

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

Assets	Notes	June 30, 2020		December 31, 2019		June 30, 2019		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 810,722	19	\$ 882,732	22	\$ 1,026,649	24
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(3)	37,013	1	-	-	51,021	1
1150	Notes receivable	6(3) and 12(2)	7,368	-	16,679	-	22,893	1
1170	Accounts receivable	6(3) and 12(2)	689,059	16	662,185	16	525,530	13
1180	Accounts receivable – related parties	6(3) and 12(2)	49	-	52	-	242	-
1200	Other receivables		16,750	-	15,127	-	12,744	-
1220	Current income tax assets		816	-	827	-	1,227	-
130X	Inventories	6(4)	1,119,094	26	946,661	23	978,340	23
1410	Prepayments		34,044	1	24,839	1	23,839	1
1470	Other current assets		2,501	-	2,816	-	4,191	-
11XX	Total current assets		<u>2,717,416</u>	<u>63</u>	<u>2,551,918</u>	<u>62</u>	<u>2,646,676</u>	<u>63</u>
Non-current assets								
1550	Investments accounted for under equity method	6(5)	26,773	1	27,570	1	27,579	1
1600	Property, plant and equipment	6(6) and 8	1,165,553	27	1,178,845	29	1,185,004	28
1755	Right-of-use assets	6(7)	112,787	3	78,424	2	92,242	2
1760	Investment property	6(9)	85,717	2	86,241	2	88,104	2
1780	Intangible assets	6(10)	124,381	3	125,710	3	130,925	3
1840	Deferred income tax assets	6(31)	61,870	1	59,597	1	41,154	1
1990	Other non-current assets		8,776	-	8,747	-	9,743	-
15XX	Total non-current assets		<u>1,585,857</u>	<u>37</u>	<u>1,565,134</u>	<u>38</u>	<u>1,574,751</u>	<u>37</u>
1XXX	Total Assets		<u>\$ 4,303,273</u>	<u>100</u>	<u>\$ 4,117,052</u>	<u>100</u>	<u>\$ 4,221,427</u>	<u>100</u>

(Continued)

