

# **RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES**

## **CONSOLIDATED BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

	September 30, 2019 (Reviewed)		December 31, 2018 (Audited)		September 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 680,828	33	\$ 475,071	25	\$ 475,477	24
Financial assets at fair value through other comprehensive income - current	13	-	11	-	13	-
Financial assets at amortized cost - current	-	-	200,000	11	200,000	10
Trade receivables, net	747,502	36	567,732	30	682,985	34
Other receivables	11,644	1	6,042	-	11,850	1
Inventories	437,588	21	463,239	25	453,842	23
Prepayments	7,942	-	8,938	1	8,740	-
Other current assets	5,604	-	4,101	-	4,497	-
Total current assets	<u>1,891,121</u>	<u>91</u>	<u>1,725,134</u>	<u>92</u>	<u>1,837,404</u>	<u>92</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at amortized cost - non-current	4,127	-	4,127	-	4,115	-
Property, plant and equipment	83,699	4	85,761	5	81,996	4
Right-of-use assets	35,758	2	-	-	-	-
Other intangible assets	17,433	1	21,229	1	23,074	1
Deferred tax assets	41,621	2	39,790	2	42,414	2
Prepayments for equipment	3,550	-	483	-	4,677	-
Refundable deposits	7,801	-	6,399	-	6,351	1
Net defined benefit assets - non-current	1,187	-	723	-	731	-
Total non-current assets	<u>195,176</u>	<u>9</u>	<u>158,512</u>	<u>8</u>	<u>163,358</u>	<u>8</u>
<b>TOTAL</b>	<u>\$ 2,086,297</u>	<u>100</u>	<u>\$ 1,883,646</u>	<u>100</u>	<u>\$ 2,000,762</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term bank loans	\$ -	-	\$ 92,145	5	\$ 152,625	8
Trade payables	493,235	24	356,294	19	405,017	20
Accrued profit sharing to employees and bonus to directors	18,513	1	21,175	1	32,491	2
Cash dividends payable	-	-	-	-	34,579	2
Other payables	83,185	4	78,824	4	82,479	4
Current tax liabilities	19,655	1	53,062	3	48,622	2
Lease liabilities - current	22,006	1	-	-	-	-
Refund liabilities - current	110,558	5	93,375	5	100,577	5
Other current liabilities	6,095	-	7,321	-	5,392	-
Total current liabilities	<u>753,247</u>	<u>36</u>	<u>702,196</u>	<u>37</u>	<u>861,782</u>	<u>43</u>
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities - non-current	13,478	1	-	-	-	-
Guarantee deposits	6,028	-	6,886	1	5,775	-
Total non-current liabilities	<u>19,506</u>	<u>1</u>	<u>6,886</u>	<u>1</u>	<u>5,775</u>	<u>-</u>
Total liabilities	<u>772,753</u>	<u>37</u>	<u>709,082</u>	<u>38</u>	<u>867,557</u>	<u>43</u>
<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Share capital						
Ordinary shares	614,031	29	603,761	32	603,761	30
Capital collected in advance	3,670	-	-	-	-	-
Total share capital	<u>617,701</u>	<u>29</u>	<u>603,761</u>	<u>32</u>	<u>603,761</u>	<u>30</u>
Capital surplus	346,798	17	276,847	15	274,686	14
Retained earnings						
Legal reserve	55,024	3	37,305	2	37,305	2
Special reserve	74	-	22	-	22	-
Unappropriated earnings	293,841	14	256,703	13	217,457	11
Total retained earnings	<u>348,939</u>	<u>17</u>	<u>294,030</u>	<u>15</u>	<u>254,784</u>	<u>13</u>
Other equity	106	-	(74)	-	(26)	-
Total equity	<u>1,313,544</u>	<u>63</u>	<u>1,174,564</u>	<u>62</u>	<u>1,133,205</u>	<u>57</u>
<b>TOTAL</b>	<u>\$ 2,086,297</u>	<u>100</u>	<u>\$ 1,883,646</u>	<u>100</u>	<u>\$ 2,000,762</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
( With Deloitte & Touche review report dated October 31, 2019 )

# RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 824,233	100	\$ 669,194	100	\$ 1,915,874	100	\$ 2,043,830	100
OPERATING COSTS	<u>515,392</u>	<u>62</u>	<u>447,992</u>	<u>67</u>	<u>1,188,740</u>	<u>62</u>	<u>1,388,460</u>	<u>68</u>
GROSS PROFIT	<u>308,841</u>	<u>38</u>	<u>221,202</u>	<u>33</u>	<u>727,134</u>	<u>38</u>	<u>655,370</u>	<u>32</u>
OPERATING EXPENSES								
Selling and marketing expenses	50,051	6	45,404	7	145,126	7	138,304	6
General and administrative expenses	39,181	5	28,996	4	112,510	6	98,859	5
Research and development expenses	99,836	12	89,978	14	284,197	15	262,435	13
Expected credit loss	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>189,135</u>	<u>23</u>	<u>164,378</u>	<u>25</u>	<u>541,900</u>	<u>28</u>	<u>499,598</u>	<u>24</u>
PROFIT FROM OPERATIONS	<u>119,706</u>	<u>15</u>	<u>56,824</u>	<u>8</u>	<u>185,234</u>	<u>10</u>	<u>155,772</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES								
Other income	145	-	333	-	1,201	-	1,002	-
Other gains and losses	111	-	5,364	1	1,681	-	11,484	-
Finance costs	( <u>116</u> )	<u>-</u>	( <u>595</u> )	<u>-</u>	( <u>930</u> )	<u>-</u>	( <u>834</u> )	<u>-</u>
Total non-operating income and expenses	<u>140</u>	<u>-</u>	<u>5,102</u>	<u>1</u>	<u>1,952</u>	<u>-</u>	<u>11,652</u>	<u>-</u>
INCOME BEFORE INCOME TAX	119,846	15	61,926	9	187,186	10	167,424	8
INCOME TAX EXPENSE	<u>23,970</u>	<u>3</u>	<u>7,928</u>	<u>1</u>	<u>41,713</u>	<u>2</u>	<u>29,852</u>	<u>1</u>
NET INCOME	<u>95,876</u>	<u>12</u>	<u>53,998</u>	<u>8</u>	<u>145,473</u>	<u>8</u>	<u>137,572</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	3	-	( 3 )	-	2	-	( 4 )	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	( <u>7</u> )	<u>-</u>	<u>-</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	( <u>4</u> )	<u>-</u>	( <u>3</u> )	<u>-</u>	<u>180</u>	<u>-</u>	( <u>4</u> )	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 95,872</u>	<u>12</u>	<u>\$ 53,995</u>	<u>8</u>	<u>\$ 145,653</u>	<u>8</u>	<u>\$ 137,568</u>	<u>7</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 1.57</u>		<u>\$ 0.89</u>		<u>\$ 2.40</u>		<u>\$ 2.28</u>	
Diluted	<u>\$ 1.54</u>		<u>\$ 0.89</u>		<u>\$ 2.37</u>		<u>\$ 2.24</u>	

