

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

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

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2020		December 31, 2019		September 30, 2019			September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
ASSETS													
CURRENT ASSETS													
Cash and cash equivalents	\$ 430,691	33	\$ 508,550	37	\$ 355,071	27		\$ 87,300	7	\$ 149,900	11	\$ 161,408	12
Financial assets at amortized cost-current	25,043	2	25,031	2	5,087	-		38,454	3	3,439	-	34,015	3
Trade receivable, from unrelated parties	229,789	18	255,123	19	297,825	23		132,978	10	152,554	12	80,864	6
Other receivables	12,441	1	182	-	9,099	1		57,955	4	67,607	5	69,939	5
Current tax assets	44	-	35	-	18	-		1,000	-	11,513	1	13,445	1
Inventories	419,041	33	400,665	30	438,912	33		7,470	1	549	-	5,158	1
Prepayments	14,601	1	12,430	1	40,679	3		<u>325,157</u>	<u>25</u>	<u>385,562</u>	<u>29</u>	<u>364,829</u>	<u>28</u>
Other current assets	2,722	-	1,299	-	5,014	-							
Total current assets	<u>1,134,372</u>	<u>88</u>	<u>1,203,315</u>	<u>89</u>	<u>1,151,705</u>	<u>87</u>							
NON-CURRENT ASSETS													
Property, plant and equipment	88,603	7	88,138	7	88,807	7							
Goodwill	5,139	1	5,139	-	18,576	2		4,874	1	4,083	-	4,083	-
Other intangible assets	37,648	3	38,397	3	44,798	3		114	-	114	-	114	-
Deferred tax assets	16,324	1	15,533	1	15,533	1		<u>4,988</u>	<u>1</u>	<u>4,197</u>	<u>-</u>	<u>4,197</u>	<u>-</u>
Other non-current assets	2,366	-	1,564	-	1,742	-							
Total non-current assets	<u>150,080</u>	<u>12</u>	<u>148,771</u>	<u>11</u>	<u>169,456</u>	<u>13</u>							
TOTAL ASSETS	\$ 1,284,452	100	\$1,352,086	100	\$ 1,321,161	100							
LIABILITIES AND EQUITY													
CURRENT LIABILITIES													
Short-term borrowings								\$ 87,300	7	\$ 149,900	11	\$ 161,408	12
Contract liability-current								38,454	3	3,439	-	34,015	3
Trade payable to unrelated parties								132,978	10	152,554	12	80,864	6
Other payables								57,955	4	67,607	5	69,939	5
Current tax liabilities								1,000	-	11,513	1	13,445	1
Other current liabilities								7,470	1	549	-	5,158	1
Total current liabilities								<u>325,157</u>	<u>25</u>	<u>385,562</u>	<u>29</u>	<u>364,829</u>	<u>28</u>
NON-CURRENT LIABILITIES													
Deferred tax liabilities								4,874	1	4,083	-	4,083	-
Guarantee deposits received								114	-	114	-	114	-
Total non-current liabilities								<u>4,988</u>	<u>1</u>	<u>4,197</u>	<u>-</u>	<u>4,197</u>	<u>-</u>
Total liabilities								<u>330,145</u>	<u>26</u>	<u>389,759</u>	<u>29</u>	<u>369,026</u>	<u>28</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY													
Share capital													
Ordinary shares								<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								25,017	2	17,609	1	16,335	1
Total capital surplus								<u>415,361</u>	<u>32</u>	<u>407,953</u>	<u>30</u>	<u>406,679</u>	<u>31</u>
Retained earnings													
Legal reserve								55,219	4	49,104	4	49,104	4
Unappropriated retained earnings								94,123	7	111,668	8	96,898	7
Total retained earnings								<u>149,342</u>	<u>11</u>	<u>160,772</u>	<u>12</u>	<u>146,002</u>	<u>11</u>
Other equity								11	-	11	-	8	-
Total equity attributable to owner of the company								<u>958,549</u>	<u>74</u>	<u>962,571</u>	<u>71</u>	<u>946,524</u>	<u>72</u>
NON-CONTROLLING INTERESTS													
								(4,242)	-	(244)	-	5,611	-
Total equity								<u>954,307</u>	<u>74</u>	<u>962,327</u>	<u>71</u>	<u>952,135</u>	<u>72</u>
TOTAL LIABILITIES AND EQUITY	\$ 1,284,452	100	\$ 1,352,086	100	\$ 1,321,161	100							

