

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 922,405	21	\$ 882,732	22	\$ 831,760	20
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(3)	-	-	-	-	16,043	-
1150	Notes receivable	6(3) and 12(2)	15,450	-	16,679	-	17,547	-
1170	Accounts receivable	6(3) and 12(2)	708,551	16	662,185	16	706,543	17
1180	Accounts receivable – related parties	6(3) and 12(2)	-	-	52	-	231	-
1200	Other receivables		24,056	1	15,127	-	22,176	1
1220	Current income tax assets		839	-	827	-	182	-
130X	Inventories	6(4)	1,055,790	25	946,661	23	1,012,290	24
1410	Prepayments		19,443	1	24,839	1	30,481	1
1470	Other current assets		2,481	-	2,816	-	6,121	-
11XX	Total current assets		<u>2,749,015</u>	<u>64</u>	<u>2,551,918</u>	<u>62</u>	<u>2,643,374</u>	<u>63</u>
Non-current assets								
1550	Investments accounted for under equity method	6(5)	26,257	1	27,570	1	27,398	1
1600	Property, plant and equipment	6(6) and 8	1,154,469	27	1,178,845	29	1,180,845	28
1755	Right-of-use assets	6(7)	103,734	2	78,424	2	88,355	2
1760	Investment property	6(9)	85,455	2	86,241	2	86,503	2
1780	Intangible assets	6(10)	122,670	3	125,710	3	128,049	3
1840	Deferred income tax assets		61,903	1	59,597	1	43,916	1
1990	Other non-current assets		8,510	-	8,747	-	7,839	-
15XX	Total non-current assets		<u>1,562,998</u>	<u>36</u>	<u>1,565,134</u>	<u>38</u>	<u>1,562,905</u>	<u>37</u>
1XXX	Total Assets		<u>\$ 4,312,013</u>	<u>100</u>	<u>\$ 4,117,052</u>	<u>100</u>	<u>\$ 4,206,279</u>	<u>100</u>

(Continued)

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6(12)	\$ 327,000	8	\$ 102,000	2	\$ 60,000	2
2120	Financial liabilities at fair value through profit or loss - current	6(14) and 12(3)	-	-	-	-	-	-
2130	Contract liabilities - current	6(24)	56,625	1	23,601	1	48,864	1
2150	Notes payables		889	-	675	-	737	-
2170	Accounts payable		382,148	9	397,432	10	535,396	13
2180	Accounts payable – related parties	7	5,687	-	5,075	-	12,367	-
2200	Other payables	6(13)	266,683	6	313,651	8	302,184	7
2230	Current income tax liabilities		101,539	3	54,355	1	92,489	2
2250	Provisions for liabilities - current		896	-	896	-	1,144	-
2280	Current lease liabilities		35,883	1	37,237	1	38,189	1
2320	Current portion of long-term borrowings	6(15) (16)	2,910	-	2,998	-	397,952	10
2399	Other current liabilities		7,076	-	12,010	-	15,409	-
21XX	Total current liabilities		<u>1,187,336</u>	<u>28</u>	<u>949,930</u>	<u>23</u>	<u>1,504,731</u>	<u>36</u>
Non-current liabilities								
2530	Corporate bonds payable	6(15)	294,999	7	319,618	8	-	-
2540	Long-term borrowings	6(16) and 8	40,255	1	43,721	1	46,043	1
2560	Income tax Liabilities-non current		17,993	-	-	-	-	-
2570	Deferred income tax liabilities		104,387	2	109,166	3	89,299	2
2580	Non-current lease liabilities		69,725	2	42,001	1	50,925	1
2600	Other non-current liabilities	6(17)	55,120	1	55,217	1	50,582	1
25XX	Total non-current liabilities		<u>582,479</u>	<u>13</u>	<u>569,723</u>	<u>14</u>	<u>236,849</u>	<u>5</u>
2XXX	Total liabilities		<u>1,769,815</u>	<u>41</u>	<u>1,519,653</u>	<u>37</u>	<u>1,741,580</u>	<u>41</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Ordinary shares	6(20)	824,033	19	803,954	20	796,836	19
3140	Advance receipts for share capital	6(20)	5,072	-	60,957	1	10,324	-
Capital surplus								
3200	Capital surplus	6(21)	325,371	7	245,919	6	223,233	6
Retained earnings								
3310	Legal reserve	6(22)	546,178	13	500,481	12	500,481	12
3320	Special reserve		26,633	1	4,231	-	4,231	-
3350	Unappropriated retained earnings		851,499	20	1,008,490	25	939,712	22
Other equity								
3400	Other equity	6(23)	(36,588)	(1)	(26,633)	(1)	(10,118)	-
31XX	Total equity attributable to shareholders of the parent		<u>2,542,198</u>	<u>59</u>	<u>2,597,399</u>	<u>63</u>	<u>2,464,699</u>	<u>59</u>
3XXX	Total equity		<u>2,542,198</u>	<u>59</u>	<u>2,597,399</u>	<u>63</u>	<u>2,464,699</u>	<u>59</u>
Significant contingent liabilities and unrecognized contract commitments								
3X2X	Total Liabilities and Equity		<u>\$ 4,312,013</u>	<u>100</u>	<u>\$ 4,117,052</u>	<u>100</u>	<u>\$ 4,206,279</u>	<u>100</u>

