insyde®

Investor Presentation

November 2009

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Agenda

- Company Overview

- BIOS & UEFI Firmware Technology

- New Product Line

- Insyde's Market Momentum

- Financial Review & Company Updates

- Q&A

Company Overview
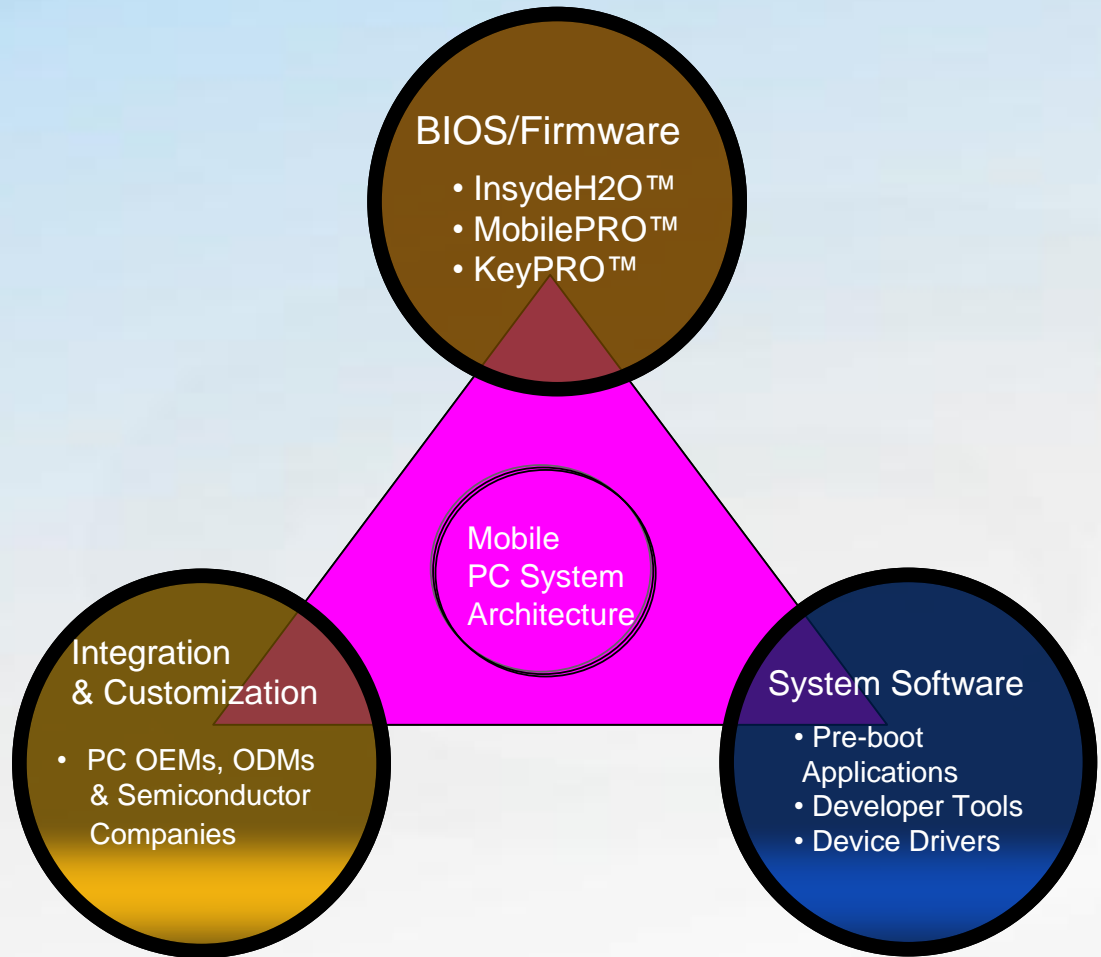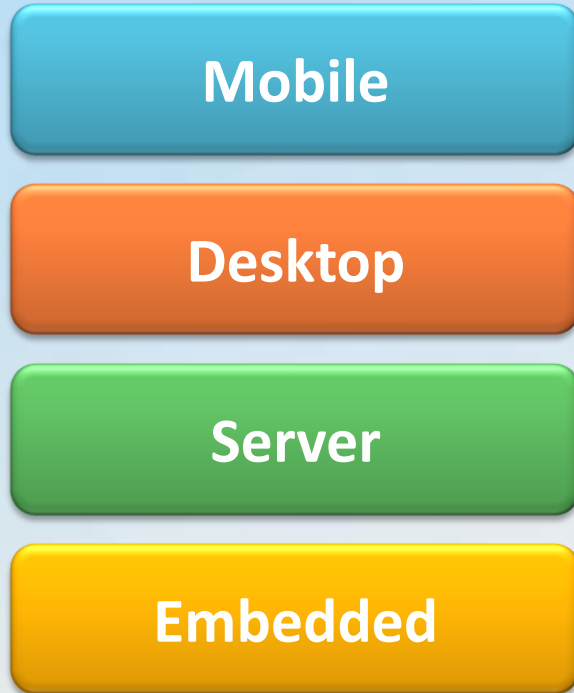
Insyde Software (6231.TW)