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

	Liabilities and Equity	Notes	June 30, 2020		December 31, 2019		June 30, 2019	
			Amount	%	Amount	%	Amount	%
	Current liabilities							
2100	Short-term borrowings	6(12)	\$ -	-	\$ 102,000	2	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(14) and 12(3)	-	-	-	-	125	-
2130	Contract liabilities - current	6(24)	57,940	1	23,601	1	31,138	1
2150	Notes payables		378	-	675	-	599	-
2170	Accounts payable		426,458	10	397,432	10	445,732	10
2180	Accounts payable – related parties	7	3,254	-	5,075	-	17,303	-
2200	Other payables	6(13)	604,329	14	313,651	8	593,105	14
2230	Current income tax liabilities		93,179	2	54,355	1	72,100	2
2250	Provisions for liabilities - current		896	-	896	-	1,144	-
2280	Current lease liabilities		40,009	1	37,237	1	35,949	1
2320	Current portion of long-term borrowings	6(15) (16)	2,963	-	2,998	-	404,247	10
2399	Other current liabilities		6,791	-	12,010	-	13,139	-
21XX	Total current liabilities		<u>1,236,197</u>	<u>28</u>	<u>949,930</u>	<u>23</u>	<u>1,614,581</u>	<u>38</u>
	Non-current liabilities							
2530	Corporate bonds payable	6(15)	295,118	7	319,618	8	-	-
2540	Long-term borrowings	6(16) and 8	41,729	1	43,721	1	46,849	1
2570	Deferred income tax liabilities	6(31)	104,565	2	109,166	3	89,477	2
2580	Non-current lease liabilities		74,704	2	42,001	1	56,590	2
2600	Other non-current liabilities	6(17)	75,543	2	55,217	1	51,017	1
25XX	Total non-current liabilities		<u>591,659</u>	<u>14</u>	<u>569,723</u>	<u>14</u>	<u>243,933</u>	<u>6</u>
2XXX	Total liabilities		<u>1,827,856</u>	<u>42</u>	<u>1,519,653</u>	<u>37</u>	<u>1,858,514</u>	<u>44</u>
	Equity attributable to shareholders of the parent							
	Share capital							
3110	Ordinary shares	6(20)	819,001	19	803,954	20	796,836	19
3140	Advance receipts for share capital	6(20)	22,355	1	60,957	1	288	-
	Capital surplus	6(21)						
3200	Capital surplus		306,409	7	245,919	6	221,691	5
	Retained earnings	6(22)						
3310	Legal reserve		546,178	13	500,481	12	500,481	12
3320	Special reserve		26,633	1	4,231	-	4,231	-
3350	Unappropriated retained earnings		790,621	18	1,008,490	25	838,429	20
	Other equity	6(23)						
3400	Other equity		(35,780)	(1)	(26,633)	(1)	(957)	-
31XX	Total equity attributable to shareholders of the parent		<u>2,475,417</u>	<u>58</u>	<u>2,597,399</u>	<u>63</u>	<u>2,362,913</u>	<u>56</u>
3XXX	Total equity		<u>2,475,417</u>	<u>58</u>	<u>2,597,399</u>	<u>63</u>	<u>2,362,913</u>	<u>56</u>
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	Total Liabilities and Equity		<u>\$ 4,303,273</u>	<u>100</u>	<u>\$ 4,117,052</u>	<u>100</u>	<u>\$ 4,221,427</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 June 30				For the Six Months Ended June 30				
		2020		2019		2020		2019		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue	6(24)	\$ 1,125,266	100	\$ 1,196,194	100	\$ 2,249,503	100	\$ 2,305,411	100
5000		6(4)								
	Operating costs	(29)								
		(30)及 7	(719,083)	(64)	(746,828)	(62)	(1,486,562)	(66)	(1,481,898)	(64)
5900	Gross profit		406,183	36	449,366	38	762,941	34	823,513	36
5910	Unrealized profit from sales	6(5)	-	-	(34)	-	(71)	-	(34)	-
5920	Realized sales benefit		-	-	-	-	36	-	-	-
5950	Gross profit from operations		406,183	36	449,332	38	762,906	34	823,479	36
	Operating expenses	6(29)(30)								
6100	Selling expenses		(140,386)	(13)	(155,847)	(13)	(294,458)	(13)	(303,105)	(13)
6200	General and administrative expenses		(31,493)	(3)	(34,254)	(3)	(60,404)	(3)	(57,511)	(2)
6300	Research and development expenses		(104,343)	(9)	(116,496)	(10)	(209,786)	(9)	(224,556)	(10)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(712)	-	1,975	-	(4,516)	-	1,921	-
6000	Total operating expenses		(276,934)	(25)	(304,622)	(26)	(569,164)	(25)	(583,251)	(25)
6900	Operating profit		129,249	11	144,710	12	193,742	9	240,228	11
	Non-operating income and expenses									
7100	Interest income	6(25)	1,964	-	3,355	-	3,970	-	5,459	-
7010	Other income	6(26)	44,581	4	1,503	-	47,972	2	4,239	-
7020	Other gains and losses	6(27)	(12,713)	(1)	69,663	6	(1,010)	-	115,630	5
7050	Finance costs	6(28)	(2,229)	-	(2,881)	-	(4,772)	-	(5,839)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(5)	(547)	-	(736)	-	(761)	-	(1,420)	-
7000	Total non-operating income and expenses		31,056	3	70,904	6	45,399	2	118,069	5
7900	Profit before income tax		160,305	14	215,614	18	239,141	11	358,297	16
7950	Net Income	6(31)	(49,891)	(4)	(45,208)	(4)	(61,343)	(3)	(71,386)	(3)
8200	Other comprehensive income		\$ 110,414	10	\$ 170,406	14	\$ 177,798	8	\$ 286,911	13
	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		(\$ 11,620)	(1)	\$ 7,825	1	(\$ 11,434)	-	\$ 6,484	-
8399	Income tax relating to the components of other comprehensive income	6(31)	2,324	-	(1,565)	-	2,287	-	(1,297)	-
8300	Other comprehensive income (loss) for the year		(\$ 9,296)	(1)	\$ 6,260	1	(\$ 9,147)	-	\$ 5,187	-
8500	Total Comprehensive Income		\$ 101,118	9	\$ 176,666	15	\$ 168,651	8	\$ 292,098	13

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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	\$	<u>110,414</u>	<u>10</u>	\$	<u>170,406</u>	<u>14</u>	\$	<u>177,798</u>	<u>8</u>	\$	<u>286,911</u>	<u>13</u>
	Total comprehensive income												
	(loss) attributable to:												
8710	Shareholders of the parent	\$	<u>101,118</u>	<u>9</u>	\$	<u>176,666</u>	<u>15</u>	\$	<u>168,651</u>	<u>8</u>	\$	<u>292,098</u>	<u>13</u>
9750	Basic earnings per share			6(32)	\$	<u>1.34</u>	\$	<u>2.14</u>	\$	<u>2.17</u>	\$	<u>3.60</u>	
9850	Diluted earnings per share			6(32)	\$	<u>1.25</u>	\$	<u>1.94</u>	\$	<u>2.01</u>	\$	<u>3.25</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	Total	
	Notes	Ordinary shares	Advance receipts for share capital	Capital surplus	Legal reserve	Special reserve			Unappropriated retained earnings
Year 2019									
Balance at January 1, 2019		\$ 796,206	\$ 1,039	\$ 214,960	\$ 459,789	\$ 12,914	\$ 882,311	(\$ 4,230)	\$ 2,362,989
Profit		-	-	-	-	-	286,911	-	286,911
Other comprehensive loss	6(23)	-	-	-	-	-	-	5,187	5,187
Total comprehensive income		-	-	-	-	-	286,911	5,187	292,098
Appropriations of 2018 earnings									
Legal reserve		-	-	-	40,692	-	(40,692)	-	-
Reversal of special reserve		-	-	-	-	(8,683)	8,683	-	-
Cash dividend		-	-	-	-	-	(298,784)	-	(298,784)
Share-based payments		630	(751)	762	-	-	-	-	641
Compensation cost of share-based payments	6(19)	-	-	5,969	-	-	-	-	5,969
Balance at June 30, 2019		\$ 796,836	\$ 288	\$ 221,691	\$ 500,481	\$ 4,231	\$ 838,429	\$ 957	\$ 2,362,913
Year 2020									
Balance at January 1, 2020		\$ 803,954	\$ 60,957	\$ 245,919	\$ 500,481	\$ 4,231	\$ 1,008,490	(\$ 26,633)	\$ 2,597,399
Profit		-	-	-	-	-	177,798	-	177,798
Other comprehensive income	6(23)	-	-	-	-	-	-	(9,147)	(9,147)
Total comprehensive income		-	-	-	-	-	177,798	(9,147)	168,651
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		500	5,054	535	-	-	-	-	6,089