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

( With Deloitte & Touche review report dated October 31, 2019 )

# **RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES**

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

(In Thousands of New Taiwan Dollars, Except Dividends Per Share)  
(Reviewed, Not Audited)

	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	Unrealized (Loss) Gain 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
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	22	( 22)	-	-	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	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 nine months ended September 30, 2018	-	-	-	-	-	-	137,572	-	-	-	-	137,572
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	-	-	( 4)	-	( 4)	( 4)
Compensation cost of employee stock options	-	-	-	13,715	-	-	-	-	-	-	-	13,715
BALANCE AT SEPTEMBER 30, 2018	60,376	\$ 603,761	\$ -	\$ 274,686	\$ 37,305	\$ 22	\$ 217,457	\$ -	(\$ 26)	\$ -	(\$ 26)	\$ 1,133,205
BALANCE AT JANUARY 1, 2019	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)
Issuance of stock on exercised stock options	1,027	10,270	3,670	65,316	-	-	-	-	-	-	-	79,256
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	-	145,473	-	-	-	-	145,473
Other comprehensive income for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	-	-	2	178	180	180
Compensation cost of employee stock options	-	-	-	4,635	-	-	-	-	-	-	-	4,635
BALANCE AT SEPTEMBER 30, 2019	61,403	\$ 614,031	\$ 3,670	\$ 346,798	\$ 55,024	\$ 74	\$ 293,841	\$ -	(\$ 26)	\$ 132	\$ 106	\$ 1,313,544

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( With Deloitte & Touche review report dated October 31, 2019 )

# RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 187,186	\$ 167,424
Adjustments for:		
Depreciation expense	41,934	26,714
Amortization expense	15,712	14,210
Expected credit loss	67	-
Finance costs	930	834
Interest income	( 816 )	( 981 )
Compensation cost of employee stock options	4,635	13,715
(Reversal) write-down of inventories	( 12,000 )	42,089
Net loss (gain) on foreign currency exchange	905	( 11,432 )
Changes in operating assets and liabilities		
Trade receivables	( 181,917 )	16,726
Other receivables	( 5,737 )	( 6,454 )
Inventories	37,651	( 37,195 )
Prepaid pension	( 464 )	( 731 )
Prepayments	996	( 2,351 )
Other current assets	( 1,503 )	( 1,052 )
Trade payables	138,155	( 27,283 )
Other payables	709	3,145
Refund liabilities	16,812	101,019
Contract liabilities	1,674	-
Provisions	-	( 58,505 )
Accrued profit sharing to employees and bonus to directors	( 2,662 )	16,457
Other current liabilities	( 2,900 )	2,410
Net defined benefit liabilities	-	( 621 )
Cash generated from operations	239,367	258,138
Interest received	951	951
Interest paid	( 1,540 )	( 834 )
Income tax paid	( 76,951 )	( 30,524 )
Net cash generated from operating activities	<u>161,827</u>	<u>227,731</u>

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# RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

## PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	\$ -	( \$ 20,000 )
Proceeds from disposal of financial assets at amortized cost	200,000	-
Payments for property, plant and equipment	( 22,660 )	( 52,087 )
Increase in refundable deposits	( 1,402 )	( 808 )
Payments for intangible assets	( 11,881 )	( 16,259 )
Net cash generated from (used in) investing activities	<u>164,057</u>	<u>( 89,154 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	-	231,065
Decrease in short-term bank loans	( 92,200 )	( 77,415 )
Proceeds from guarantee deposits received	-	3,467
Refund of guarantee deposits received	( 940 )	-
Repayments of Lease principal	( 15,907 )	-
Cash dividends	( 90,564 )	-
Proceeds from exercise of employee stock options	<u>79,256</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>( 120,355 )</u>	<u>157,117</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>228</u>	<u>4,737</u>
<b>NET INCREASE IN CASH</b>	<b>205,757</b>	<b>300,431</b>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u><b>475,071</b></u>	<u><b>175,046</b></u>
<b>CASH AT THE END OF THE PERIOD</b>	<u><b>\$ 680,828</b></u>	<u><b>\$ 475,477</b></u>

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

( With Deloitte & Touche review report dated October 31, 2019 )

(Concluded)