- Founded in September 1998 by PCT (6270.TW) Chairman Jeremy Wang and Jonathan Joseph

- Business started via acquisition of SystemSoft's BIOS Division

- Early investors included Intel Corp. & China Development Industrial Bank in September 1999

- Shares Outstanding as of 8/31/2009: 33.1M shares

- Headquarters: Taipei, Taiwan
    - US operations in Massachusetts and Oregon
    - Other offices in China, Taiwan and Korea

- Worldwide total 383 employees

Products & Services

- Main Product: *InsydeH2O*™

    – BIOS software that links Hardware-2-Operating Systems

    – Binary licensed per device

    – Source code licensed for customization

    – Engineering support and deployment services

    – Tools and Components Licensed Separately

    – Variety of training programs for customer retention

Insyde Software Expertise

Mobile

Desktop

Server

Embedded

BIOS/Firmware
- InsydeH2O™
- MobilePRO™
- KeyPRO™

Mobile
PC System
Architecture

Integration
& Customization
- PC OEMs, ODMs
  & Semiconductor
  Companies

System Software
- Pre-boot Applications
- Developer Tools
- Device Drivers

Brand Name Customers
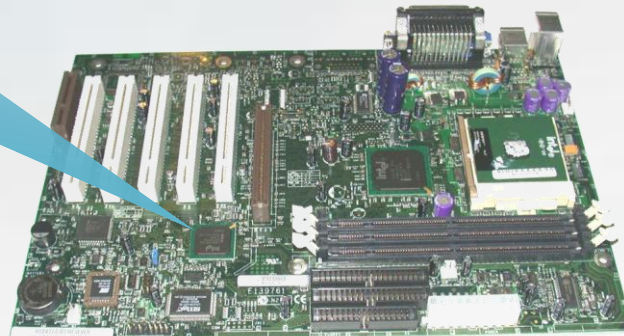
BIOS & UEFI Firmware

Computer BIOS – "Firmware"

NOR FLASH

BIOS is stored in NOR Flash

BIOS = Firmware = InsydeH2O

- BIOS - <u>B</u>asic <u>I</u>nput <u>O</u>utput <u>S</u>ystem
- To initialize hardware components including CPU, chipset and peripherals and more
- To boot operating systems: Windows Vista, XP, Linux, QNX and more

