

# RICHWAVE TECHNOLOGY CORPORATION

## CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash	\$ 779,049	33	\$ 475,071	25
Financial assets at fair value through other comprehensive income - current	11	-	11	-
Financial assets at amortized cost -current	-	-	200,000	11
Trade receivables, net	762,558	32	567,732	30
Other receivables	17,860	1	6,042	-
Inventories	599,507	25	463,239	25
Prepayments	3,653	-	8,938	1
Other current assets	<u>5,422</u>	<u>-</u>	<u>4,101</u>	<u>-</u>
Total current assets	<u>2,168,060</u>	<u>91</u>	<u>1,725,134</u>	<u>92</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current	4,138	-	4,127	-
Property, plant and equipment	109,112	5	85,761	5
Right-of-use assets	32,657	1	-	-
Other intangible assets	20,241	1	21,229	1
Deferred tax assets	39,727	2	39,790	2
Prepayments for equipment	581	-	483	-
Refundable deposits	8,003	-	6,399	-
Net defined benefit assets - non-current	<u>774</u>	<u>-</u>	<u>723</u>	<u>-</u>
Total non-current assets	<u>215,233</u>	<u>9</u>	<u>158,512</u>	<u>8</u>
TOTAL	<u>\$ 2,383,293</u>	<u>100</u>	<u>\$ 1,883,646</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term bank loans	\$ 59,960	3	\$ 92,145	5
Trade payables	643,353	27	356,294	19
Accrued profit sharing to employees and bonus to directors	24,107	1	21,175	1
Other payables	105,528	4	78,824	4
Current tax liabilities	28,569	1	53,062	3
Lease liabilities - current	19,778	1	-	-
Refund liabilities - current	109,902	5	93,375	5
Other current liabilities	<u>4,810</u>	<u>-</u>	<u>7,321</u>	<u>-</u>
Total current liabilities	<u>996,007</u>	<u>42</u>	<u>702,196</u>	<u>37</u>
NON-CURRENT LIABILITIES				
Net defined benefit liabilities	360	-	-	-
Lease liabilities - non-current	12,503	1	-	-
Guarantee deposits	<u>5,822</u>	<u>-</u>	<u>6,886</u>	<u>1</u>
Total non-current liabilities	<u>18,685</u>	<u>1</u>	<u>6,886</u>	<u>1</u>
Total liabilities	<u>1,014,692</u>	<u>43</u>	<u>709,082</u>	<u>38</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Share capital				
Ordinary shares	618,781	26	603,761	32
Capital collected in advance	<u>730</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total share capital	<u>619,511</u>	<u>26</u>	<u>603,761</u>	<u>32</u>
Capital surplus	<u>355,743</u>	<u>15</u>	<u>276,847</u>	<u>15</u>
Retained earnings				
Legal reserve	55,024	2	37,305	2
Special reserve	74	-	22	-
Unappropriated earnings	<u>338,651</u>	<u>14</u>	<u>256,703</u>	<u>13</u>
Total retained earnings	<u>393,749</u>	<u>16</u>	<u>294,030</u>	<u>15</u>
Other equity	<u>( 402 )</u>	<u>-</u>	<u>( 74 )</u>	<u>-</u>
Total equity	<u>1,368,601</u>	<u>57</u>	<u>1,174,564</u>	<u>62</u>
TOTAL	<u>\$ 2,383,293</u>	<u>100</u>	<u>\$ 1,883,646</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

**RICHWAVE TECHNOLOGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
NET OPERATING REVENUE	\$ 2,749,555	100	\$ 2,650,169	100
OPERATING COSTS	<u>1,764,877</u>	<u>64</u>	<u>1,785,052</u>	<u>67</u>
GROSS PROFIT	<u>984,678</u>	<u>36</u>	<u>865,117</u>	<u>33</u>
OPERATING EXPENSES				
Selling and marketing expenses	189,232	7	182,836	7
General and administrative expenses	151,293	5	133,405	5
Research and development expenses	399,253	15	347,707	13
Expected credit loss	<u>1,666</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>741,444</u>	<u>27</u>	<u>663,948</u>	<u>25</u>
PROFIT FROM OPERATIONS	<u>243,234</u>	<u>9</u>	<u>201,169</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	1,580	-	1,564	-
Other gains and losses	301	-	12,864	-
Finance costs	( <u>1,370</u> )	<u>-</u>	( <u>1,494</u> )	<u>-</u>
Total non-operating income and expenses	<u>511</u>	<u>-</u>	<u>12,934</u>	<u>-</u>
INCOME BEFORE INCOME TAX	243,745	9	214,103	8
INCOME TAX EXPENSE	<u>53,008</u>	<u>2</u>	<u>36,918</u>	<u>1</u>
NET INCOME	<u>190,737</u>	<u>7</u>	<u>177,185</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	( 567 )	-	( 459 )	-
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	-	-	( 6 )	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	113	-	92	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	( <u>328</u> )	<u>-</u>	( <u>46</u> )	<u>-</u>
Other comprehensive income for the period, net of income tax	( <u>782</u> )	<u>-</u>	( <u>419</u> )	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 189,955</u>	<u>7</u>	<u>\$ 176,766</u>	<u>7</u>

(Continued)

