

VIA Labs, Inc. and Subsidiaries

**Consolidated Financial Statements for the
Six Months Ended June 30, 2020 and 2019**

VIA LABS, INC. 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	\$ 820,132	57	\$ 717,055	57	\$ 754,662	63
Accounts receivable, net	256,933	18	211,723	17	182,980	15
Accounts receivable - related parties	5,354	-	6,794	-	7,210	1
Other receivables	540	-	812	-	1,114	-
Inventories	229,625	16	219,932	18	184,782	16
Other current assets	<u>11,508</u>	<u>1</u>	<u>10,312</u>	<u>1</u>	<u>3,507</u>	<u>-</u>
Total current assets	<u>1,324,092</u>	<u>92</u>	<u>1,166,628</u>	<u>93</u>	<u>1,134,255</u>	<u>95</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current	15,593	1	15,805	1	15,310	1
Investments accounted for using equity method	-	-	-	-	-	-
Property, plant and equipment	38,313	3	37,287	3	12,436	1
Right-of-use assets	6,491	-	11,995	1	17,584	1
Intangible assets	40,516	3	9,679	1	5,862	1
Deferred tax assets	13,292	1	10,855	1	10,248	1
Refundable deposits	<u>1,058</u>	<u>-</u>	<u>1,058</u>	<u>-</u>	<u>1,058</u>	<u>-</u>
Total non-current assets	<u>115,263</u>	<u>8</u>	<u>86,679</u>	<u>7</u>	<u>62,498</u>	<u>5</u>
TOTAL	<u>\$ 1,439,355</u>	<u>100</u>	<u>\$ 1,253,307</u>	<u>100</u>	<u>\$ 1,196,753</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable	\$ 146,612	10	\$ 105,614	8	\$ 165,911	14
Accounts payable - related parties	12,138	1	11,974	1	9,390	1
Other payables	198,313	14	169,802	14	146,452	12
Dividend payable	198,000	14	-	-	90,000	8
Current tax liabilities	15,030	1	38,812	3	10,333	1
Provisions - current	3,655	-	3,324	-	3,091	-
Lease liabilities - current	7,751	-	12,702	1	12,888	1
Other current liabilities	<u>25,421</u>	<u>2</u>	<u>35,878</u>	<u>3</u>	<u>17,026</u>	<u>1</u>
Total current liabilities	<u>606,920</u>	<u>42</u>	<u>378,106</u>	<u>30</u>	<u>455,091</u>	<u>38</u>
NON-CURRENT LIABILITIES						
Lease liabilities - non-current	541	-	1,203	-	6,662	1
Net defined benefit liabilities	3,246	1	3,087	-	2,797	-
Other non-current liabilities	<u>2,017</u>	<u>-</u>	<u>4,109</u>	<u>1</u>	<u>3,106</u>	<u>-</u>
Total non-current liabilities	<u>5,804</u>	<u>1</u>	<u>8,399</u>	<u>1</u>	<u>12,565</u>	<u>1</u>
Total liabilities	<u>612,724</u>	<u>43</u>	<u>386,505</u>	<u>31</u>	<u>467,656</u>	<u>39</u>
EQUITY						
Share capital	<u>600,000</u>	<u>42</u>	<u>600,000</u>	<u>48</u>	<u>600,000</u>	<u>50</u>
Capital surplus	<u>4,498</u>	<u>-</u>	<u>2,824</u>	<u>-</u>	<u>2,545</u>	<u>-</u>
Retained earnings						
Legal reserve	36,909	2	12,627	1	12,627	1
Special reserve	14,996	1	11,839	1	11,839	1
Unappropriated earnings	<u>185,699</u>	<u>13</u>	<u>254,508</u>	<u>20</u>	<u>116,979</u>	<u>10</u>
Total retained earnings	<u>237,604</u>	<u>16</u>	<u>278,974</u>	<u>22</u>	<u>141,445</u>	<u>12</u>
Other equity	<u>(15,471)</u>	<u>(1)</u>	<u>(14,996)</u>	<u>(1)</u>	<u>(14,893)</u>	<u>(1)</u>
Total equity	<u>826,631</u>	<u>57</u>	<u>866,802</u>	<u>69</u>	<u>729,097</u>	<u>61</u>
TOTAL	<u>\$ 1,439,355</u>	<u>100</u>	<u>\$ 1,253,307</u>	<u>100</u>	<u>\$ 1,196,753</u>	<u>100</u>