Operating System

BIOS

Hardware platform

- InsydeH2O provides the bridge from the <u>H</u>ardware-<u>2</u>-<u>O</u>perating system
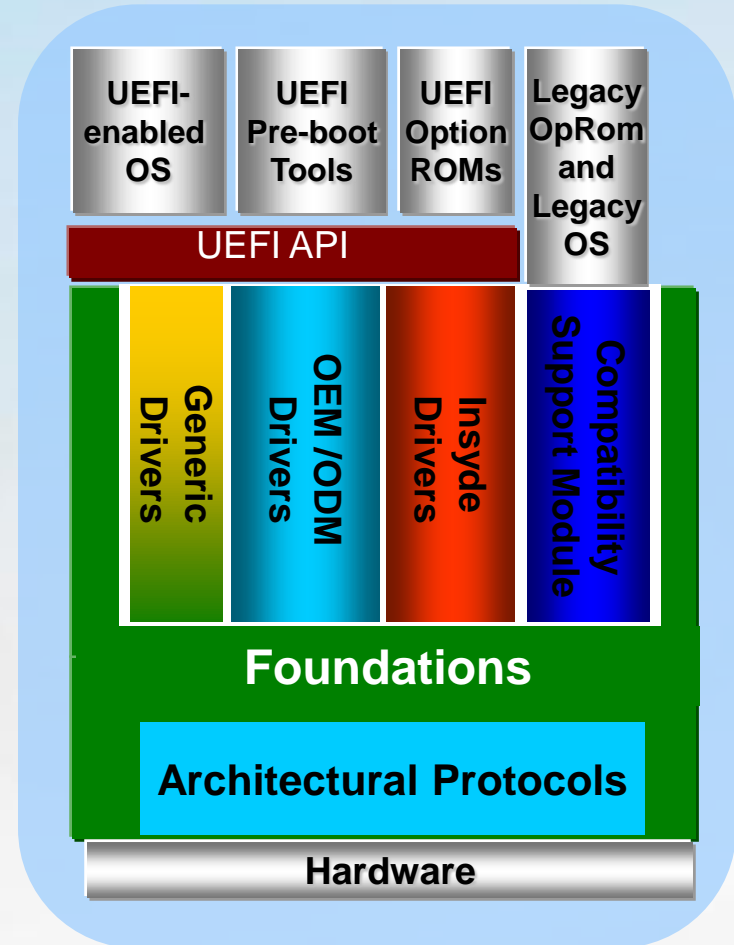
UEFI: Replacement for PC BIOS

- Original EFI specification developed by Intel, 1999 – 2001

- Specification taken over by non-profit, collaborative trade organization in 2005

- "Promoters" of UEFI
  - AMD, Intel, Microsoft
  - Apple, Dell, HP, IBM, Lenovo
  - AMI, Insyde, Phoenix

- Momentum for switch to UEFI began in 2006 as Apple selected UEFI for all Intel-based machines

- Microsoft Vista SP1, Windows 7 and Server 2008 support UEFI

- Computer industry transition to UEFI under way, with Intel mobile leading the way
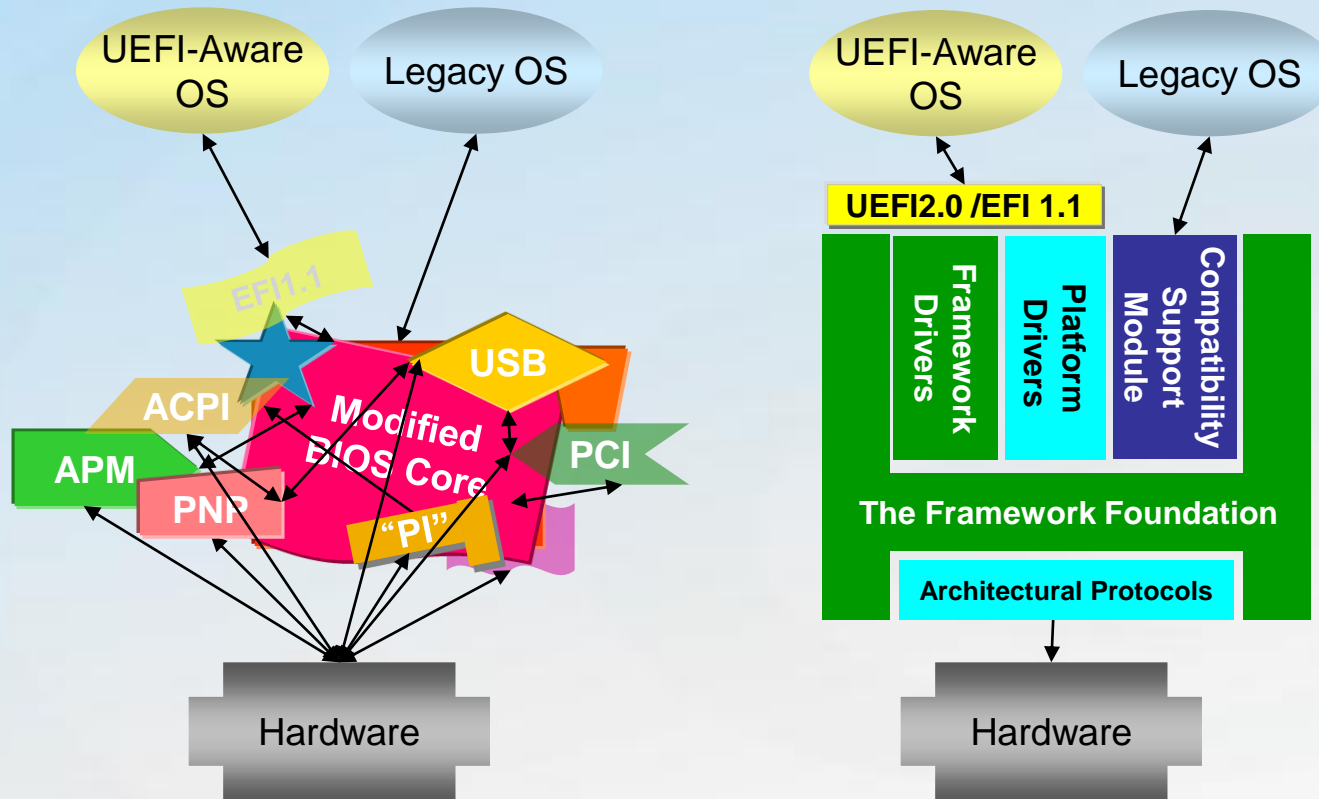
Key Benefits of UEFI Firmware

