

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

**Consolidated Financial Statements for the
Six Months Ended June 30, 2020 and 2019 and
Independent Auditors' Review Report**

ASOLID TECHNOLOGY CO., LTD. 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	\$ 468,778	37	\$ 508,550	37	\$ 375,323	28
Financial assets at amortized cost-current	25,044	2	25,031	2	5,084	1
Trade receivable, from unrelated parties	167,529	13	255,123	19	317,695	24
Other receivables	13,721	1	182	-	5,783	1
Current tax assets	44	-	35	-	18	-
Inventories	424,269	34	400,665	30	387,103	29
Prepayments	12,571	1	12,430	1	52,873	4
Other current assets	<u>1,016</u>	<u>-</u>	<u>1,299</u>	<u>-</u>	<u>3,041</u>	<u>-</u>
Total current assets	<u>1,112,972</u>	<u>88</u>	<u>1,203,315</u>	<u>89</u>	<u>1,146,920</u>	<u>87</u>
NON-CURRENT ASSETS						
Property, plant and equipment	89,861	7	88,138	7	89,774	7
Goodwill	5,139	-	5,139	-	18,576	1
Other intangible assets	44,591	4	38,397	3	52,695	4
Deferred tax assets	15,533	1	15,533	1	15,533	1
Other non-current assets	<u>2,361</u>	<u>-</u>	<u>1,564</u>	<u>-</u>	<u>1,810</u>	<u>-</u>
Total non-current assets	<u>157,485</u>	<u>12</u>	<u>148,771</u>	<u>11</u>	<u>178,388</u>	<u>13</u>
TOTAL ASSETS	<u>\$ 1,270,457</u>	<u>100</u>	<u>\$1,352,086</u>	<u>100</u>	<u>\$ 1,325,308</u>	<u>100</u>

