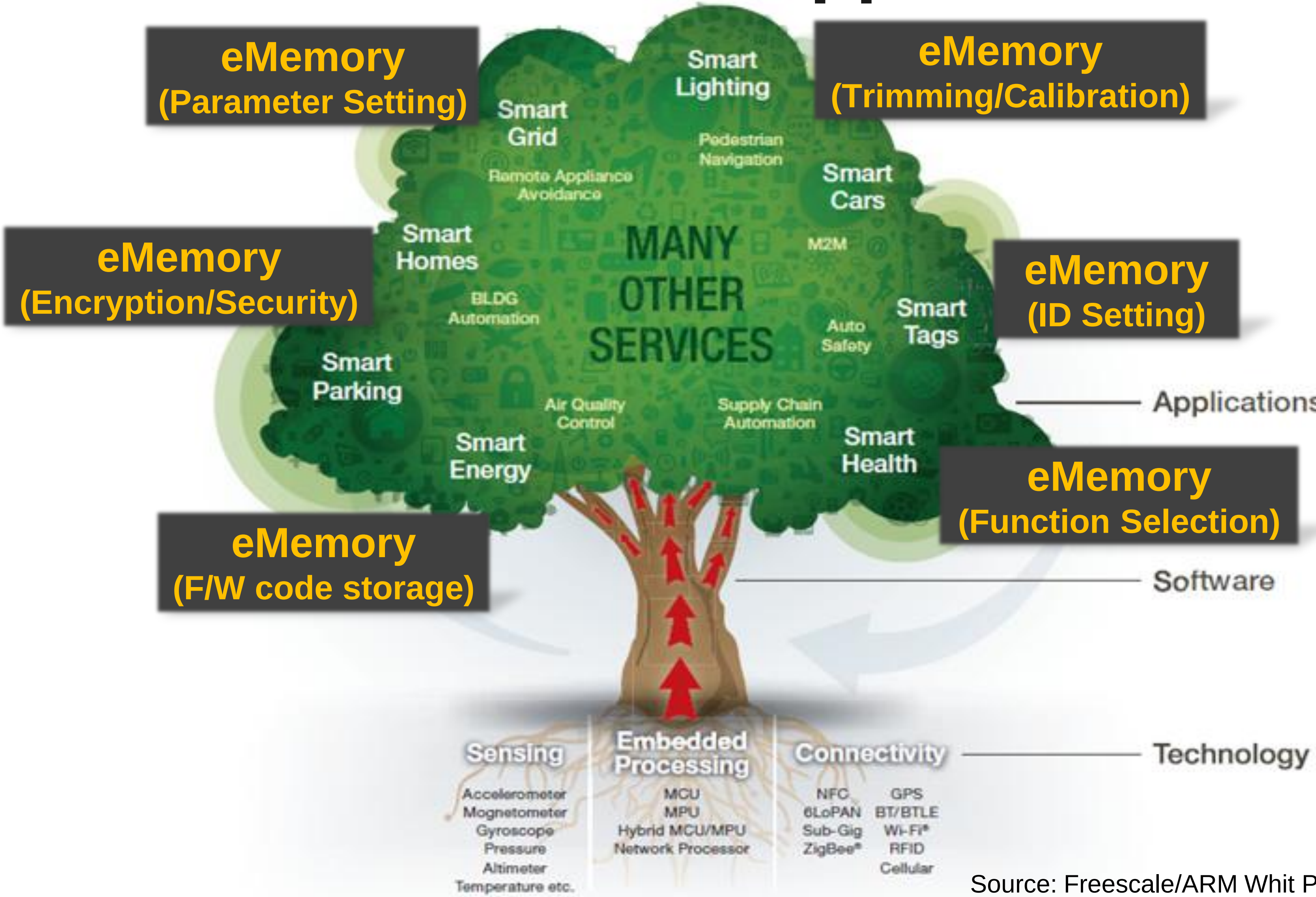


eMemory IP in Smart Phone



Source: eMemory Marketing

MCU & NVM in IoT Applications

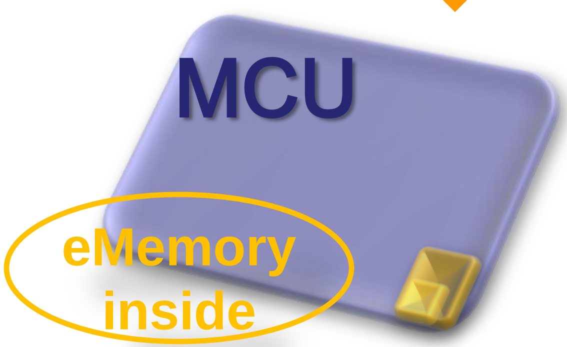


Source: Freescale/ARM Whit Paper 2013

Replacement of Embedded Flash for Competitiveness Improvement

product design & manufacturing by embedded Flash
Logic Process + 10 Masks

30% more cost reduction ***(wafer cost & testing time)***



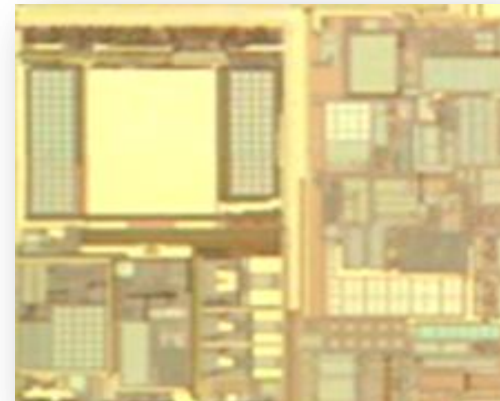
product design & manufacturing by Embedded Logic NVM (OTP/MTP)
Logic Process