- Provides industry standard interfaces for CPUs, chipsets and platform features

- Modular source code base can be used across different products

- Pre-boot environment facilitates innovation

- Easier to implement new technologies and features

- Strongly encouraged by Intel!

Diagram boxes:
- UEFI-enabled OS
- UEFI Pre-boot Tools
- UEFI Option ROMs
- Legacy OpRom and Legacy OS
- UEFI API
- Generic Drivers
- OEM/ODM Drivers
- Insyde Drivers
- Compatibility Support Module
- Foundations
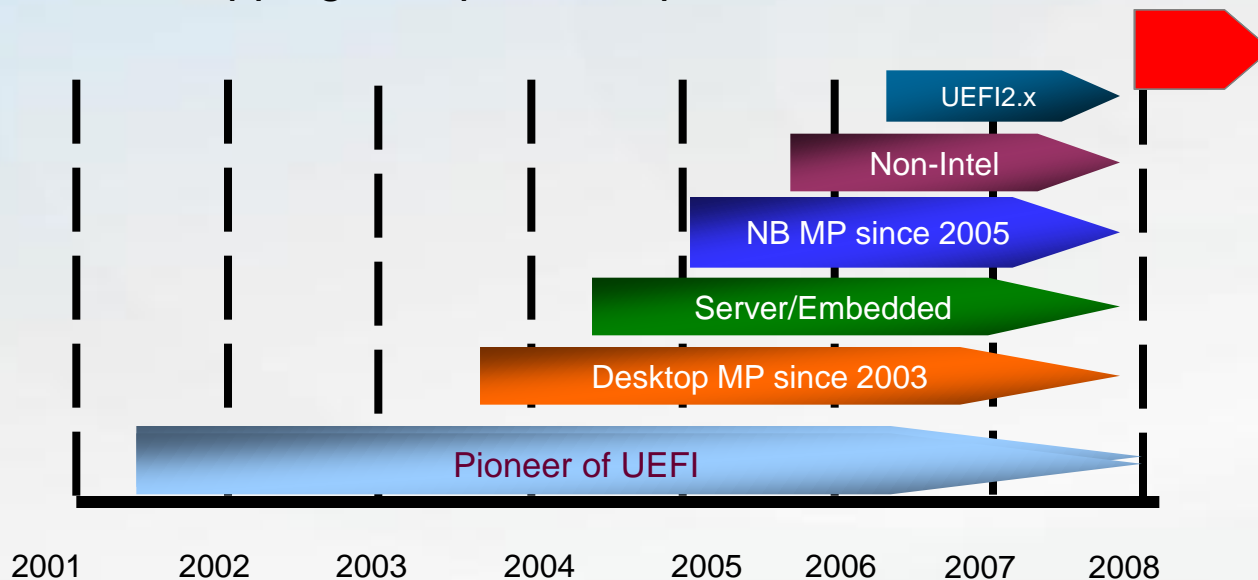- Architectural Protocols
- Hardware

