

**ASolid Technology Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2020 and 2019 and  
Independent Auditors' Review Report**

## ASOLID TECHNOLOGY CO., LTD. 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	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 412,110	32	\$ 508,550	37	\$ 320,711	26
Financial assets at amortized cost-current	25,032	2	25,029	2	5,077	1
Trade receivable, from unrelated parties	292,636	23	255,123	19	296,642	24
Other receivables	4,390	-	182	-	17,178	1
Current tax assets	35	-	35	-	-	-
Inventories	377,778	29	400,665	30	392,058	32
Prepayments	24,625	2	12,430	1	25,487	2
Other current assets	<u>1,027</u>	<u>-</u>	<u>1,301</u>	<u>-</u>	<u>10,352</u>	<u>1</u>
Total current assets	<u>1,137,633</u>	<u>88</u>	<u>1,203,315</u>	<u>89</u>	<u>1,067,505</u>	<u>87</u>
<b>NON-CURRENT ASSETS</b>						
Property, plant and equipment	88,249	7	88,138	7	90,115	7
Goodwill	5,139	-	5,139	-	18,576	2
Other intangible assets	47,024	4	38,397	3	32,865	3
Deferred tax assets	15,533	1	15,533	1	15,533	1
Other non-current assets	<u>1,561</u>	<u>-</u>	<u>1,564</u>	<u>-</u>	<u>1,679</u>	<u>-</u>
Total non-current assets	<u>157,506</u>	<u>12</u>	<u>148,771</u>	<u>11</u>	<u>158,768</u>	<u>13</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,295,139</u>	<u>100</u>	<u>\$1,352,086</u>	<u>100</u>	<u>\$ 1,226,273</u>	<u>100</u>

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings	\$ 157,196	12	\$ 149,900	11	\$ 123,280	10
Contract liability-current	16,319	1	3,439	-	51,263	4
Notes payable to unrelated parties	-	-	-	-	95	-
Trade payable to unrelated parties	71,851	6	152,554	12	67,421	6
Other payables	65,691	5	67,607	5	54,708	4
Current tax liabilities	12,826	1	11,513	1	9,484	1
Other current liabilities	<u>608</u>	<u>-</u>	<u>549</u>	<u>-</u>	<u>3,214</u>	<u>-</u>
Total current liabilities	<u>324,491</u>	<u>25</u>	<u>385,562</u>	<u>29</u>	<u>309,465</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>						
Deferred tax liabilities	4,083	-	4,083	-	4,083	1
Guarantee deposits received	<u>114</u>	<u>-</u>	<u>114</u>	<u>-</u>	<u>114</u>	<u>-</u>
Total non-current liabilities	<u>4,197</u>	<u>-</u>	<u>4,197</u>	<u>-</u>	<u>4,197</u>	<u>1</u>
Total liabilities	<u>328,688</u>	<u>25</u>	<u>389,759</u>	<u>29</u>	<u>313,662</u>	<u>26</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>						
Ordinary shares	<u>393,835</u>	<u>30</u>	<u>393,835</u>	<u>29</u>	<u>342,231</u>	<u>28</u>
Capital surplus						
Additional paid-in capital	390,344	30	390,344	29	389,626	32
Employee share options	<u>19,951</u>	<u>2</u>	<u>17,609</u>	<u>1</u>	<u>13,789</u>	<u>1</u>
Total capital surplus	<u>410,295</u>	<u>32</u>	<u>407,953</u>	<u>30</u>	<u>403,415</u>	<u>33</u>
Retained earnings						
Legal reserve	49,104	4	49,104	4	41,593	3
Unappropriated retained earnings	<u>114,912</u>	<u>9</u>	<u>111,668</u>	<u>8</u>	<u>117,474</u>	<u>10</u>
Total retained earnings	<u>164,016</u>	<u>13</u>	<u>160,772</u>	<u>12</u>	<u>159,067</u>	<u>13</u>
Other equity	<u>11</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>8</u>	<u>-</u>
Total equity attributable to owner of the company	<u>968,157</u>	<u>75</u>	<u>962,571</u>	<u>71</u>	<u>904,721</u>	<u>74</u>
<b>NON-CONTROLLING INTERESTS</b>	<u>(1,706)</u>	<u>-</u>	<u>(244)</u>	<u>-</u>	<u>7,890</u>	<u>-</u>
Total equity	<u>966,451</u>	<u>75</u>	<u>962,327</u>	<u>71</u>	<u>912,611</u>	<u>74</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>\$ 1,295,139</u>	<u>100</u>	<u>\$ 1,352,086</u>	<u>100</u>	<u>\$ 1,226,273</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated May 7, 2020)