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
	Amount	%	Amount	%	Amount	%
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings	\$ 103,705	8	\$ 149,900	11	\$ 177,042	13
Contract liability-current	13,963	1	3,439	-	13,174	1
Trade payable to unrelated parties	123,845	10	152,554	12	113,201	9
Other payables	77,180	6	67,607	5	80,224	6
Current tax liabilities	-	-	11,513	1	7,245	1
Other current liabilities	<u>1,931</u>	<u>-</u>	<u>549</u>	<u>-</u>	<u>259</u>	<u>-</u>
Total current liabilities	<u>320,624</u>	<u>25</u>	<u>385,562</u>	<u>29</u>	<u>391,145</u>	<u>30</u>
NON-CURRENT LIABILITIES						
Deferred tax liabilities	4,083	1	4,083	-	4,083	-
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>1</u>	<u>4,197</u>	<u>-</u>	<u>4,197</u>	<u>-</u>
Total liabilities	<u>324,821</u>	<u>26</u>	<u>389,759</u>	<u>29</u>	<u>395,342</u>	<u>30</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital						
Ordinary shares	393,835	31	393,835	29	342,231	26
Capital collected in advance	-	-	-	-	270	-
Stock divided to be distributed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,334</u>	<u>4</u>
Total share capital	<u>393,835</u>	<u>31</u>	<u>393,835</u>	<u>29</u>	<u>393,835</u>	<u>30</u>
Capital surplus						
Additional paid-in capital	390,344	30	390,344	29	390,344	30
Employee share options	<u>22,484</u>	<u>2</u>	<u>17,609</u>	<u>1</u>	<u>15,062</u>	<u>1</u>
Total capital surplus	<u>412,828</u>	<u>32</u>	<u>407,953</u>	<u>30</u>	<u>405,406</u>	<u>31</u>
Retained earnings						
Legal reserve	55,219	4	49,104	4	49,104	4
Unappropriated retained earnings	<u>86,708</u>	<u>7</u>	<u>111,668</u>	<u>8</u>	<u>74,739</u>	<u>5</u>
Total retained earnings	<u>141,927</u>	<u>11</u>	<u>160,772</u>	<u>12</u>	<u>123,843</u>	<u>9</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	948,601	74	962,571	71	923,092	70
NON-CONTROLLING INTERESTS	<u>(2,965)</u>	<u>-</u>	<u>(244)</u>	<u>-</u>	<u>6,874</u>	<u>-</u>
Total equity	<u>945,636</u>	<u>74</u>	<u>962,327</u>	<u>71</u>	<u>929,966</u>	<u>70</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,270,457</u>	<u>100</u>	<u>\$ 1,352,086</u>	<u>100</u>	<u>\$ 1,325,308</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated August 10, 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 June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 156,696	100	\$ 275,622	100	\$ 384,051	100	\$ 528,382	100
OPERATING COSTS	(78,446)	(50)	(140,034)	(51)	(189,227)	(49)	(276,742)	(52)
GROSS PROFIT	78,250	50	135,588	49	194,824	51	251,640	48
OPERATING EXPENSES								
Selling and marketing	(16,001)	(10)	(19,567)	(7)	(31,982)	(8)	(37,672)	(7)
General and administrative	(17,671)	(12)	(19,807)	(7)	(36,690)	(10)	(39,163)	(8)
Research and development	(67,695)	(43)	(74,036)	(27)	(142,858)	(37)	(139,255)	(26)
Expected credit loss	-	-	-	-	(6,000)	(2)	(6,000)	(1)
Total operating expenses	(101,367)	(65)	(113,410)	(41)	(217,530)	(57)	(222,090)	(42)
PROFIT FROM PERATIONS	(23,117)	(15)	22,178	8	(22,706)	(6)	29,550	6
NON-OPERATING INCOME AND EXPENSES								
Interest income	121	-	234	-	131	-	244	-
Other income	15,618	10	(171)	-	15,749	4	271	-
Other gains and losses	5,115	3	1,107	-	9,325	3	2,691	-
Financial costs	(972)	-	(1,304)	-	(2,552)	(1)	(2,257)	-
Total non-operating income and expenses	19,882	13	(134)	-	22,653	6	949	-
PROFIT BEFORE INCOME TAX	(3,235)	(2)	22,044	8	(53)	-	30,499	6
INCOME TAX (EXPENSE) BENEFIT	(421)	-	(6,950)	(3)	(1,821)	-	(8,450)	(2)
NET INCOME FOR THE PERIOD	(3,656)	(2)	15,094	5	(1,874)	-	22,049	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$(3,656)</u>	<u>(2)</u>	<u>\$15,094</u>	<u>5</u>	<u>\$(1,874)</u>	<u>-</u>	<u>\$22,049</u>	<u>4</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$ (2,397)	(1)	\$ 16,110	6	\$ 847	-	\$ 24,215	4
Non-controlling interests	(1,259)	(1)	(1,016)	(1)	(2,721)	-	(2,166)	-
	<u>\$(3,656)</u>	<u>(2)</u>	<u>\$15,094</u>	<u>5</u>	<u>\$(1,874)</u>	<u>-</u>	<u>\$22,049</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ (2,397)	(1)	\$ 16,110	6	\$ 847	-	\$ 24,215	4
Non-controlling interests	(1,259)	(1)	(1,016)	(1)	(2,721)	-	(2,166)	-
	<u>\$(3,656)</u>	<u>(2)</u>	<u>\$15,094</u>	<u>5</u>	<u>\$(1,874)</u>	<u>-</u>	<u>\$22,049</u>	<u>4</u>
EARNINGS PER SHARE								
Basic	<u>\$ (0.06)</u>		<u>\$ 0.41</u>		<u>\$ 0.02</u>		<u>\$ 0.62</u>	
Diluted	<u>\$ (0.06)</u>		<u>\$ 0.41</u>		<u>\$ 0.02</u>		<u>\$ 0.61</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated August 10, 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								Other Equity		
	Share Capital				Capital surplus		Retained Earnings		Exchange Differences on	Non-controlling	Total
	Shares (In thousands)	Capital Share	Capital collected in advance	Stock dividend To be distributed	Additional Paid-in Capital	Employee Share Options	Legal Reserve	Unappropriated Earnings	Translating Foreign Operations	Interests	Equity
BALANCE, JANUARY 1, 2019	34,223	\$ 342,231	\$ -	\$ -	\$ 389,626	\$ 12,515	\$ 41,593	\$ 109,369	\$ 8	\$ 9,040	\$ 904,382
Appropriations of 2018 earnings											
Legal reserve	-	-	-	-	-	-	7,511	(7,511)	-	-	-
Share dividends distributed by the Company	-	-	-	51,334	-	-	-	(51,334)	-	-	-
Net profit for the six months ended June 30, 2019	-	-	-	-	-	-	-	24,215	-	(2,166)	22,049
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	-	-	-	24,215	-	(2,166)	22,049
Other changes in capital surplus											
Recognition of employee share options by the Company	-	-	-	-	-	2,547	-	-	-	-	2,547
Issue of ordinary shares under employee share options	-	-	270	-	718	-	-	-	-	-	988
BALANCE, JUNE 30, 2019	34,223	\$ 342,231	\$ 270	\$ 51,334	\$ 390,344	\$ 15,062	\$ 49,104	\$ 74,739	\$ 8	\$ 6,874	\$ 929,966
BALANCE, JANUARY 1, 2020	39,384	\$ 393,835	\$ -	\$ -	\$ 390,344	\$ 17,609	\$ 49,104	\$ 111,668	\$ 11	\$ (244)	\$ 962,327
Appropriations of 2019 earnings											
Legal reserve	-	-	-	-	-	-	6,115	(6,115)	-	-	-
Share dividends distributed by the Company	-	-	-	-	-	-	-	(19,692)	-	-	(19,692)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	-	-	847	-	(2,721)	(1,874)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	-	847	-	(2,721)	(1,874)
Other changes in capital surplus											
Recognition of employee share options by the Company	-	-	-	-	-	4,875	-	-	-	-	4,875
BALANCE, JUNE 30, 2020	39,384	\$ 393,835	\$ -	\$ -	\$ 390,344	\$ 22,484	\$ 55,219	\$ 86,708	\$ 11	\$ (2,965)	\$ 945,636