Difference between Legacy BIOS and UEFI Firmware

Insyde Has Led the Transition to UEFI Firmware

- Over 8 years UEFI development with Intel since 2001
- Shipping UEFI products on Desktop since 2003
- H2O shipping with Server and Embedded since 2004
- Shipping UEFI products on notebooks since 2005
- Non-Intel chipsets in production since Q1'06
- UEFI 2.x and PI 1.0 ready in Q3 of 2007
- Customers shipping multiple UEFI products - Q2 of 2008

UEFI2.x

Non-Intel

NB MP since 2005

Server/Embedded

Desktop MP since 2003

Pioneer of UEFI

2001   2002   2003   2004   2005   2006   2007   2008

InsydeH2O: The Safe Choice

- CPU/Chipset Drivers for all major Si vendors
- CSM – Most mature Compatibility Support Module
- Source-level Software Debug Tool - H2O*DDT*
- Robust Power Management
- True EFI-based Setup program
- Full feature USB Legacy support
- Proprietary VROM Technology
- Library of Pre-boot Apps
- Customer Training Materials
- Hundreds of Production Quality enhancements

Why leading OEMs/ODMs Select InsydeH2O
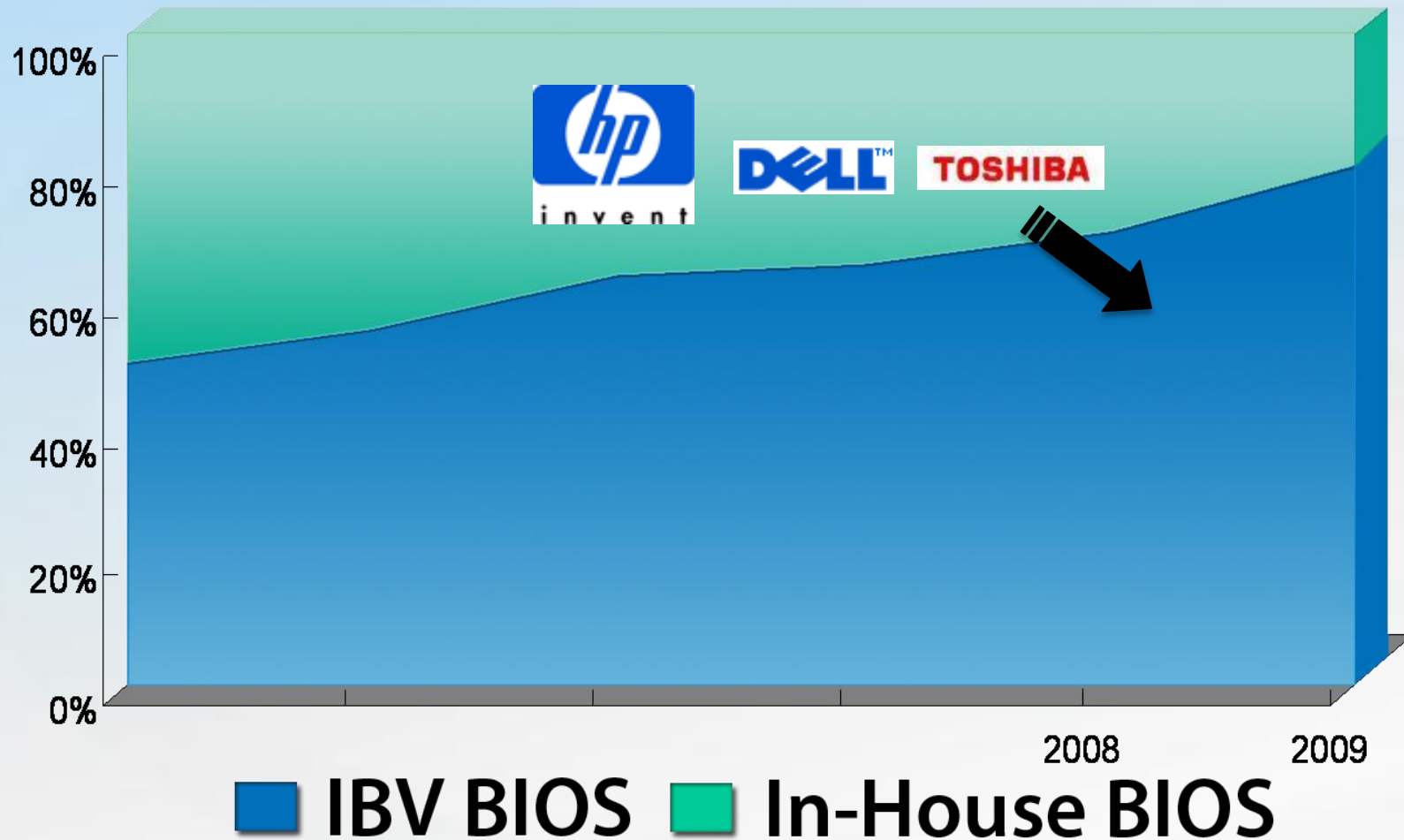
New & Hot: Humanos