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

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Items	Notes	For the Three Months Ended September 30				For the Nine Months Ended September 30				
		2020		2019		2020		2019		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6(24)	\$ 1,149,209	100	\$ 1,173,219	100	\$ 3,398,712	100	\$ 3,478,630	100
5000		6(4)								
	Operating costs	(29)								
		(30)及 7	(766,853)	(67)	(738,655)	(63)	(2,253,415)	(66)	(2,220,553)	(64)
5900	Gross profit		382,356	33	434,564	37	1,145,297	34	1,258,077	36
5910	Unrealized profit from sales	6(5)	14	-	(34)	-	(57)	-	(68)	-
5920	Realized sales benefit		-	-	-	-	36	-	-	-
5950	Gross profit from operations		382,370	33	434,530	37	1,145,276	34	1,258,009	36
	Operating expenses	6(29)(30)								
6100	Selling expenses		(144,001)	(12)	(146,230)	(12)	(438,459)	(13)	(449,335)	(13)
6200	General and administrative expenses		(31,956)	(3)	(29,564)	(2)	(92,360)	(3)	(87,075)	(2)
6300	Research and development expenses		(104,645)	(9)	(116,788)	(10)	(314,431)	(9)	(341,344)	(10)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(718)	-	(7,228)	(1)	(3,798)	-	(5,307)	-
6000	Total operating expenses		(279,884)	(24)	(299,810)	(25)	(849,048)	(25)	(883,061)	(25)
6900	Operating profit		102,486	9	134,720	12	296,228	9	374,948	11
	Non-operating income and expenses									
7100	Interest income	6(25)	1,016	-	2,710	-	4,986	-	8,169	-
7010	Other income	6(26)	1,520	-	3,316	-	49,492	1	7,555	-
7020	Other gains and losses	6(27)	(16,944)	(2)	(2,852)	-	(17,954)	-	112,778	3
7050	Finance costs	6(28)	(2,375)	-	(2,862)	-	(7,147)	-	(8,701)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(5)	(530)	-	(147)	-	(1,291)	-	(1,567)	-
7000	Total non-operating income and expenses		17,313	(2)	165	-	28,086	1	118,234	3
7900	Profit before income tax		85,173	7	134,885	12	324,314	10	493,182	14
7950	Net Income	6(31)	(24,295)	(2)	(33,602)	(3)	(85,638)	(3)	(104,988)	(3)
8200	Other comprehensive income		\$ 60,878	5	\$ 101,283	9	\$ 238,676	7	\$ 388,194	11
	Components of other comprehensive income that will not be reclassified to profit or loss									
	Total non-operating income and expenses									
8361	Financial statements translation differences of foreign operations		(\$ 1,010)	-	(\$ 13,844)	(1)	(\$ 12,444)	-	(\$ 7,360)	-
8399	Income tax relating to the components of other comprehensive income	6(31)	202	-	2,769	-	2,489	-	1,472	-
8300	Other comprehensive income (loss) for the year		(\$ 808)	-	(\$ 11,075)	(1)	(\$ 9,955)	-	(\$ 5,888)	-
8500	Total Comprehensive Income		\$ 60,070	5	\$ 90,208	8	\$ 228,721	7	\$ 382,306	11

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share)

Profit attributable to:							
8610	Shareholders of the parent	\$	60,878	5	\$	101,283	9
					\$	238,676	7
					\$	388,194	11
Total comprehensive income							
(loss) attributable to:							
8710	Shareholders of the parent	\$	60,070	5	\$	90,208	8
					\$	228,721	7
					\$	382,306	11
9750	Basic earnings per share	6(32)	\$	0.74	\$	1.27	\$
					\$	2.91	\$
					\$	4.87	
9850	Diluted earnings per share	6(32)	\$	0.69	\$	1.15	\$
					\$	2.68	\$
					\$	4.36	

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent								
	Share capital			Retained earnings				Financial statements translation differences of foreign operations	Total
	Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>Year 2019</u>									
Balance at January 1, 2019		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	(\$ 4,230)	\$ 2,362,989
Profit		-	-	-	-	-	388,194	-	388,194
Other comprehensive loss	6(23)	-	-	-	-	-	-	(5,888)	(5,888)
Total comprehensive income		-	-	-	-	-	388,194	(5,888)	382,306
Appropriations of 2018 earnings	6(22)								
Legal reserve		-	-	-	40,692	-	(40,692)	-	-
Reversal of special reserve		-	-	-	-	(8,683)	8,683	-	-
Cash dividend		-	-	-	-	-	(298,784)	-	(298,784)
Share-based payments	6(19)	630	822	763	-	-	-	-	2,215
Compensation cost of share-based payments	6(19)	-	-	7,992	-	-	-	-	7,992
Conversion of convertible bonds		-	8,463	(482)	-	-	-	-	7,981
Balance at September 30, 2019		<u>\$ 796,836</u>	<u>\$ 10,324</u>	<u>\$ 223,233</u>	<u>\$ 500,481</u>	<u>\$ 4,231</u>	<u>\$ 939,712</u>	<u>(\$ 10,118)</u>	<u>\$ 2,464,699</u>

