

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 518,696	16	\$ 779,049	33	\$ 680,828	33
Financial assets at fair value through other comprehensive income - current	-	-	11	-	13	-
Trade receivables, net	1,316,993	40	762,558	32	747,502	36
Other receivables	52,168	2	17,860	1	11,644	1
Inventories	1,130,162	35	599,507	25	437,588	21
Prepayments	5,363	-	3,653	-	7,942	-
Other current assets	5,553	-	5,422	-	5,604	-
Total current assets	3,028,935	93	2,168,060	91	1,891,121	91
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	4,138	-	4,138	-	4,127	-
Property, plant and equipment	125,488	4	109,112	5	83,699	4
Right-of-use assets	39,008	1	32,657	1	35,758	2
Other intangible assets	16,742	1	20,241	1	17,433	1
Deferred tax assets	40,908	1	39,727	2	41,621	2
Prepayments for equipment	7,563	-	581	-	3,550	-
Refundable deposits	8,886	-	8,003	-	7,801	-
Net defined benefit assets - non-current	1,231	-	774	-	1,187	-
Total non-current assets	243,964	7	215,233	9	195,176	9
TOTAL	\$ 3,272,899	100	\$ 2,383,293	100	\$ 2,086,297	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank loans	\$ -	-	\$ 59,960	3	\$ -	-
Trade payables	990,236	30	643,353	27	493,235	24
Accrued profit sharing to employees and bonus to directors	64,756	2	24,107	1	18,513	1
Other payables	108,111	3	105,528	4	83,185	4
Current tax liabilities	109,156	3	28,569	1	19,655	1
Lease liabilities - current	19,638	1	19,778	1	22,006	1
Refund liabilities - current	87,239	3	109,902	5	110,558	5
Other current liabilities	12,271	-	4,810	-	6,095	-
Total current liabilities	1,391,407	42	996,007	42	753,247	36
NON-CURRENT LIABILITIES						
Net defined benefit liabilities	934	-	360	-	-	-
Lease liabilities - non-current	19,109	1	12,503	1	13,478	1
Guarantee deposits	4,778	-	5,822	-	6,028	-
Total non-current liabilities	24,821	1	18,685	1	19,506	1
Total liabilities	1,416,228	43	1,014,692	43	772,753	37
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	631,921	19	618,781	26	614,031	29
Capital collected in advance	-	-	730	-	3,670	-
Total share capital	631,921	19	619,511	26	617,701	29
Capital surplus	415,180	13	355,743	15	346,798	17
Retained earnings						
Legal reserve	74,098	2	55,024	2	55,024	3
Special reserve	402	-	74	-	74	-
Unappropriated earnings	735,877	23	338,651	14	293,841	14
Total retained earnings	810,377	25	393,749	16	348,939	17
Other equity	(807)	-	(402)	-	106	-
Total equity	1,856,671	57	1,368,601	57	1,313,544	63
TOTAL	\$ 3,272,899	100	\$ 2,383,293	100	\$ 2,086,297	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 29, 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 September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 1,684,409	100	\$ 824,233	100	\$ 3,711,491	100	\$ 1,915,874	100
OPERATING COSTS	<u>1,063,826</u>	<u>63</u>	<u>515,392</u>	<u>62</u>	<u>2,421,428</u>	<u>65</u>	<u>1,188,740</u>	<u>62</u>
GROSS PROFIT	<u>620,583</u>	<u>37</u>	<u>308,841</u>	<u>38</u>	<u>1,290,063</u>	<u>35</u>	<u>727,134</u>	<u>38</u>
OPERATING EXPENSES								
Selling and marketing expenses	56,237	3	50,051	6	144,386	4	145,126	7
General and administrative expenses	50,754	3	39,181	5	129,545	4	112,510	6
Research and development expenses	130,988	8	99,836	12	378,925	10	284,197	15
Expected credit benefit	<u>887</u>	<u>-</u>	<u>67</u>	<u>-</u>	<u>312</u>	<u>-</u>	<u>67</u>	<u>-</u>
Total operating expenses	<u>238,866</u>	<u>14</u>	<u>189,135</u>	<u>23</u>	<u>653,168</u>	<u>18</u>	<u>541,900</u>	<u>28</u>
PROFIT FROM OPERATIONS	<u>381,717</u>	<u>23</u>	<u>119,706</u>	<u>15</u>	<u>636,895</u>	<u>17</u>	<u>185,234</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	216	-	12	-	445	-	816	-
Other income	2,426	-	133	-	2,928	-	385	-
Other gains and losses	6,527	-	111	-	12,614	-	1,681	-
Finance costs	<u>(112)</u>	<u>-</u>	<u>(116)</u>	<u>-</u>	<u>(897)</u>	<u>-</u>	<u>(930)</u>	<u>-</u>
Total non-operating income and expenses	<u>9,057</u>	<u>-</u>	<u>140</u>	<u>-</u>	<u>15,090</u>	<u>-</u>	<u>1,952</u>	<u>-</u>
INCOME BEFORE INCOME TAX	390,774	23	119,846	15	651,985	17	187,186	10
INCOME TAX EXPENSE	<u>81,349</u>	<u>5</u>	<u>23,970</u>	<u>3</u>	<u>115,163</u>	<u>3</u>	<u>41,713</u>	<u>2</u>
NET INCOME	<u>309,425</u>	<u>18</u>	<u>95,876</u>	<u>12</u>	<u>536,822</u>	<u>14</u>	<u>145,473</u>	<u>8</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	2	-	3	-	5	-	2	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	<u>(252)</u>	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(419)</u>	<u>-</u>	<u>178</u>	<u>-</u>
Other comprehensive loss for the period, net of income tax	<u>(250)</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>(414)</u>	<u>-</u>	<u>180</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 309,175</u>	<u>18</u>	<u>\$ 95,872</u>	<u>12</u>	<u>\$ 536,408</u>	<u>14</u>	<u>\$ 145,653</u>	<u>8</u>
EARNINGS PER SHARE								
From continuing and discontinued operations								
Basic	<u>\$ 4.90</u>		<u>\$ 1.57</u>		<u>\$ 8.59</u>		<u>\$ 2.40</u>	
Diluted	<u>\$ 4.87</u>		<u>\$ 1.54</u>		<u>\$ 8.47</u>		<u>\$ 2.37</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 29, 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	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	
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	1,314	13,140	(730)	57,831	-	-	-	-	-	-	70,241	
Net profit for the nine months ended September 30, 2020	-	-	-	-	-	-	536,822	-	-	-	536,822	
Other comprehensive income for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	-	-	5	(419)	(414)	(414)	
Compensation cost of employee stock options	-	-	-	1,606	-	-	-	-	-	-	1,606	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(9)	9	-	9	-	
BALANCE AT SEPTEMBER 30, 2020	63,192	\$ 631,921	\$ -	\$ 415,180	\$ 74,098	\$ 402	\$ 735,877	(\$ 14)	(\$ 793)	(\$ 807)	\$ 1,856,671	