What is Humanos?

- An Instant-On solution using Insyde Quick Boot technology, and Google's Android OS

- Insyde's integration of Google's mobile phone Android OS provides an open, Instant-On environment for notebooks and netbooks

- Co-exists with Windows

- 1st Android for netbooks – available October 2009

Insyde's Market Momentum

BIOS Outsourcing
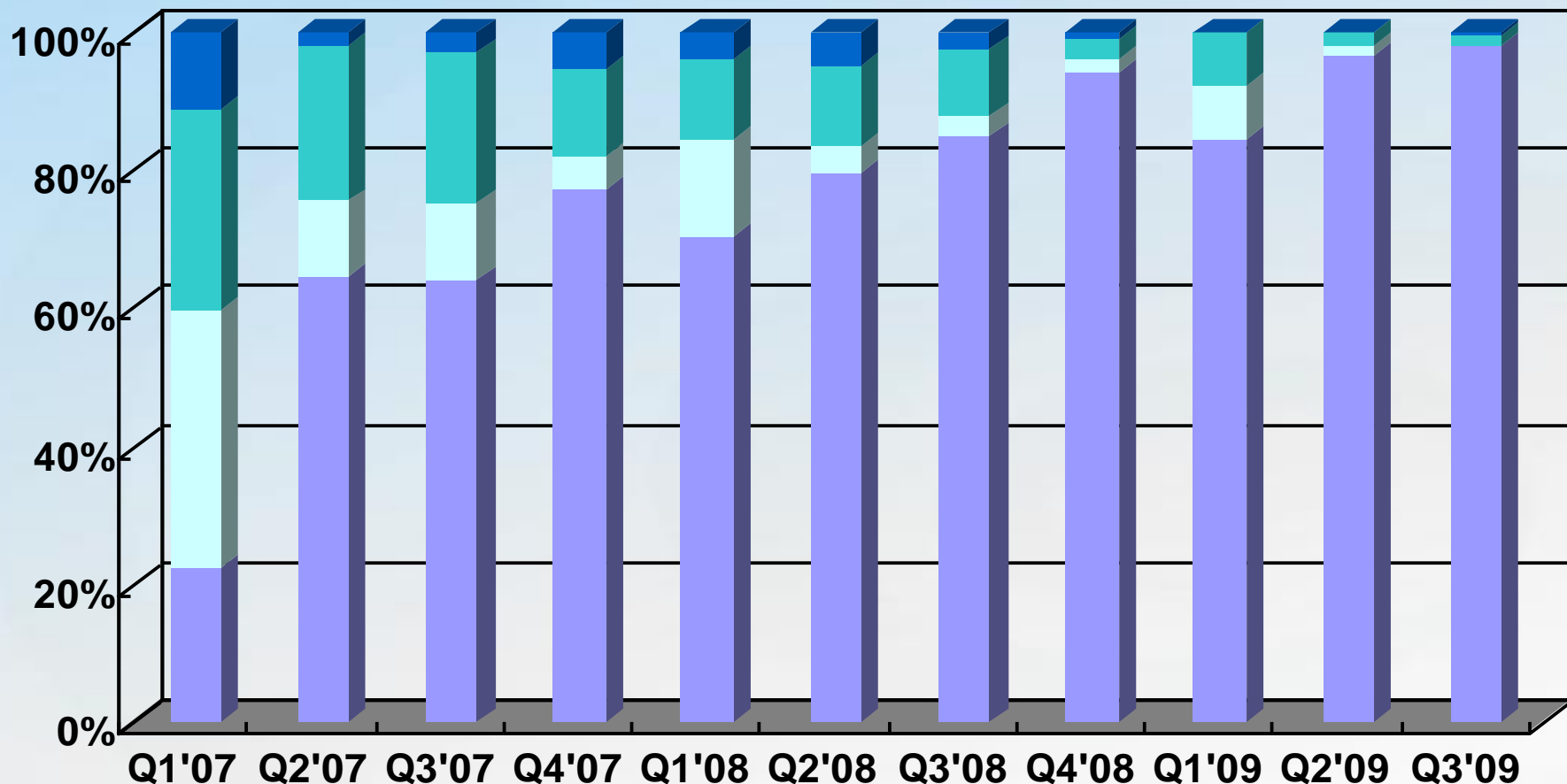
Recent Growth