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to shareholders of the parent							
		Share capital			Retained earnings			Financial statements translation differences of foreign operations	
Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Total	
<u>Year 2020</u>									
	Balance at January 1, 2020	\$ 803,954	\$ 60,957	\$ 245,919	\$ 500,481	\$ 4,231	\$ 1,008,490	(\$ 26,633)	\$ 2,597,399
	Profit	-	-	-	-	-	238,676	-	238,676
	Other comprehensive income	-	-	-	-	-	-	(9,955)	(9,955)
	Total comprehensive income	-	-	-	-	-	238,676	(9,955)	228,721
	Appropriations of 2019 earnings								
	Legal reserve	-	-	-	45,697	-	(45,697)	-	-
	Special reserve	-	-	-	-	22,402	(22,402)	-	-
	Cash dividend	-	-	-	-	-	(327,568)	-	(327,568)
	Share-based payments	2,240	2,816	5,257	-	-	-	-	10,313
	Compensation cost of share-based payments	-	-	4,877	-	-	-	-	4,877
	Conversion of convertible bonds	17,839	(58,701)	69,318	-	-	-	-	28,456
	Balance at September 30, 2020	\$ 824,033	\$ 5,072	\$ 325,371	\$ 546,178	\$ 26,633	\$ 851,499	(\$ 36,588)	\$ 2,542,198

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AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine Months Ended September 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 324,314	\$ 493,182
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	3,798	5,307
Depreciation	6(6), (7) and (29)	78,252	69,451
Depreciation from investment Property	6(9) and (27)	786	2,266
Amortization	6(10) and (29)	9,428	10,488
Interest income	6(25)	(4,986)	(8,169)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	1,291	1,567
Gain on disposal of property, plant and equipment	6(27)	(136)	(40)
Gain on disposal of investments	6(27)	(192)	(272)
Gain on disposal of subsidiaries	6(27)	-	(100,677)
Loss (gain) on lease modification	6(27)	(15)	(7)
Net gain on financial assets at fair value through profit	6(27)	-	(2,804)
Interest expense	6(28)	7,147	8,701
Compensation cost of share-based payments	6(19) and (30)	4,877	7,992
Unrealized profit from sales		21	68
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		192	(15,727)
Notes receivable		1,229	3,549
Accounts receivable (including related parties)		(49,933)	(79,735)
Other receivables		(10,065)	(1,272)
Inventories		(109,016)	(103,030)
Prepayments		5,396	(12)
Other current assets		335	(3,921)
Changes in liabilities relating to operating activities			
Contract liabilities		33,024	14,341
Notes payables		214	62
Accounts payable (including related parties)		(14,672)	(89,372)
Other payables		(45,528)	(30,896)
Other current liabilities		(4,934)	6,395
Other non-current assets		(257)	(972)
Cash outflow generated from operations		230,570	186,463
Receipt of interest		6,122	8,151
Payment of interest		(3,245)	(3,582)
Payment of income tax		(24,997)	(142,713)
Net cash flows provided by (used in) operating activities		208,450	48,319

AXIOMTEK CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Nine Months Ended September 30	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net cash flow from acquisition of subsidiaries	6(33)	\$ -	(\$ 37,485)
Acquisition of property, plant and equipment	6(34)	(27,723)	(20,000)
Proceeds from disposal of property, plant and equipment		151	40
Proceeds from disposal of Investment property		-	151,728
Acquisition of intangible assets	6(10)	(5,609)	(1,791)
Decrease (increase) in other non-current assets		641	(305)
Net cash flows provided by (used in) investing activities		<u>(32,540)</u>	<u>92,187</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of short -term borrowings		(378,000)	(236,000)
Proceeds from short -term borrowings		603,000	243,000
Redemption of long-term borrowings		(2,234)	(2,328)
Cash dividends paid	6(22)	(327,568)	(298,784)
Proceeds from exercise of employee stock options		10,313	2,215
Increase (decrease) in refundable deposits		160	(299)
Payment of lease liabilities		(31,929)	(26,674)
Net cash flows provided by (used in) financing activities		<u>(126,258)</u>	<u>318,870</u>
Effects due to changes in exchange rate		(9,979)	(8,876)
Increase (Decrease) in cash and cash equivalents		39,673	(187,240)
Cash and cash equivalents at beginning of year		<u>882,732</u>	<u>1,019,000</u>
Cash and cash equivalents at end of year		<u>\$ 922,405</u>	<u>\$ 831,760</u>

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