

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash	\$ 742,515	30	\$ 779,049	33	\$ 365,854	22
Financial assets at fair value through other comprehensive income - current	7	-	11	-	14	-
Financial assets at amortized cost - current	-	-	-	-	200,000	12
Trade receivables, net	701,023	29	762,558	32	480,088	29
Other receivables	21,306	1	17,860	1	4,693	-
Inventories	755,304	31	599,507	25	405,805	24
Prepayments	4,402	-	3,653	-	8,491	1
Other current assets	6,951	-	5,422	-	4,905	-
Total current assets	2,231,508	91	2,168,060	91	1,469,850	88
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	4,138	-	4,138	-	4,127	-
Property, plant and equipment	111,550	5	109,112	5	80,107	5
Right-of-use assets	26,373	1	32,657	1	35,153	2
Other intangible assets	25,054	1	20,241	1	27,357	2
Deferred tax assets	46,123	2	39,727	2	42,543	3
Prepayments for equipment	544	-	581	-	-	-
Refundable deposits	8,212	-	8,003	-	6,350	-
Net defined benefit assets - non-current	926	-	774	-	878	-
Total non-current assets	222,920	9	215,233	9	196,515	12
TOTAL	\$ 2,454,428	100	\$ 2,383,293	100	\$ 1,666,365	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank loans	\$ -	-	\$ 59,960	3	\$ -	-
Trade payables	703,601	28	643,353	27	207,019	13
Accrued profit sharing to employees and bonus to directors	29,441	1	24,107	1	21,175	1
Other payables	92,854	4	105,528	4	75,618	5
Current tax liabilities	46,087	2	28,569	1	49,940	3
Lease liabilities - current	18,032	1	19,778	1	20,200	1
Refund liabilities - current	121,668	5	109,902	5	98,545	6
Other current liabilities	6,329	-	4,810	-	6,329	-
Total current liabilities	1,018,012	41	996,007	42	478,826	29
NON-CURRENT LIABILITIES						
Net defined benefit liabilities	24	-	360	-	173	-
Lease liabilities - non-current	7,928	1	12,503	1	14,952	1
Guarantee deposits	4,963	-	5,822	-	6,910	-
Total non-current liabilities	12,915	1	18,685	1	22,035	1
Total liabilities	1,030,927	42	1,014,692	43	500,861	30
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	620,221	25	618,781	26	603,761	36
Capital collected in advance	1,210	-	730	-	-	-
Total share capital	621,431	25	619,511	26	603,761	36
Capital surplus	365,464	15	355,743	15	278,745	17
Retained earnings						
Legal reserve	55,024	2	55,024	2	37,305	2
Special reserve	74	-	74	-	22	-
Unappropriated earnings	381,797	16	338,651	14	245,667	15
Total retained earnings	436,895	18	393,749	16	282,994	17
Other equity	(289)	-	(402)	-	4	-
Total equity	1,423,501	58	1,368,601	57	1,165,504	70
TOTAL	\$ 2,454,428	100	\$ 2,383,293	100	\$ 1,666,365	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated April 30, 2020)

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 830,699	100	\$ 425,319	100
OPERATING COSTS	<u>584,561</u>	<u>71</u>	<u>264,194</u>	<u>62</u>
GROSS PROFIT	<u>246,138</u>	<u>29</u>	<u>161,125</u>	<u>38</u>
OPERATING EXPENSES				
Selling and marketing expenses	43,990	5	50,541	12
General and administrative expenses	37,118	5	36,655	8
Research and development expenses	111,470	13	87,785	21
Expected credit benefit	(<u>243</u>)	-	-	-
Total operating expenses	<u>192,335</u>	<u>23</u>	<u>174,981</u>	<u>41</u>
PROFIT (LOSS) FROM OPERATIONS	<u>53,803</u>	<u>6</u>	(<u>13,856</u>)	(<u>3</u>)
NON-OPERATING INCOME AND EXPENSES				
Other income	290	-	508	-
Other gains and losses	289	-	420	-
Finance costs	(<u>450</u>)	-	(<u>688</u>)	-
Total non-operating income and expenses	<u>129</u>	-	<u>240</u>	-
INCOME (LOSS) BEFORE INCOME TAX	53,932	6	(13,616)	(3)
INCOME TAX (EXPENSE) BENEFIT	(<u>10,786</u>)	(<u>1</u>)	<u>2,580</u>	-
NET INCOME (LOSS)	<u>43,146</u>	<u>5</u>	(<u>11,036</u>)	(<u>3</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	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	<u>116</u>	-	<u>75</u>	-
Other comprehensive income (loss) for the period, net of income tax	<u>113</u>	-	<u>78</u>	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 43,259</u>	<u>5</u>	(<u>\$ 10,958</u>)	(<u>3</u>)
EARNINGS (LOSS) PER SHARE				
From continuing and discontinued operations				
Basic	<u>\$ 0.70</u>		(<u>\$ 0.18</u>)	
Diluted	<u>\$ 0.68</u>		(<u>\$ 0.18</u>)	