VIA LABS, INC. 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								
Sales	\$ 497,762	99	\$ 356,433	97	\$ 921,652	99	\$ 674,877	98
Other operating revenue	<u>6,342</u>	<u>1</u>	<u>9,386</u>	<u>3</u>	<u>12,010</u>	<u>1</u>	<u>15,979</u>	<u>2</u>
	504,104	100	365,819	100	933,662	100	690,856	100
OPERATING COSTS	<u>251,032</u>	<u>50</u>	<u>174,700</u>	<u>48</u>	<u>467,581</u>	<u>50</u>	<u>322,773</u>	<u>47</u>
GROSS PROFIT	<u>253,072</u>	<u>50</u>	<u>191,119</u>	<u>52</u>	<u>466,081</u>	<u>50</u>	<u>368,083</u>	<u>53</u>
OPERATING EXPENSES								
Selling and marketing expenses	6,383	2	13,222	4	19,072	2	24,048	3
General and administrative expenses	11,287	2	9,130	2	21,188	2	17,466	3
Research and development expenses	137,435	27	107,401	29	248,075	27	220,282	32
Expected credit loss	<u>39</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354</u>	<u>-</u>	<u>707</u>	<u>-</u>
Total operating expenses	<u>155,144</u>	<u>31</u>	<u>129,753</u>	<u>35</u>	<u>288,689</u>	<u>31</u>	<u>262,503</u>	<u>38</u>
PROFIT FROM OPERATIONS	<u>97,928</u>	<u>19</u>	<u>61,366</u>	<u>17</u>	<u>177,392</u>	<u>19</u>	<u>105,580</u>	<u>15</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	1,405	-	2,691	1	3,275	-	5,238	1
Other gains and losses	(10,334)	(2)	3,817	1	(5,704)	-	5,523	1
Finance costs	<u>(48)</u>	<u>-</u>	<u>(106)</u>	<u>-</u>	<u>(111)</u>	<u>-</u>	<u>(225)</u>	<u>-</u>
Total non-operating income and expenses	<u>(8,977)</u>	<u>(2)</u>	<u>6,402</u>	<u>2</u>	<u>(2,540)</u>	<u>-</u>	<u>10,536</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	88,951	17	67,768	19	174,852	19	116,116	17
INCOME TAX EXPENSE	<u>(6,751)</u>	<u>(1)</u>	<u>(5,423)</u>	<u>(2)</u>	<u>(18,222)</u>	<u>(2)</u>	<u>(10,941)</u>	<u>(2)</u>
NET PROFIT FOR THE PERIOD	<u>82,200</u>	<u>16</u>	<u>62,345</u>	<u>17</u>	<u>156,630</u>	<u>17</u>	<u>105,175</u>	<u>15</u>

(Continued)

VIA LABS, INC. 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	%
OTHER COMPREHENSIVE INCOME AND LOSS								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 3,921	1	\$ (3,203)	(1)	\$ (212)	-	\$ (3,203)	-
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(290)	-	3	-	(263)	-	149	-
Other comprehensive income (loss) for the period, net of income tax	3,631	1	(3,200)	(1)	(475)	-	(3,054)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 85,831</u>	<u>17</u>	<u>\$ 59,145</u>	<u>16</u>	<u>\$ 156,155</u>	<u>17</u>	<u>\$ 102,121</u>	<u>15</u>
EARNINGS PER SHARE								
From continuing operations								
Basic	<u>\$ 1.37</u>		<u>\$ 1.04</u>		<u>\$ 2.61</u>		<u>\$ 1.75</u>	
Diluted	<u>\$ 1.31</u>		<u>\$ 1.01</u>		<u>\$ 2.49</u>		<u>\$ 1.68</u>	

(Concluded)