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

(With Deloitte & Touche review report dated August 10, 2020)

ASOLID TECHNOLOGY CO., LTD. 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 (Loss) before income tax	\$ (53)	\$ 30,499
Depreciation expenses	3,815	3,969
Amortization expenses	13,460	16,078
Expected credit losses	6,000	6,000
Finance costs	2,552	2,257
Interest income	(131)	(244)
Compensation cost of employee share options	4,875	2,547
Write-downs of inventories	2,310	-
Unrealized foreign exchange loss (gain)	(4,895)	(4,712)
Changes in operating assets and liabilities:		
Notes receivables	-	9
Trade receivables	83,115	(37,955)
Other receivables	(13,539)	282
Inventories	(25,914)	71,575
Other current assets	285	2,577
Prepayments	(141)	(25,392)
Contract liability	10,524	4,387
Trade payables	(27,829)	(117,184)
Other payables	(10,206)	22,134
Other current liabilities	<u>1,382</u>	<u>(458)</u>
Cash generated from operations	45,610	(23,631)
Interest paid	(2,552)	(2,257)
Income tax paid	<u>(13,256)</u>	<u>(8,534)</u>
Net cash generated from (used in) operating activities	<u>29,802</u>	<u>(34,422)</u>

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ASOLID TECHNOLOGY CO., LTD. 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 INVESTING ACTIVITIES		
Payments for property, plant and equipment	\$ (5,539)	\$ (3,429)
Proceeds from sale of property, plant and equipment	-	711
Increase in refundable deposits	(804)	(375)
Payments for intangible assets	(19,654)	(28,699)
Proceeds from sale of intangible assets	-	175
Interest received	116	236
Net cash generated from (used in) investing activities	<u>(25,881)</u>	<u>(31,381)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	455,567	387,429
Decrease in short-term loans	(502,862)	(322,019)
Exercise of employee share options	-	988
Net cash generated from (used in) financing activities	<u>(47,295)</u>	<u>66,398</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>3,602</u>	<u>3,771</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(39,772)	4,366
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>\$ 468,778</u>	<u>\$ 375,323</u>

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

(Concluded)

(With Deloitte & Touche review report dated August 10,2020)