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

(With Deloitte & Touche review report dated April 30, 2020)

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 at Fair Value Through Other Comprehensive Income	Foreign Currency Translation Reserve	Total	Total Equity
BALANCE AT JANUARY 1, 2019	60,376	\$ 603,761	\$ -	\$ 276,847	\$ 37,305	\$ 22	\$ 256,703	(\$ 28)	(\$ 46)	(\$ 74)	\$1,174,564
Compensation cost of employee stock options	-	-	-	1,898	-	-	-	-	-	-	1,898
Net loss for the three months ended March 31, 2019	-	-	-	-	-	-	(11,036)	-	-	-	(11,036)
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	-	3	75	78	78
BALANCE AT MARCH 31, 2019	<u>60,376</u>	<u>603,761</u>	<u>\$ -</u>	<u>\$ 278,745</u>	<u>\$ 37,305</u>	<u>\$ 22</u>	<u>\$ 245,667</u>	<u>(\$ 25)</u>	<u>\$ 29</u>	<u>\$ 4</u>	<u>\$1,165,504</u>
BALANCE AT JANUARY 1, 2020	61,878	\$ 618,781	\$ 730	\$ 355,743	\$ 55,024	\$ 74	\$ 338,651	(\$ 28)	(\$ 374)	(\$ 402)	\$1,368,601
Compensation cost of employee stock options	144	1,440	480	9,721	-	-	-	-	-	-	11,641
Net profit for the three months ended March 31, 2020	-	-	-	-	-	-	43,146	-	-	-	43,146
Other comprehensive income for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	-	(3)	116	113	113
BALANCE AT MARCH 31, 2020	<u>62,022</u>	<u>\$ 620,221</u>	<u>\$ 1,210</u>	<u>\$ 365,464</u>	<u>\$ 55,024</u>	<u>\$ 74</u>	<u>\$ 381,797</u>	<u>(\$ 31)</u>	<u>(\$ 258)</u>	<u>(\$ 289)</u>	<u>\$1,423,501</u>

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

(With Deloitte & Touche review report dated April 30, 2020)

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	\$ 53,932	(\$ 13,616)
Adjustments for:		
Depreciation expense	16,881	13,933
Amortization expense	6,602	4,989
Expected credit benefit	(243)	-
Finance costs	450	688
Interest income	(8)	(385)
Compensation cost of employee stock options	774	1,898
Write-down (Reversal) of inventories	17,600	(5,000)
Net (gain) loss on foreign currency exchange	1,796	(273)
Changes in operating assets and liabilities		
Trade receivables	70,976	88,790
Other receivables	(3,446)	1,724
Inventories	(173,397)	62,434
Net defined benefit assets	(152)	(155)
Prepayments	(749)	447
Other current assets	(1,529)	(804)
Trade payables	50,508	(150,121)
Other payables	(10,018)	(2,286)
Contract liabilities	1,112	1,662
Refund liabilities	11,766	4,799
Accrued profit sharing to employees and bonus to directors	5,334	-
Other current liabilities	<u>407</u>	<u>(2,654)</u>
Cash generated from operations	48,596	6,070
Interest received	8	10
Interest paid	(871)	(1,062)
Income tax paid	<u>-</u>	<u>(3,122)</u>
Net cash generated from operating activities	<u>47,733</u>	<u>1,896</u>

(Continued)

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(\$ 11,067)	(\$ 3,721)
Decrease (Increase) in refundable deposits	(209)	49
Payments for intangible assets	(<u>15,954</u>)	(<u>10,691</u>)
Net cash used in investing activities	(<u>27,230</u>)	(<u>14,363</u>)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(61,320)	(92,200)
Repayments of Lease principal	(6,290)	(5,010)
Proceeds from exercise of employee stock options	10,867	-
Refund of guarantee deposits received	(<u>884</u>)	<u>-</u>
Net cash used in financing activities	(<u>57,627</u>)	(<u>97,210</u>)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>590</u>	<u>460</u>
NET INCREASE IN CASH	(36,534)	(109,217)
CASH AT THE BEGINNING OF THE PERIOD	<u>779,049</u>	<u>475,071</u>
CASH AT THE END OF THE PERIOD	<u>\$ 742,515</u>	<u>\$ 365,854</u>

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

(With Deloitte & Touche review report dated April 30, 2020)

(Concluded)