

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents	\$ 885,457	24	\$ 641,340	19	\$ 947,794	24
Trade receivables, net	1,276,694	35	752,673	23	836,438	22
Other receivables	32,727	1	9,511	-	35,746	1
Inventories	999,877	28	1,373,460	42	1,689,440	43
Prepayments	57,767	2	27,586	1	19,320	1
Other current assets	10,620	-	6,527	-	7,220	-
Total current assets	<u>3,263,142</u>	<u>90</u>	<u>2,811,097</u>	<u>85</u>	<u>3,535,958</u>	<u>91</u>
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current	12,900	-	110,000	3	10,000	-
Property, plant and equipment	189,908	5	192,678	6	172,828	5
Right-of-use assets	35,865	1	59,461	2	67,419	2
Other intangible assets	23,308	1	24,934	1	16,481	-
Deferred tax assets	104,984	3	83,269	3	63,672	2
Prepayments for equipment	4,761	-	8,902	-	7,886	-
Refundable deposits	8,938	-	12,786	-	12,747	-
Net defined benefit assets - non-current	490	-	38	-	1,227	-
Total non-current assets	<u>381,154</u>	<u>10</u>	<u>492,068</u>	<u>15</u>	<u>352,260</u>	<u>9</u>
TOTAL	<u>\$ 3,644,296</u>	<u>100</u>	<u>\$ 3,303,165</u>	<u>100</u>	<u>\$ 3,888,218</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank loans	\$ -	-	\$ 200,000	6	\$ -	-
Trade payables	444,622	12	239,208	7	619,551	16
Accrued profit sharing to employees and bonus to directors	15,722	-	52,111	2	161,800	4
Cash dividends payable	-	-	-	-	252,768	6
Other payables	130,351	4	155,918	5	146,010	4
Current tax liabilities	24,032	1	10,803	-	11,918	-
Lease liabilities - current	26,746	1	31,932	1	31,964	1
Refund liabilities - current	223,221	6	171,618	5	139,568	4
Other current liabilities	7,437	-	10,700	-	14,574	-
Total current liabilities	<u>872,131</u>	<u>24</u>	<u>872,290</u>	<u>26</u>	<u>1,378,153</u>	<u>35</u>
NON-CURRENT LIABILITIES						
Non-current financial liabilities designated at fair value through profit or loss	1,290	-	-	-	-	-
Bonds payable	285,000	8	-	-	-	-
Deferred tax liabilities	21,668	1	-	-	18	-
Lease liabilities - non-current	9,547	-	28,246	1	36,108	1
Guarantee deposits	1,657	-	4,765	-	4,796	-
Total non-current liabilities	<u>319,162</u>	<u>9</u>	<u>33,011</u>	<u>1</u>	<u>40,922</u>	<u>1</u>
Total liabilities	<u>1,191,293</u>	<u>33</u>	<u>905,301</u>	<u>27</u>	<u>1,419,075</u>	<u>36</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
Share capital						
Ordinary shares	901,689	25	884,689	27	884,689	23
Capital surplus	622,775	17	416,354	13	415,180	11
Retained earnings						
Legal reserve	207,114	5	160,670	5	160,670	4
Special reserve	1,373	-	1,101	-	1,101	-
Unappropriated earnings	718,443	20	936,423	28	1,009,012	26
Total retained earnings	<u>926,930</u>	<u>25</u>	<u>1,098,194</u>	<u>33</u>	<u>1,170,783</u>	<u>30</u>
Other equity	1,609	-	(1,373)	-	(1,509)	-
Total equity	<u>2,453,003</u>	<u>67</u>	<u>2,397,864</u>	<u>73</u>	<u>2,469,143</u>	<u>64</u>
TOTAL	<u>\$ 3,644,296</u>	<u>100</u>	<u>\$ 3,303,165</u>	<u>100</u>	<u>\$ 3,888,218</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 27, 2022)