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated November 09, 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 September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE	\$ 252,691	100	\$ 276,406	100	\$ 636,742	100	\$ 804,788	100
OPERATING COSTS	(135,836)	(54)	(130,162)	(47)	(325,063)	(51)	(406,904)	(51)
GROSS PROFIT	<u>116,855</u>	<u>46</u>	<u>146,244</u>	<u>53</u>	<u>311,679</u>	<u>49</u>	<u>397,884</u>	<u>49</u>
OPERATING EXPENSES								
Selling and marketing	(17,044)	(7)	(20,157)	(7)	(49,026)	(8)	(57,829)	(7)
General and administrative	(19,080)	(7)	(21,469)	(8)	(55,770)	(9)	(60,632)	(8)
Research and development	(77,709)	(31)	(70,254)	(25)	(220,567)	(34)	(209,509)	(26)
Expected credit loss	-	-	(5,000)	(2)	(6,000)	(1)	(11,000)	(1)
Total operating expenses	<u>(113,833)</u>	<u>(45)</u>	<u>(116,880)</u>	<u>(42)</u>	<u>(331,363)</u>	<u>(52)</u>	<u>(338,970)</u>	<u>(42)</u>
PROFIT FROM PERATIONS	<u>3,022</u>	<u>1</u>	<u>29,364</u>	<u>11</u>	<u>(19,684)</u>	<u>(3)</u>	<u>58,914</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	9	-	10	-	140	-	254	-
Other income	65	-	126	-	15,814	2	397	-
Other gains and losses	4,483	2	(120)	-	13,808	2	2,571	-
Financial costs	(441)	-	(2,284)	(1)	(2,993)	-	(4,541)	-
Total non-operating income and expenses	<u>4,116</u>	<u>2</u>	<u>(2,268)</u>	<u>(1)</u>	<u>26,769</u>	<u>4</u>	<u>(1,319)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	7,138	3	27,096	10	7,085	1	57,595	7
INCOME TAX (EXPENSE) BENEFIT	<u>(1,000)</u>	<u>(1)</u>	<u>(6,200)</u>	<u>(2)</u>	<u>(2,821)</u>	<u>-</u>	<u>(14,650)</u>	<u>(2)</u>
NET INCOME FOR THE PERIOD	<u>6,138</u>	<u>2</u>	<u>20,896</u>	<u>8</u>	<u>4,264</u>	<u>1</u>	<u>42,945</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$6,138</u>	<u>2</u>	<u>\$20,896</u>	<u>8</u>	<u>\$4,264</u>	<u>1</u>	<u>\$42,945</u>	<u>5</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	\$7,415	3	\$22,159	8	\$8,262	1	\$46,374	6
Non-controlling interests	<u>(1,277)</u>	<u>(1)</u>	<u>(1,263)</u>	<u>-</u>	<u>(3,998)</u>	<u>-</u>	<u>(3,429)</u>	<u>(1)</u>
	<u>\$6,138</u>	<u>2</u>	<u>\$20,896</u>	<u>8</u>	<u>\$4,264</u>	<u>1</u>	<u>\$42,945</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$7,415	3	\$22,159	8	\$8,262	1	\$46,374	6
Non-controlling interests	<u>(1,277)</u>	<u>(1)</u>	<u>(1,263)</u>	<u>-</u>	<u>(3,998)</u>	<u>-</u>	<u>(3,429)</u>	<u>(1)</u>
	<u>\$6,138</u>	<u>2</u>	<u>\$20,896</u>	<u>8</u>	<u>\$4,264</u>	<u>1</u>	<u>\$42,945</u>	<u>5</u>
EARNINGS PER SHARE								
Basic	<u>\$0.19</u>		<u>\$0.56</u>		<u>\$0.21</u>		<u>\$1.18</u>	
Diluted	<u>\$0.19</u>		<u>\$0.56</u>		<u>\$0.21</u>		<u>\$1.17</u>	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated November 09, 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 Exchange Differences on Translating Foreign Operations	Non-controlling Interests	Total Equity
	Share Capital		Additional Paid-in Capital	Employee Share Options	Retained Earnings				
	Shares (In thousands)	Capital Share			Legal Reserve	Unappropriated Earnings			
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	5,133	51,334	-	-	-	(51,334)	-	-	-
Net profit for the nine months ended September 30, 2019	-	-	-	-	-	46,374	-	(3,429)	42,945
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	-	46,374	-	(3,429)	42,945
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	3,820	-	-	-	-	3,820
Issue of ordinary shares under employee share options	27	270	718	-	-	-	-	-	988
Non-controlling interest	-	-	-	-	-	-	-	-	-
BALANCE, SEPTEMBER 30, 2019	<u>39,383</u>	<u>\$ 393,835</u>	<u>\$ 390,344</u>	<u>\$ 16,335</u>	<u>\$ 49,104</u>	<u>\$ 96,898</u>	<u>\$ 8</u>	<u>\$ 5,611</u>	<u>\$ 952,135</u>
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 nine months ended September 30, 2020	-	-	-	-	-	8,262	-	(3,998)	4,264
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	8,262	-	(3,998)	4,264
Other changes in capital surplus									
Recognition of employee share options by the Company	-	-	-	7,408	-	-	-	-	7,408
BALANCE, SEPTEMBER 30, 2020	<u>39,384</u>	<u>\$ 393,835</u>	<u>\$ 390,344</u>	<u>\$ 25,017</u>	<u>\$ 55,219</u>	<u>\$ 94,123</u>	<u>\$ 11</u>	<u>\$ (4,242)</u>	<u>\$ 954,307</u>