# **RICHWAVE TECHNOLOGY CORPORATION**

## **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

---

	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
EARNINGS PER SHARE				
From continuing and discontinued operations				
Basic	\$ 3.13		\$ 2.93	
Diluted	\$ 3.04		\$ 2.90	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

# **RICHWAVE TECHNOLOGY CORPORATION**

## **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock				Retained Earnings			Other Equity			
	Share (Thousands)	Share Capital	Capital Collected in Advance	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Reserve	Total	Total Equity
BALANCE AT JANUARY 1, 2018	54,887	\$ 548,874	\$ -	\$ 260,971	\$ 23,088	\$ 23	\$ 183,567	(\$ 22)	\$ -	(\$ 22)	\$1,016,501
Appropriation of 2017 earnings											
Legal reserve	-	-	-	-	14,217	-	( 14,217)	-	-	-	-
Special reserve	-	-	-	-	-	( 1)	1	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	( 34,579)	-	-	-	( 34,579)
Share dividends distributed by the Company	5,489	54,887	-	-	-	-	( 54,887)	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	-	177,185	-	-	-	177,185
Other comprehensive income for the year ended December 31, 2018 net of income tax	-	-	-	-	-	-	( 367)	( 6)	( 46)	( 52)	( 419)
Compensation cost of employee stock options	-	-	-	15,876	-	-	-	-	-	-	15,876
BALANCE AT DECEMBER 31, 2018	60,376	603,761	-	276,847	37,305	22	256,703	( 28)	( 46)	( 74)	1,174,564
Appropriation of 2018 earnings											
Legal reserve	-	-	-	-	17,719	-	( 17,719)	-	-	-	-
Special reserve	-	-	-	-	-	52	( 52)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	( 90,564)	-	-	-	( 90,564)
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	190,737	-	-	-	190,737
Other comprehensive income for the year ended December 31, 2019 net of income tax	-	-	-	-	-	-	( 454)	-	( 328)	( 328)	( 782)
Issuance of stock on exercised stock options	1,502	15,020	730	73,750	-	-	-	-	-	-	89,500
Compensation cost of employee stock options	-	-	-	5,146	-	-	-	-	-	-	5,146
BALANCE AT DECEMBER 31, 2019	61,878	\$ 618,781	\$ 730	\$ 355,743	\$ 55,024	\$ 74	\$ 338,651	(\$ 28)	(\$ 374)	(\$ 402)	\$ 1,368,601

The accompanying notes are an integral part of the consolidated financial statements.

# RICHWAVE TECHNOLOGY CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 243,745	\$ 214,103
Adjustments for:		
Depreciation expense	57,504	36,091
Amortization expense	21,123	19,361
Expected credit loss	1,666	-
Finance costs	1,370	1,494
Interest income	( 1,074 )	( 1,552 )
Compensation cost of employee stock options	5,146	15,876
(Reversal) write-down of inventories	( 8,404 )	64,089
Net gain on foreign currency exchange	( 2,138 )	( 29,314 )
Changes in operating assets and liabilities		
Trade receivables	( 203,081 )	129,757
Other receivables	( 11,956 )	( 606 )
Inventories	( 127,864 )	( 68,592 )
Net defined benefit assets	( 51 )	( 723 )
Prepayments	5,285	( 2,549 )
Other current assets	( 1,321 )	( 656 )
Trade payables	293,951	( 76,582 )
Other payables	16,957	781
Refund liabilities	16,156	93,746
Provisions	-	( 58,505 )
Accrued profit sharing to employees and bonus to directors	2,932	5,141
Other current liabilities	( 2,511 )	4,339
Net defined benefit liabilities	( 567 )	( 1,080 )
Cash generated from operations	306,868	344,619
Interest received	1,212	1,482
Interest paid	( 1,748 )	( 1,264 )
Income tax paid	( 76,965 )	( 30,434 )
Net cash generated from operating activities	<u>229,367</u>	<u>314,403</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at amortized cost	199,989	( 20,012 )
Investments accounted for using equity method	( 52,942 )	( 61,631 )
Payments for property, plant and equipment	( 1,604 )	( 856 )
Increase in refundable deposits	( 15,483 )	( 20,579 )
Net cash generated from (used in) investing activities	<u>129,960</u>	<u>( 103,078 )</u>

(Continued)

# **RICHWAVE TECHNOLOGY CORPORATION**

## **PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS**

(In Thousands of New Taiwan Dollars)

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	\$ 122,960	\$ 434,442
Decrease in short-term bank loans	( 153,840 )	( 342,242 )
Proceeds from guarantee deposits received	-	4,550
Refund of guarantee deposits received	( 940 )	-
Repayments of Lease principal	( 22,090 )	-
Cash dividends	( 90,564 )	( 34,579 )
Proceeds from exercise of employee stock options	<u>89,500</u>	<u>-</u>
Net cash (used in) generated from financing activities	( <u>54,974</u> )	<u>62,171</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	( <u>375</u> )	<u>26,529</u>
<b>NET INCREASE IN CASH</b>	303,978	300,025
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>475,071</u>	<u>175,046</u>
<b>CASH AT THE END OF THE PERIOD</b>	<u>\$ 779,049</u>	<u>\$ 475,071</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)