VIA LABS, INC. AND SUBSIDIARIES

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

	Share Capital	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating Foreign Operations	
BALANCE, JANUARY 1, 2019	\$ 600,000	\$ 2,545	\$ 249	\$ 2,241	\$ 123,780	\$ -	\$ (11,839)	\$ 716,976
Appropriation of 2018 earnings								
Legal reserve	-	-	12,378	-	(12,378)	-	-	-
Special reserve	-	-	-	9,598	(9,598)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(90,000)	-	-	(90,000)
Net profit for the six months ended June 30, 2019	-	-	-	-	105,175	-	-	105,175
Other comprehensive income and loss for the six months ended June 30, 2019	-	-	-	-	-	(3,203)	149	(3,054)
Total comprehensive income and loss for the six months ended June 30, 2019	-	-	-	-	105,175	(3,203)	149	102,121
BALANCE, JUNE 30, 2019	<u>\$ 600,000</u>	<u>\$ 2,545</u>	<u>\$ 12,627</u>	<u>\$ 11,839</u>	<u>\$ 116,979</u>	<u>\$ (3,203)</u>	<u>\$ (11,690)</u>	<u>\$ 729,097</u>
BALANCE, JANUARY 1, 2020	\$ 600,000	\$ 2,824	\$ 12,627	\$ 11,839	\$ 254,508	\$ (2,708)	\$ (12,288)	\$ 866,802
Appropriation of 2019 earnings								
Legal reserve	-	-	24,282	-	(24,282)	-	-	-
Special reserve	-	-	-	3,157	(3,157)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(198,000)	-	-	(198,000)
Compensation cost of employee share options	-	1,674	-	-	-	-	-	1,674
Net profit for the six months ended June 30, 2020	-	-	-	-	156,630	-	-	156,630
Other comprehensive income and loss for the six months ended June 30, 2020	-	-	-	-	-	(212)	(263)	(475)
Total comprehensive income and loss for the six months ended June 30, 2020	-	-	-	-	156,630	(212)	(263)	156,155
BALANCE, JUNE 30, 2020	<u>\$ 600,000</u>	<u>\$ 4,498</u>	<u>\$ 36,909</u>	<u>\$ 14,996</u>	<u>\$ 185,699</u>	<u>\$ (2,920)</u>	<u>\$ (12,551)</u>	<u>\$ 826,631</u>

VIA LABS, INC. 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		
Profit before income tax	\$ 174,852	\$ 116,116
Adjustments for:		
Depreciation	11,753	9,262
Amortization	6,838	2,690
Expected credit loss recognized on accounts receivable	354	707
Finance costs	111	225
Interest income	(3,275)	(5,238)
Compensation costs of employee share options	1,674	-
Changes in operating assets and liabilities		
Accounts receivable	(45,564)	(31,945)
Accounts receivable - related parties	1,440	1,127
Inventories	(9,693)	(41,852)
Other current assets	(1,196)	(1,223)
Accounts payable	40,998	46,829
Accounts payable - related parties	164	(316)
Other payables	5,329	19,731
Provisions	331	3,091
Other current liabilities	(10,457)	(12,197)
Net defined benefit liabilities	159	177
Other non-current liabilities	(2,092)	(2,038)
Cash generated from operations	171,726	105,146
Interest received	3,547	5,405
Interest paid	(111)	(225)
Income tax paid	(44,441)	(994)
Net cash generated from operating activities	<u>130,721</u>	<u>109,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(18,513)
Payments for property, plant and equipment	(10,907)	(1,863)
Decrease in refundable deposits	-	28
Payments for intangible assets	(10,890)	(2,945)
Net cash used in investing activities	<u>(21,797)</u>	<u>(23,293)</u>

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VIA LABS, INC. 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 FINANCING ACTIVITIES		
Decrease in guarantee deposits	\$ -	\$ (29)
Repayment of the principal portion of lease liabilities	<u>(5,584)</u>	<u>(3,512)</u>
Net cash used in financing activities	<u>(5,584)</u>	<u>(3,541)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(263)</u>	<u>118</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,077	82,616
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>717,055</u>	<u>672,046</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 820,132</u>	<u>\$ 754,662</u>

(Concluded)