- Momentum building from Q3'07
  - Major ODM contracts signed starting with Intel's 2008 notebook platform
  - Consistent quarterly profitability

- Strong market-share growth in notebooks
  - Estimated share over next 12 months shipments > 40%
  - Leadership across both Intel and AMD mobile platforms

- Employee headcount at all time high (~383)
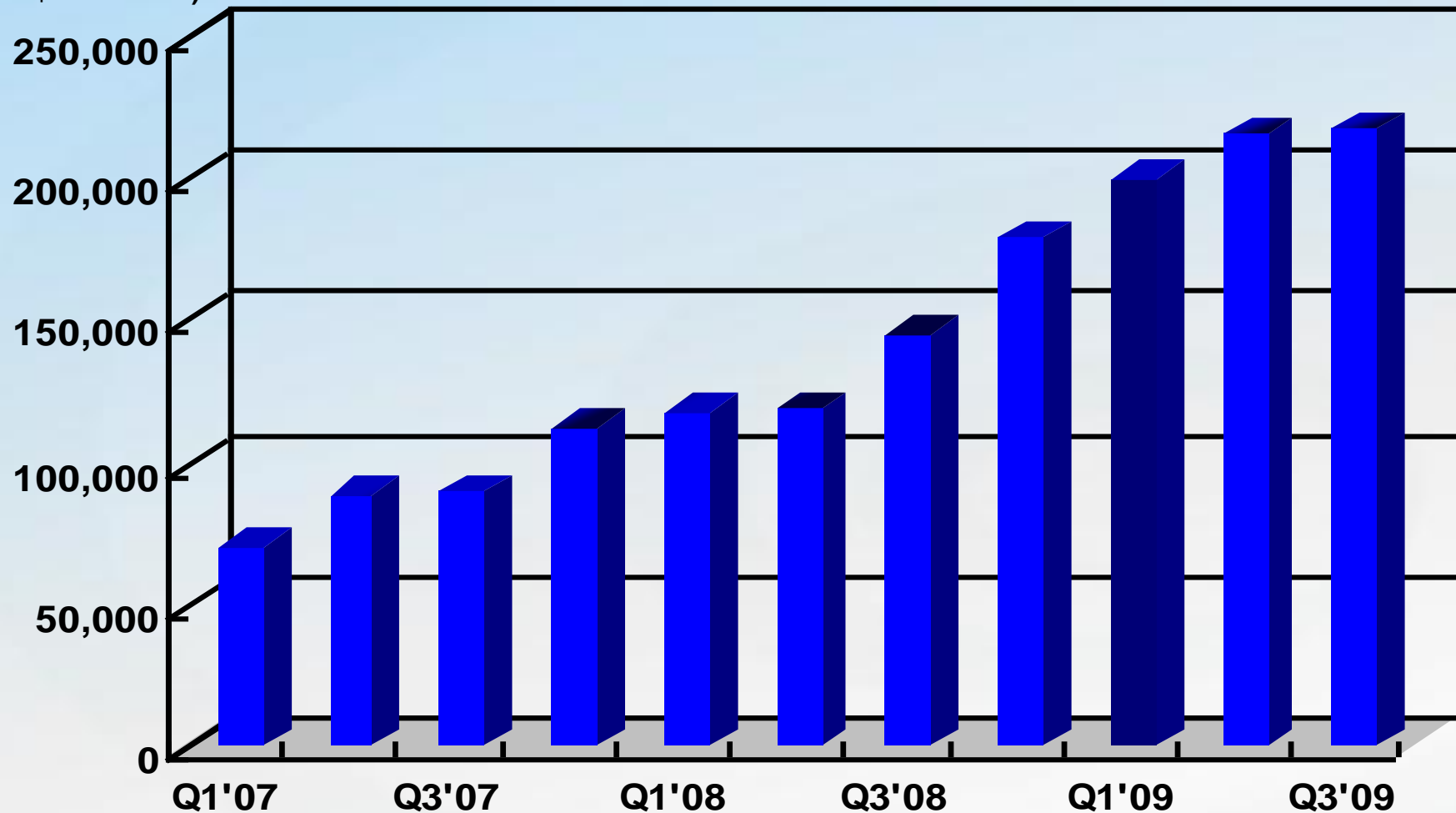
Financial Review
& Company Updates

