

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 700,554	24	\$ 779,049	33	\$ 646,108	35
Financial assets at fair value through other comprehensive income - current	14	-	11	-	9	-
Trade receivables, net	970,464	33	762,558	32	620,406	34
Other receivables	30,339	1	17,860	1	2,601	-
Inventories	1,041,205	35	599,507	25	374,589	20
Prepayments	3,807	-	3,653	-	7,167	1
Other current assets	5,648	-	5,422	-	5,587	-
Total current assets	2,752,031	93	2,168,060	91	1,656,467	90
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	4,138	-	4,138	-	4,127	-
Property, plant and equipment	113,996	4	109,112	5	83,694	5
Right-of-use assets	20,387	1	32,657	1	31,071	2
Other intangible assets	18,076	1	20,241	1	22,278	1
Deferred tax assets	41,598	1	39,727	2	35,559	2
Prepayments for equipment	9,553	-	581	-	1,086	-
Refundable deposits	8,379	-	8,003	-	7,616	-
Net defined benefit assets - non-current	1,077	-	774	-	1,033	-
Total non-current assets	217,204	7	215,233	9	186,464	10
TOTAL	\$ 2,969,235	100	\$ 2,383,293	100	\$ 1,842,931	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank loans	\$ -	-	\$ 59,960	3	\$ -	-
Trade payables	954,247	32	643,353	27	352,775	19
Accrued profit sharing to employees and bonus to directors	49,941	2	24,107	1	27,835	2
Cash dividends payable	120,185	4	-	-	90,564	5
Other payables	119,688	4	105,528	4	78,068	4
Current tax liabilities	53,457	2	28,569	1	12,936	1
Lease liabilities - current	14,698	1	19,778	1	20,538	1
Refund liabilities - current	99,389	3	109,902	5	77,544	4
Other current liabilities	6,818	-	4,810	-	8,794	-
Total current liabilities	1,418,423	48	996,007	42	669,054	36
NON-CURRENT LIABILITIES						
Net defined benefit liabilities	698	-	360	-	64	-
Lease liabilities - non-current	5,196	-	12,503	1	10,578	1
Guarantee deposits	4,866	-	5,822	-	6,964	-
Total non-current liabilities	10,760	-	18,685	1	17,606	1
Total liabilities	1,429,183	48	1,014,692	43	686,660	37
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	621,431	21	618,781	26	603,761	33
Capital collected in advance	9,170	-	730	-	3,230	-
Total share capital	630,601	21	619,511	26	606,991	33
Capital surplus	409,056	14	355,743	15	296,107	16
Retained earnings						
Legal reserve	74,098	3	55,024	2	55,024	3
Special reserve	402	-	74	-	74	-
Unappropriated earnings	426,461	14	338,651	14	197,965	11
Total retained earnings	500,961	17	393,749	16	253,063	14
Other equity	(566)	-	(402)	-	110	-
Total equity	1,540,052	52	1,368,601	57	1,156,271	63
TOTAL	\$ 2,969,235	100	\$ 2,383,293	100	\$ 1,842,931	100