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			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET OPERATING REVENUE	\$ 896,050	100	\$ 1,025,974	100	\$ 2,635,202	100	\$ 4,502,369	100
OPERATING COSTS	<u>571,447</u>	<u>64</u>	<u>754,752</u>	<u>74</u>	<u>1,815,050</u>	<u>69</u>	<u>3,100,523</u>	<u>69</u>
GROSS PROFIT	<u>324,603</u>	<u>36</u>	<u>271,222</u>	<u>26</u>	<u>820,152</u>	<u>31</u>	<u>1,401,846</u>	<u>31</u>
OPERATING EXPENSES								
Selling and marketing expenses	53,129	6	54,326	5	158,354	6	190,152	4
General and administrative expenses	66,952	7	53,388	5	186,217	7	181,396	4
Research and development expenses	153,965	17	131,858	13	444,241	17	409,043	9
Expected credit (gain) loss	<u>5,519</u>	<u>1</u>	<u>(229)</u>	<u>-</u>	<u>9,824</u>	<u>-</u>	<u>(1,048)</u>	<u>-</u>
Total operating expenses	<u>269,768</u>	<u>31</u>	<u>239,343</u>	<u>23</u>	<u>798,636</u>	<u>30</u>	<u>779,543</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>45,038</u>	<u>5</u>	<u>31,879</u>	<u>3</u>	<u>21,516</u>	<u>1</u>	<u>622,303</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	3,632	-	493	-	6,366	-	1,530	-
Other income	234	-	1,648	-	774	-	2,090	-
Other gains and losses	70,610	8	2,191	1	133,820	5	(6,470)	-
Finance costs	<u>(1,651)</u>	<u>-</u>	<u>(235)</u>	<u>-</u>	<u>(3,505)</u>	<u>-</u>	<u>(587)</u>	<u>-</u>
Total non-operating income and expenses	<u>72,825</u>	<u>8</u>	<u>4,097</u>	<u>1</u>	<u>137,455</u>	<u>5</u>	<u>(3,437)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	117,863	13	35,976	4	158,971	6	618,866	14
INCOME TAX EXPENSE	<u>(20,556)</u>	<u>(2)</u>	<u>(7,164)</u>	<u>(1)</u>	<u>(20,593)</u>	<u>(1)</u>	<u>(81,832)</u>	<u>(2)</u>
NET INCOME	<u>97,307</u>	<u>11</u>	<u>28,812</u>	<u>3</u>	<u>138,378</u>	<u>5</u>	<u>537,034</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising on translation of foreign operations	<u>1,363</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>2,982</u>	<u>-</u>	<u>(409)</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>1,363</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>2,982</u>	<u>-</u>	<u>(409)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 98,670</u>	<u>11</u>	<u>\$ 28,782</u>	<u>3</u>	<u>\$ 141,360</u>	<u>5</u>	<u>\$ 536,625</u>	<u>12</u>
EARNINGS PER SHARE								
Basic	<u>\$ 1.10</u>		<u>\$ 0.33</u>		<u>\$ 1.56</u>		<u>\$ 6.07</u>	
Diluted	<u>\$ 1.09</u>		<u>\$ 0.32</u>		<u>\$ 1.56</u>		<u>\$ 6.05</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated October 27, 2022)