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

Compensation cost of share-based payments	6(19)	-	-	3,758	-	-	-	-	3,758
Conversion of convertible bonds		<u>14,547</u>	<u>(43,656)</u>	<u>56,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,088</u>
Balance at June 30, 2020		<u>\$ 819,001</u>	<u>\$ 22,355</u>	<u>\$ 306,409</u>	<u>\$ 546,178</u>	<u>\$ 26,633</u>	<u>\$ 790,621</u>	<u>(\$ 35,780)</u>	<u>\$ 2,475,417</u>

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

	Notes	Six Months Ended June 30	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 239,141	\$ 358,297
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment losses/ Reversal of allowance for doubtful accounts	12(2)	4,516	(1,921)
Depreciation	6(6), (7) and (29)	52,154	45,863
Depreciation from investment Property	6(9) and (27)	524	665
Amortization	6(10) and (29)	6,477	7,012
Interest income	6(25)	(3,970)	(5,459)
Share of profit of associates and joint ventures accounted for under equity method	6(5)	761	1,420
Gain on disposal of property, plant and equipment	6(27)	(136)	(40)
Gain on disposal of investments	6(27)	(165)	(173)
Gain on disposal of subsidiaries	6(27)	-	(100,677)
Loss (gain) on lease modification	6(27)	(15)	(3)
Net gain on financial assets at fair value through profit	6(27)	(13)	(21)
Net gain on financial liability at fair value through profit	6(14) and (27)	-	(2,635)
Interest expense	6(28)	4,772	5,839
Compensation cost of share-based payments	6(19) and (30)	3,758	5,969
Unrealized profit from sales		35	34
Changes in assets/liabilities relating to operating activities			
Changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(36,835)	(50,827)
Notes receivable		9,311	(1,797)
Accounts receivable (including related parties)		(31,230)	108,445
Other receivables		(2,856)	8,471
Inventories		(172,294)	(69,266)
Prepayments		(9,205)	6,630
Other current assets		315	(1,991)
Changes in liabilities relating to operating activities			
Contract liabilities		34,339	(3,385)
Notes payables		(297)	(76)
Accounts payable (including related parties)		27,205	(174,100)
Other payables		(35,789)	(35,298)
Other current liabilities		(5,219)	4,124
Other non-current assets		(398)	(537)
Cash outflow generated from operations		84,886	104,563
Receipt of interest		5,203	5,130
Payment of interest		(2,198)	(2,472)
Payment of income tax		(6,388)	(130,582)
Net cash flows provided by (used in) operating activities		81,503	(23,361)

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

	Notes	Six Months Ended June 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)	(20,463)	(13,364)
Proceeds from disposal of property, plant and equipment		151	40
Proceeds from disposal of Investment property		-	151,728
Acquisition of intangible assets	6(10)	(4,432)	(1,170)
Increase in Prepayment for equipment		-	(2,015)
Increase in other non-current assets		(29)	(194)
Net cash flows provided by (used in) investing activities		(24,773)	97,540
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Redemption of short -term borrowings		(208,000)	(196,000)
Proceeds from short -term borrowings		106,000	143,000
Redemption of long-term borrowings		(1,500)	(1,553)
Proceeds from exercise of employee stock options		6,089	641
Increase (decrease) in refundable deposits		160	(299)
Payment of lease liabilities		(20,806)	(17,595)
Net cash flows provided by (used in) financing activities		(118,057)	(71,806)
Effects due to changes in exchange rate		(10,683)	5,276
Increase (Decrease) in cash and cash equivalents		(72,010)	7,649
Cash and cash equivalents at beginning of year		882,732	1,019,000
Cash and cash equivalents at end of year		\$ 810,722	\$ 1,026,649

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