Security & Protection

Authorized Product | **Fake Product**

reverse copy

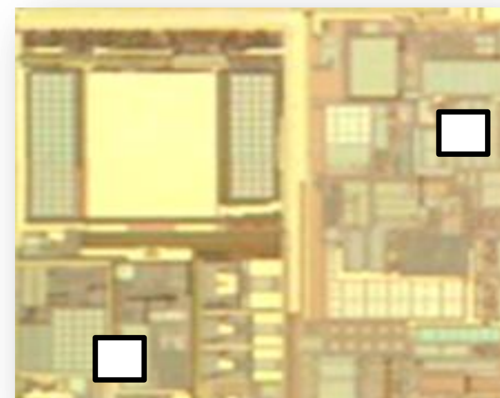
re-produce



without protection

reverse copy

re-produce



with protection

Security IP/Code by Authorized Use

Can NOT Work w/o Security IP/Code

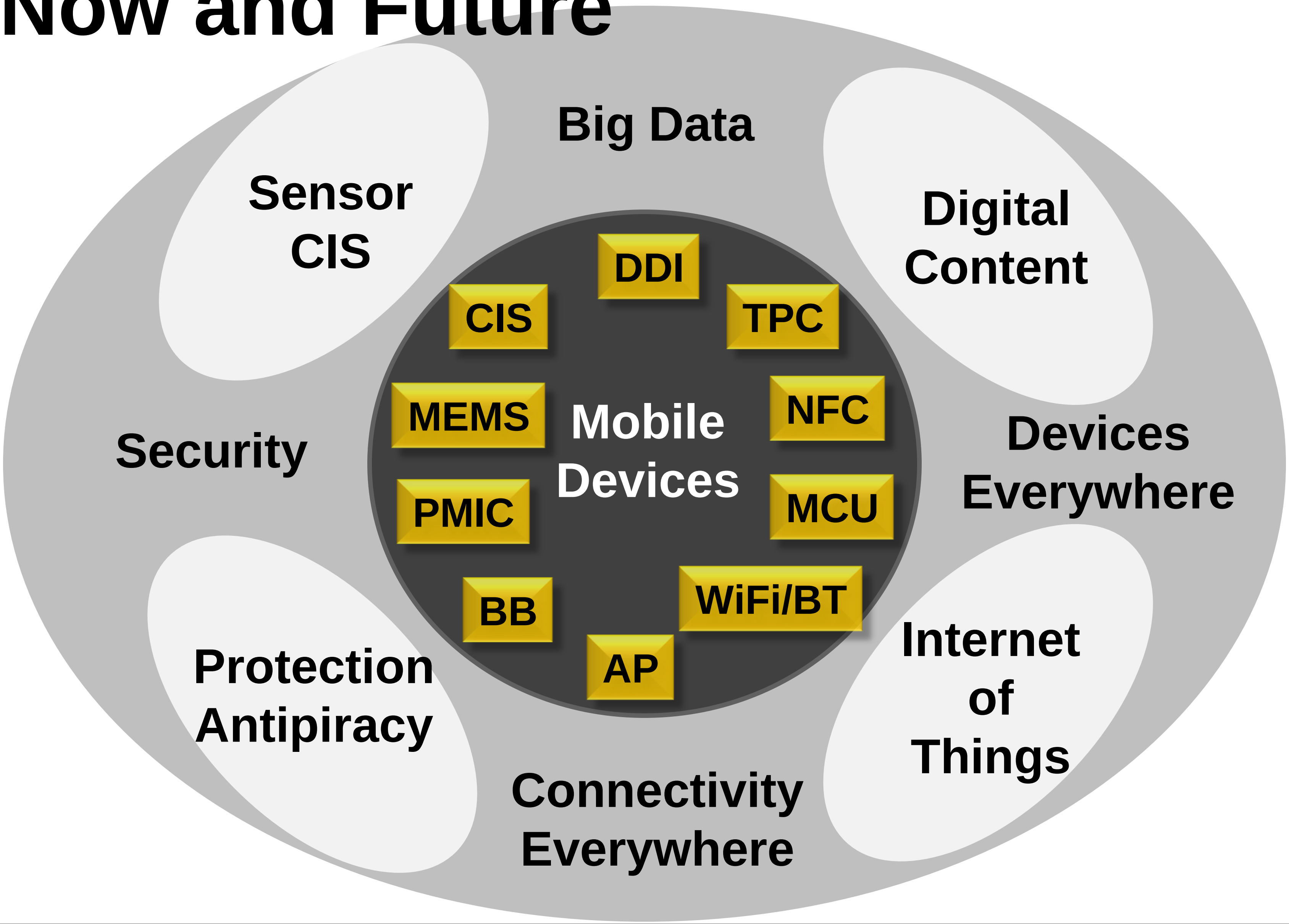
Future Prospect

over 30% CAGR for the next 5 yrs

Key growth drivers:

Growth in value per mobile devices	• More chip applications per smartphone/tablet product
Growth into more markets	• From consumer electronics and mobile devices to wearable devices • Adding new NVM product lines further enable more product applications
Growth in more advanced technology	• Higher royalty per wafer is contributed from more advanced technology nodes.
IOT great era	• Embedded Logic NVM will be a must.

Now and Future



Embedded Wisely, Embedded Widely