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

(With Deloitte & Touche review report dated October 29, 2020)

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	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 651,985	\$ 187,186
Adjustments for:		
Depreciation expense	51,556	41,934
Amortization expense	20,651	15,712
Expected credit benefit	312	67
Finance costs	897	930
Interest income	(445)	(816)
Compensation cost of employee stock options	1,606	4,635
Write-down (Reversal) of inventories	24,500	(12,000)
Net (gain) loss on foreign currency exchange	(2,754)	905
Changes in operating assets and liabilities		
Trade receivables	(555,394)	(181,917)
Other receivables	(34,213)	(5,737)
Inventories	(555,155)	37,651
Net defined benefit assets	(457)	(464)
Prepayments	(1,710)	996
Other current assets	(131)	(1,503)
Trade payables	349,309	138,155
Other payables	8,384	709
Accrued profit sharing to employees and bonus to directors	40,649	(2,662)
Refund liabilities	(20,514)	16,812
Contract liabilities	6,011	1,674
Other current liabilities	<u>1,450</u>	<u>(2,900)</u>
Cash generated from operations	(13,463)	239,367
Interest received	350	951
Interest paid	(1,233)	(1,540)
Income tax paid	<u>(35,183)</u>	<u>(76,951)</u>
Net cash (used in) generated from operating activities	<u>(49,529)</u>	<u>161,827</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	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at amortized cost	\$ -	\$ 200,000
Proceeds from disposal Financial assets at fair value through other comprehensive income	16	-
Payments for property, plant and equipment	(58,293)	(22,660)
Increase in refundable deposits	(883)	(1,402)
Payments for intangible assets	(21,148)	(11,881)
Net cash (used in) generated from investing activities	(80,308)	164,057
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term bank loans	(61,320)	(92,200)
Proceeds from guarantee deposits received	(885)	(940)
Refund of guarantee deposits received	(18,292)	(15,907)
Repayments of Lease principal	(120,185)	(90,564)
Proceeds from exercise of employee stock options	70,241	79,256
Net cash used in financing activities	(130,441)	(120,355)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	(75)	228
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(260,353)	205,757
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	779,049	475,071
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 518,696	\$ 680,828

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

(With Deloitte & Touche review report dated October 29, 2020)

(Concluded)