RICHWAVE TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share Capital			Retained Earnings			Other Equity		Total	Total Equity
	Number of Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Valuation Gain / (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translation of the Financial Statements of Foreign Operations		
BALANCE AT JANUARY 1, 2021	63,192	\$ 631,921	\$ 415,180	\$ 74,098	\$ 402	\$ 1,064,785	\$ (14)	\$ (1,086)	\$ (1,100)	\$ 2,185,286
Appropriation of 2020 earnings										
Legal reserve	-	-	-	86,572	-	(86,572)	-	-	-	-
Special reserve	-	-	-	-	699	(699)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(252,768)	-	-	-	(252,768)
Share dividends distributed by the Company	25,277	252,768	-	-	-	(252,768)	-	-	-	-
Net profit for the nine months ended September 30, 2021	-	-	-	-	-	537,034	-	-	-	537,034
Other comprehensive loss for the nine months ended September 30, 2021, net of income tax	-	-	-	-	-	-	-	(409)	(409)	(409)
BALANCE AT SEPTEMBER 30, 2021	88,469	\$ 884,689	\$ 415,180	\$ 160,670	\$ 1,101	\$ 1,009,012	\$ (14)	\$ (1,495)	\$ (1,509)	\$ 2,469,143
BALANCE AT JANUARY 1, 2022	88,469	\$ 884,689	\$ 416,354	\$ 160,670	\$ 1,101	\$ 936,423	\$ (14)	\$ (1,359)	\$ (1,373)	\$ 2,397,864
Appropriation of 2021 earnings										
Legal reserve	-	-	-	46,444	-	(46,444)	-	-	-	-
Special reserve	-	-	-	-	272	(272)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(309,642)	-	-	-	(309,642)
Due to recognition of equity component of convertible bonds issued	-	-	28,500	-	-	-	-	-	-	28,500
Net profit for the nine months ended September 30, 2022	-	-	-	-	-	138,378	-	-	-	138,378
Other comprehensive gain for the nine months ended September 30, 2022, net of income tax	-	-	-	-	-	-	-	2,982	2,982	2,982
Share-based payment expenses recognized	-	-	19,046	-	-	-	-	-	-	19,046
Issue of shares	1,700	17,000	158,875	-	-	-	-	-	-	175,875
BALANCE AT SEPTEMBER 30, 2022	90,169	\$ 901,689	\$ 622,775	\$ 207,114	\$ 1,373	\$ 718,443	\$ (14)	\$ 1,623	\$ 1,609	\$ 2,453,003

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(With Deloitte & Touche review report dated October 27, 2022)

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	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax for the period	\$ 158,971	\$ 618,866
Adjustments for:		
Depreciation expense	77,598	64,089
Amortization expense	22,026	20,875
Expected credit loss (reversed)	9,824	(1,048)
Net loss on financial liabilities at fair value through profit or loss	1,590	-
Finance costs	3,505	587
Interest income	(6,366)	(1,530)
Compensation cost of employee stock options	19,046	-
Profit from lease modification	(627)	(4)
Write-down of inventories	63,233	76,225
Net gain on foreign currency exchange	(110,892)	(561)
Loss on disposal of property, plant and equipment	218	-
Changes in operating assets and liabilities		
Trade receivables	(470,920)	427,432
Other receivables	(21,736)	(6,387)
Inventories	310,350	(485,245)
Net defined benefit assets	(452)	(855)
Prepayments	(30,181)	(6,406)
Other current assets	(4,093)	(2,040)
Trade payables	193,859	(356,327)
Other payables	(20,673)	14,671
Accrued profit sharing to employees and bonus to directors	(36,389)	61,207
Refund liabilities	51,603	54,179
Contract liabilities	(4,117)	2,533
Other current liabilities	854	(175)
Cash generated from operations	206,231	480,086
Interest received	4,886	1,589
Interest paid	(2,823)	(587)
Income tax paid	(7,411)	(238,351)
Net cash generated from operating activities	<u>200,883</u>	<u>242,737</u>

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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	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	\$ (9,900)	\$ (10,000)
Proceeds from disposal of financial assets at amortized cost	107,000	3,000
Payments for property, plant and equipment	(42,992)	(68,938)
Proceeds from disposal of property, plant and equipment	14	-
Increase in refundable deposits	-	(2,653)
Decrease in refundable deposits	3,848	-
Payments for intangible assets	<u>(30,602)</u>	<u>(34,612)</u>
Net cash from (used) in investing activities	<u>27,368</u>	<u>(113,203)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,060,000	-
Decrease in short-term bank loans	(1,260,000)	-
Proceeds from issuing convertible bonds	312,341	-
Decrease in guarantee deposits received	(3,648)	-
Repayment of the principal portion of lease liabilities	(23,117)	(23,946)
Cash dividends paid	(309,642)	-
Proceeds from issuing shares	<u>175,875</u>	<u>-</u>
Net cash used in financing activities	<u>(48,191)</u>	<u>(23,946)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>64,057</u>	<u>(2,059)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	244,117	103,529
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>641,340</u>	<u>844,265</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 885,457</u>	<u>\$ 947,794</u>

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(With Deloitte & Touche review report dated October 27, 2022)

(Concluded)