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

(With Deloitte & Touche review report dated November 09, 2020)

ASOLID TECHNOLOGY CO., LTD. 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 (Loss) before income tax	\$ 7,085	\$ 57,595
Depreciation expenses	5,813	5,895
Amortization expenses	20,403	23,976
Expected credit losses	6,000	11,000
Finance costs	2,993	4,541
Interest income	(140)	(254)
Compensation cost of employee share options	7,408	3,820
Write-downs of inventories	14,451	-
Unrealized foreign exchange loss (gain)	(2,850)	(6,668)
Changes in operating assets and liabilities:		
Notes receivables	-	9
Trade receivables	19,560	(24,228)
Other receivables	(12,259)	(3,034)
Inventories	(32,827)	19,766
Prepayments	(2,171)	(13,198)
Other current assets	(3,781)	604
Contract liability	35,015	25,228
Trade payables	(18,223)	(148,758)
Other payables	(5,019)	11,849
Other current liabilities	<u>6,921</u>	<u>4,441</u>
Cash generated from operations	48,379	(27,416)
Interest paid	(2,993)	(4,541)
Income tax paid	<u>(15,616)</u>	<u>(8,534)</u>
Net cash generated from (used in) operating activities	<u>29,770</u>	<u>(40,491)</u>

(Continued)

ASOLID TECHNOLOGY CO., LTD. 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 INVESTING ACTIVITIES		
Payments for property, plant and equipment	\$ (6,278)	\$ (4,390)
Proceeds from sale of property, plant and equipment	-	711
Increase in refundable deposits	(804)	(307)
Payments for intangible assets	(19,654)	(28,700)
Proceeds from sale of intangible assets	-	175
Interest received	126	243
Net cash generated from (used in) investing activities	<u>(26,610)</u>	<u>(32,268)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	646,622	675,149
Decrease in short-term loans	(709,795)	(624,912)
Cash dividends	(19,692)	-
Exercise of employee share options	-	988
Net cash generated from (used in) financing activities	<u>(82,865)</u>	<u>51,225</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>1,846</u>	<u>5,648</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	(77,859)	(15,886)
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>\$ 430,691</u>	<u>\$ 355,071</u>

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

(Concluded)

(With Deloitte & Touche review report dated November 09,2020)