# ASOLID TECHNOLOGY CO., LTD. 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 March 31,2020		For the Three Months Ended March 31,2019	
	Amount	%	Amount	%
OPERATING REVENUE	\$ 227,355	100	\$ 252,760	100
OPERATING COSTS	<u>(110,781)</u>	<u>(49)</u>	<u>(136,708)</u>	<u>(54)</u>
GROSS PROFIT	<u>116,574</u>	<u>51</u>	<u>116,052</u>	<u>46</u>
OPERATING EXPENSES				
Selling and marketing	(15,981)	(7)	(18,105)	(7)
General and administrative	(19,019)	(8)	(19,356)	(8)
Research and development	(75,163)	(33)	(65,219)	(26)
Expected credit loss	<u>(6,000)</u>	<u>(3)</u>	<u>(6,000)</u>	<u>(2)</u>
Total operating expenses	<u>(116,163)</u>	<u>(51)</u>	<u>(108,680)</u>	<u>(43)</u>
PROFIT (LOSS) FROM PERATIONS	<u>411</u>	<u>-</u>	<u>7,372</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES				
Other income	141	-	452	-
Other gains and losses	4,210	2	1,584	1
Financial costs	<u>(1,580)</u>	<u>-</u>	<u>(953)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>2,771</u>	<u>2</u>	<u>1,083</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	3,182	2	8,455	3
INCOME TAX (EXPENSE)BENEFIT	<u>(1,400)</u>	<u>(1)</u>	<u>(1,500)</u>	<u>-</u>
NET INCOME(LOSS) FOR THE PERIOD	<u>1,782</u>	<u>1</u>	<u>6,955</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$1,782</u>	<u>1</u>	<u>\$6,955</u>	<u>3</u>
NET INCOME(LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$3,244	2	\$8,105	3
Non-controlling interests	<u>(1,462)</u>	<u>(1)</u>	<u>(1,150)</u>	<u>-</u>
	<u>\$1,782</u>	<u>1</u>	<u>\$6,955</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$3,244	2	\$8,105	3
Non-controlling interests	<u>(1,462)</u>	<u>(1)</u>	<u>(1,150)</u>	<u>-</u>
	<u>\$1,782</u>	<u>1</u>	<u>\$6,955</u>	<u>3</u>
EARNINGS PER SHARE				
Basic	<u>\$0.08</u>		<u>\$0.24</u>	
Diluted	<u>\$0.08</u>		<u>\$0.23</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated May 7, 2020)

# ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company								
	Share Capital		Capital surplus		Retained Earnings		Other Equity		
	Shares (In thousands)	Capital Share	Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2019	\$ 34,223	\$ 342,231	\$ 389,626	\$ 12,515	\$ 41,593	\$ 109,369	\$ 8	\$ 9,040	\$ 904,382
Net profit for the three months ended March 31, 2019	-	-	-	-	-	8,105	-	(1,150)	6,955
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	8,105	-	(1,150)	6,955
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	1,274	-	-	-	-	1,274
BALANCE, MARCH 31, 2019	<u>34,223</u>	<u>\$ 342,231</u>	<u>\$ 389,626</u>	<u>\$ 13,789</u>	<u>\$ 41,593</u>	<u>\$ 117,474</u>	<u>\$ 8</u>	<u>\$ 7,890</u>	<u>\$ 912,611</u>
BALANCE, JANUARY 1, 2020	39,384	\$ 393,835	\$ 390,344	\$ 17,609	\$ 49,104	\$ 111,668	\$ 11	\$ (244)	\$ 962,327
Net profit for the three months ended March 31, 2020	-	-	-	-	-	3,244	-	(1,462)	1,782
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	3,244	-	(1,462)	1,782
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	2,342	-	-	-	-	2,342
BALANCE, MARCH 31, 2020	<u>\$ 39,384</u>	<u>\$ 393,835</u>	<u>\$ 390,344</u>	<u>\$ 19,951</u>	<u>\$ 49,104</u>	<u>\$ 114,912</u>	<u>\$ 11</u>	<u>\$ (1,706)</u>	<u>\$ 966,451</u>

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

(With Deloitte & Touche review report dated May 7, 2020)

# ASOLID TECHNOLOGY CO., LTD. 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (Loss) before income tax	\$ 3,182	\$ 8,455
Depreciation expenses	1,838	1,953
Amortization expenses	6,674	8,733
Expected credit losses	6,000	6,000
Finance costs	1,580	953
Interest income	(10)	(10)
Compensation cost of employee share options	2,342	1,274
Unrealized foreign exchange loss (gain)	(172)	(2,278)
Changes in operating assets and liabilities:		
Notes receivables	-	9
Trade receivables	(40,721)	(16,870)
Other receivables	(4,295)	(11,113)
Inventories	22,887	66,620
Prepayments	(12,195)	3,362
Other current assets	274	(4,731)
Contract liability	12,880	42,476
Notes payable	-	95
Trade payables	(83,416)	(162,582)
Other payables	(1,916)	(3,382)
Other current liabilities	59	2,497
Cash generated from operations	(85,009)	(58,539)
Interest paid	(1,580)	(953)
Income tax paid	-	(695)
Net cash generated from (used in) operating activities	(86,589)	(60,187)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(1,948)	(1,753)
Proceeds from sale of property, plant and equipment	-	711
Increase in refundable deposits	-	(244)
Payments for intangible assets	(15,301)	(1,524)
Proceeds from sale of intangible assets	-	175
Interest received	7	6
Net cash generated from (used in) investing activities	(17,242)	(2,629)

(Continued)

# ASOLID TECHNOLOGY CO., LTD. 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 FINANCING ACTIVITIES		
Increase in short-term loans	\$ 261,001	\$ 193,924
Decrease in short-term loans	<u>(256,413)</u>	<u>(183,543)</u>
Net cash generated from (used in) financing activities	<u>4,588</u>	<u>10,381</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>2,803</u>	<u>2,189</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(96,440)	(50,246)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>508,550</u>	<u>370,957</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 412,110</u>	<u>\$ 320,711</u>

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

(Concluded)

(With Deloitte & Touche review report dated May 7, 2020)