Disclaimer

- Davicom Semiconductor, Inc. does not release any financial forecast. However, the statement of the company's business, finance condition and Q&A in this presentation may differ from future actual results. This causes from market demand, prices fluctuations, competitions behavior, global economic situations, exchange rate fluctuations, supply chain and other factors or risks beyond the company's control.

- This presentation is based on the information obtained from various sources which the Company believes to be reliable. please refer to the information on MOPS website as the main basis if any adjustment has been made.

Davicom Semiconductor, Inc.

(Ticker Symbol: 3094)

Investor Conference

Dec. 19, 2018

Agenda

- ## Company Profile
- ## Operation in Retrospect
  - ### Financial data of 2018
- ## Operation in Prospect
  - ### Product Development
  - ### Business Development

Agenda

- **Company Profile**
- Operation in Retrospect
  - Financial data of 2018
- Operation in Prospect
  - Product Development
  - Business Development

Worldwide Headquarters

Located at Hsinchu Science Park, Taiwan, R.O.C.

Facts Briefing

Founded :
- Spin-off from UMC group, 1996

Headquarters:
- Science Park, Hsinchu, Taiwan

China Office:
- Shenzhen, China

Employees :
- 100+

Business :
- Fabless IC Design House and Solution Provider

Products :
- Ethernet, Video Decoder, E-Paper Display Driver and SoC

IPO:
- Taiwan, 2007

Core Technology

Ethernet MAC & PHY	**Mixed Signal**	**Microprocessor & MCU**
Networking Protocol Stacks	**Software Drivers & Algorithms**	**Video Decoder**
USB & Interfaces	**Audio Signal Processing**	**DSP & Algorithms**

IC Product Portfolio

Ethernet

- 10Mbps, 100Mbps, **1000Mbps**
- Transceiver, Switch, Controller w/ USB, SPI

E-Paper Display Driver (EPD)

- Segment 36, 120,**126**, 160
- Dot matrix **128 x 296** pixels

Video Decoder (VD)