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

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 June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 1,196,383	100	\$ 666,322	100	\$ 2,027,082	100	\$ 1,091,641	100
OPERATING COSTS	<u>773,041</u>	<u>65</u>	<u>409,154</u>	<u>61</u>	<u>1,357,602</u>	<u>67</u>	<u>673,348</u>	<u>62</u>
GROSS PROFIT	<u>423,342</u>	<u>35</u>	<u>257,168</u>	<u>39</u>	<u>669,480</u>	<u>33</u>	<u>418,293</u>	<u>38</u>
OPERATING EXPENSES								
Selling and marketing expenses	44,159	4	44,534	7	88,149	4	95,075	8
General and administrative expenses	41,673	3	36,674	6	78,791	4	73,329	7
Research and development expenses	136,467	11	96,576	14	247,937	12	184,361	17
Expected credit benefit(Reversal)	(332)	-	-	-	(575)	-	-	-
Total operating expenses	<u>221,967</u>	<u>18</u>	<u>177,784</u>	<u>27</u>	<u>414,302</u>	<u>20</u>	<u>352,765</u>	<u>32</u>
PROFIT FROM OPERATIONS	<u>201,375</u>	<u>17</u>	<u>79,384</u>	<u>12</u>	<u>255,178</u>	<u>13</u>	<u>65,528</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	221	-	424	-	229	-	804	-
Other income	220	-	124	-	502	-	252	-
Other gains and losses	5,798	-	1,150	-	6,087	-	1,570	-
Finance costs	(335)	-	(126)	-	(785)	-	(814)	-
Total non-operating income and expenses	<u>5,904</u>	<u>-</u>	<u>1,572</u>	<u>-</u>	<u>6,033</u>	<u>-</u>	<u>1,812</u>	<u>-</u>
INCOME BEFORE INCOME TAX	207,279	17	80,956	12	261,211	13	67,340	6
INCOME TAX EXPENSE	<u>23,028</u>	<u>2</u>	<u>20,323</u>	<u>3</u>	<u>33,814</u>	<u>2</u>	<u>17,743</u>	<u>1</u>
NET INCOME	<u>184,251</u>	<u>15</u>	<u>60,633</u>	<u>9</u>	<u>227,397</u>	<u>11</u>	<u>49,597</u>	<u>5</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	6	-	(4)	-	3	-	(1)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	(283)	-	110	-	(167)	-	185	-
Other comprehensive loss for the period, net of income tax	(277)	-	106	-	(164)	-	184	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 183,974</u>	<u>15</u>	<u>\$ 60,739</u>	<u>9</u>	<u>\$ 227,233</u>	<u>11</u>	<u>\$ 49,781</u>	<u>5</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 2.96</u>		<u>\$ 1.00</u>		<u>\$ 3.66</u>		<u>\$ 0.82</u>	
Diluted	<u>\$ 2.90</u>		<u>\$ 1.00</u>		<u>\$ 3.58</u>		<u>\$ 0.82</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated July 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 (loss) 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	
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	-	-	3,230	15,407	-	-	-	-	-	-	18,637	
Net profit for the six months ended June 30, 2019	-	-	-	-	-	-	49,597	-	-	-	49,597	
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	-	-	(1)	185	184	184	
Compensation cost of employee stock options	-	-	-	3,853	-	-	-	-	-	-	3,853	
BALANCE AT JUNE 30, 2019	60,376	\$ 603,761	\$ 3,230	\$ 296,107	\$ 55,024	\$ 74	\$ 197,965	(\$ 29)	\$ 139	\$ 110	\$ 1,156,271	
BALANCE AT JANUARY 1, 2020	61,878	\$ 618,781	\$ 730	\$ 355,743	\$ 55,024	\$ 74	\$ 338,651	(\$ 28)	(\$ 374)	(\$ 402)	\$1,368,601	
Appropriation of 2019 earnings												
Legal reserve	-	-	-	-	19,074	-	(19,074)	-	-	-	-	
Special reserve	-	-	-	-	-	328	(328)	-	-	-	-	
Cash dividends distributed by the Company	-	-	-	-	-	-	(120,185)	-	-	-	(120,185)	
Issuance of stock on exercised stock options	265	2,650	8,440	51,679	-	-	-	-	-	-	62,769	
Net profit for the six months ended June 30, 2020	-	-	-	-	-	-	227,397	-	-	-	227,397	
Other comprehensive income for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	-	3	(167)	(164)	(164)	
Compensation cost of employee stock options	-	-	-	1,634	-	-	-	-	-	-	1,634	
BALANCE AT JUNE 30, 2020	62,143	\$ 621,431	\$ 9,170	\$ 409,056	\$ 74,098	\$ 402	\$ 426,461	(\$ 25)	(\$ 541)	(\$ 566)	\$ 1,540,052	

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

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

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 261,211	\$ 67,340
Adjustments for:		
Depreciation expense	34,000	27,571
Amortization expense	13,580	10,358
Expected credit benefit (Reversal)	(575)	-
Finance costs	785	814
Interest income	(229)	(815)
Compensation cost of employee stock options	1,634	3,853
Write-down (Reversal) of inventories	15,974	(8,000)
Net (gain) loss on foreign currency exchange	(1,888)	390
Changes in operating assets and liabilities		
Trade receivables	(202,900)	(53,200)
Other receivables	(12,423)	3,297
Inventories	(457,672)	96,650
Net defined benefit assets	(303)	(309)
Prepayments	(154)	1,771
Other current assets	(226)	(1,486)
Trade payables	309,263	(3,043)
Other payables	10,182	(4,483)
Contract liabilities	1,232	1,851
Refund liabilities	(10,513)	(16,202)
Accrued profit sharing to employees and bonus to directors	25,834	6,660
Other current liabilities	776	(378)
Cash generated from operations	(12,412)	132,639
Interest received	173	959
Interest paid	(1,270)	(1,309)
Income tax paid	(10,459)	(53,574)
Net cash (used in) generated from operating activities	(23,968)	78,715

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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 Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	\$ -	\$ 200,000
Payments for property, plant and equipment	(26,978)	(11,672)
Increase in refundable deposits	(376)	(1,218)
Payments for intangible assets	(<u>15,768</u>)	(<u>11,211</u>)
Net cash (used in) generated from investing activities	(<u>43,122</u>)	<u>175,899</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(61,320)	(92,200)
Proceeds from guarantee deposits received	-	1
Refund of guarantee deposits received	(884)	-
Repayments of Lease principal	(12,301)	(10,182)
Proceeds from exercise of employee stock options	<u>62,769</u>	<u>18,637</u>
Net cash used in financing activities	(<u>11,736</u>)	(<u>83,744</u>)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>331</u>	<u>167</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(78,495)	171,037
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>779,049</u>	<u>475,071</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 700,554</u>	<u>\$ 646,108</u>

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

(Concluded)