Insyde Product Mix Shifts to UEFI

Legend: InsydeH2O, MobilePRO, Software services, I.A.BIOS

Recent Revenue Growth

23

Consolidated Income Statement

(In NT$ Thousands)	Q3'09	Q2'09	Q3'08	QoQ %	YoY%
Net Sales	217,341	215,326	145,590	1%	49%
COGS	30,066	32,532	29,142	-8%	3%
Gross Profit	187,275	182,794	116,448	2%	61%
Gross margin	86.17%	84.89%	79.98%		
Operating Expense	130,868	111,952	92,390	17%	42%
Operating Income	56,407	70,842	24,058	-20%	134%
Operating Margin	25.95%	32.90%	18.02%		
Non-operating Inc/(Exp)	-1,556	-4,703	15,029		
Income before Tax	54,851	66,139	39,087	-17%	40%
Net Income	56,067	56,054	36,941	0%	52%
Net Margin	25.80%	26.03%	15.03%		
EPS (NT$)	1.70	1.69	1.12		

Balance Sheet Summary

Selected Items from Balance Sheet (NT$ Millions)	Q3'09		Q2'09		Q3'08	
	Amount	%	Amount	%	Amount	%
Current Assets	789.98	93.64%	902.04	94.69%	665.80	95.09%
Fixed Assets	34.76	4.12%	31.29	3.28%	15.52	2.21%
Net PP&E and other assets	18.86	2.24%	19.29	2.03%	18.79	2.7%
Total Assets	843.60	100.00%	956.62	100.00%	700.11	100.00%
Current Liabilities	270.49	32.06%	432.93	45.44%	214.04	30.57%
Long-Term Liabilities	0	0%	0	0%	66.06	9.43%
Other Liabilities	0	0%	2.30	0.24%	2.64	0.38%
Total Liabilities	270.49	32.06%	435.23	45.68%	282.74	40.38%
Shareholders' Equity	573.11	67.93%	517.39	54.32%	417.38	59.62%

Insyde Software Strengths

- Most experienced provider of UEFI Firmware:
  - 8 years of UEFI cooperation with Intel makes Insyde the top choice for computer makers switching to UEFI
  - Good position to continue capturing market share with computer industry transition to UEFI Firmware

- System Integration and Supporting Services
  - Many years experience supporting Windows, Linux and Mac OS
  - Instant-On Solution based on Android
  - New product line provides opportunities for additional growth

- Cost structure to remain competitive

Q & A