- 1 and 4 channels; 720H and 960H resolution; mixer

Fingerprint Sensor

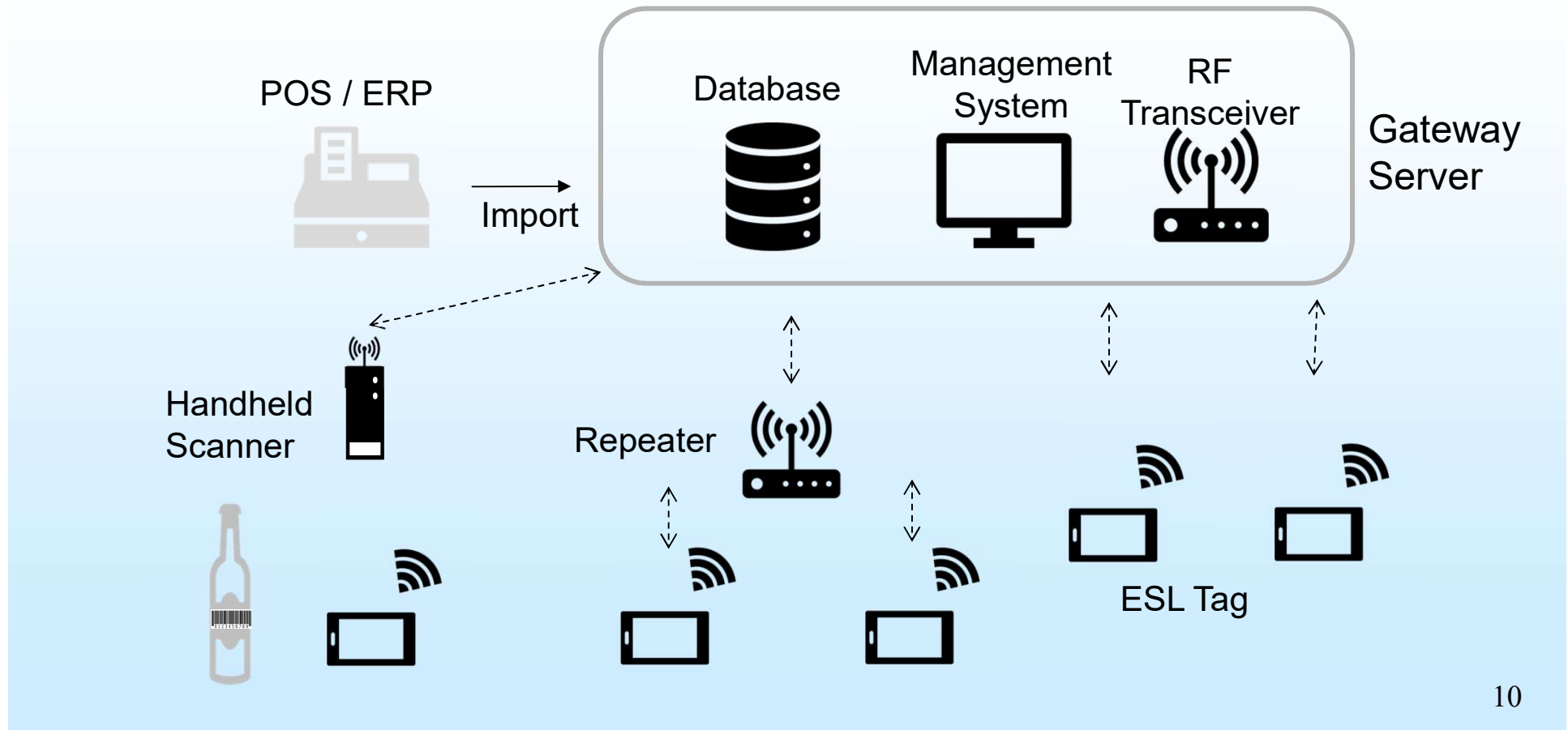- **Capacitive-type 192 x 192 pixels**

System Product Portfolio

- Smart Retail
  - ESL System
- Health Care
  - HearingPod

ESL系統架構

ESL System live demo at YouTube: **https://youtu.be/ZhpGv1WNGvo**

More info：**https://davicom3094.wixsite.com/eslabel**

POS / ERP

Import

Database

Management System

RF Transceiver

Gateway Server

Handheld Scanner

Repeater

ESL Tag

ESL Features Brief

➢ Running on 2.4GHz RF proprietary communication protocol to meet high updating speed and power saving requirements.

➢ Consisting of 5 key elements: Server with management software and tools, wireless gateway, repeater, barcode scanner, EPD tag.

➢ More than 12,000 tags updated in one hour.

➢ Up to 7 years Tag battery life.

Repeater   Gateway   Scanner   Tag

HearingPod Features Brief
(PSAP, Personal Sound Amplification Products)

➢ Use as a Standalone Hearing Assistant to improve the sound quality

➢ Use as a Hearingaid Equalizer to enjoy music from any source Apps on a smartphone

➢ Use as a Hearingaid Balancer to answer call from any voice/social Apps on a smartphone

➢ Wireless Setting Supported for iOS and Android Apps

HearingPod live demo

https://drive.google.com/file/d/15MZsJ02pAxj11rAe9-llGEm_QwoMM73k/view

More info

https://www.medicomcorp.com.tw/apphtml/hearingpod_big5.html

Agenda

- **Company Profile**
- **Operation in Retrospect**
  - **Financial data of 2018**
- **Operation in Prospect**
  - Product Development
  - Business Development

Operation in Retrospect

Upholding the pragmatism and prudent business management, to pursue a high margin of business, as running Ethernet as a core business

Highlights…

- ✓ Consolidating advanced Ethernet technology, expanding Ethernet IC product line.
- ✓ Enhancing EPD driver IC expertise, developing EPD application systems.
- ✓ Keeping promoting video decoder IC on application to vehicle.
  - ● Video Decoder IC been adopted by a Korean brand name automotive SoC IC maker for vehicle AVM application and market

Revenue and Profit

	Q3 / 2018	Q1~Q3/2018
Revenue	NTD 67,748K	NTD200,667K
Gross Margin	67.9%	65.9%
Earning	NTD 11,736K	NTD 32,387K

The achievement in 2018 revenue is not approaching the planned expectation. Two major factors are the severe shortage of passive components 1H 2018 causing part of our customers stopping or slowing down their productions and, moreover, the existing trade war making them more conservative. The profit keeps a 53 quarters of consecutive earning records. In 2019, the revenue will be much improved by, of the infrastructure in IoT, the Ethernet product getting the momentum back soon as well as several new designs moving to the production stage.

Agenda

- **Company Profile**
- **Operation in Retrospect**
  - **Financial data of 2018**
- **Operation in Prospect**
  - **Product Development**
  - **Business Development**

IC Product Development

Several new products rolling out to market in 2019

- Ethernet Gigabit IC

- ESL-oriented dot-matrix EPD IC

- AI-based image-recognition PIR-substitution sensor IC

Business Development

- Enhancement of cooperation with existing distributors and customers for the new IC products moving to markets; along with POS system of customers, co-development of ESL System businesses

- Expansion of System Solution Providers
  - ✓ Access Control System
  - ✓ IoT Application System
  - ✓ Vehicle Electronic System

- Engagement with System Integrators
  - ✓ ESL System and Warehouse/Logistics Management System