

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2020 Reviewed		December 31, 2019 Audited		June 30, 2019 Reviewed		LIABILITIES AND EQUITY	June 30, 2020 Reviewed		December 31, 2019 Audited		June 30, 2019 Reviewed	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents	\$ 1,603,881	41	\$ 1,421,959	42	\$ 1,219,997	37	Short-term borrowings	\$ 440,000	11	\$ -	-	\$ -	-
Financial assets at fair value through profit or loss - current	339,816	9	162,941	5	175,670	5	Short-term bills payable	149,909	4	-	-	-	-
Financial assets at amortized cost - current	-	-	-	-	350,000	10	Trade payables	248,780	6	140,791	4	117,469	4
Trade receivable, net	702,796	18	627,829	18	421,127	13	Payables to related parties	4,571	-	14,990	1	12,013	-
Receivables from related parties, net	-	-	1,018	-	2,083	-	Accrued employees' compensation and remuneration of directors	78,150	2	103,501	3	54,303	2
Inventories	213,737	5	82,078	2	136,800	4	Cash dividends payables	-	-	-	-	613,051	18
Prepayments and other current assets	<u>18,422</u>	<u>-</u>	<u>20,409</u>	<u>1</u>	<u>23,600</u>	<u>1</u>	Other payables	51,500	1	43,397	1	36,257	1
Total current assets	<u>2,878,652</u>	<u>73</u>	<u>2,316,234</u>	<u>68</u>	<u>2,329,277</u>	<u>70</u>	Current tax liabilities	151,240	4	141,092	4	121,641	4
NON-CURRENT ASSETS							Provisions - current	30,146	1	26,571	1	23,620	1
Property, plant and equipment	156,196	4	123,198	4	85,781	3	Lease liabilities - current	23,999	1	23,886	1	3,710	-
Right-of-use assets	103,010	3	110,675	3	6,240	-	Other current liabilities	<u>94,418</u>	<u>2</u>	<u>142,037</u>	<u>4</u>	<u>110,845</u>	<u>3</u>
Goodwill	369,040	9	369,040	11	369,040	11	Total current liabilities	<u>1,272,713</u>	<u>32</u>	<u>636,265</u>	<u>19</u>	<u>1,092,909</u>	<u>33</u>
Other Intangible assets, net	386,261	10	442,045	13	453,655	14	NON-CURRENT LIABILITIES						
Deferred tax assets	34,460	1	42,919	1	35,944	1	Deferred tax liabilities	57,791	2	62,135	2	72,221	2
Refundable deposits	10,393	-	11,938	-	7,260	-	Lease liabilities - non-current	73,917	2	86,090	2	2,563	-
Other non-current assets	<u>-</u>	<u>-</u>	<u>2,845</u>	<u>-</u>	<u>43,743</u>	<u>1</u>	Other non-current liabilities	-	-	108	-	1,589	-
Total non-current assets	<u>1,059,360</u>	<u>27</u>	<u>1,102,660</u>	<u>32</u>	<u>1,001,663</u>	<u>30</u>	Provisions - non-current	<u>6,447</u>	<u>-</u>	<u>910</u>	<u>-</u>	<u>-</u>	<u>-</u>
							Total non-current liabilities	<u>138,155</u>	<u>4</u>	<u>149,243</u>	<u>4</u>	<u>76,373</u>	<u>2</u>
							Total liabilities	<u>1,410,868</u>	<u>36</u>	<u>785,508</u>	<u>23</u>	<u>1,169,282</u>	<u>35</u>
							SHAREHOLDERS' EQUITY						
							Capital						
							Capital stock	342,248	9	341,848	10	340,584	10
							Stock dividend to be distributed	<u>92,361</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>74,991</u>	<u>2</u>
							Total capital	<u>434,609</u>	<u>11</u>	<u>341,848</u>	<u>10</u>	<u>415,575</u>	<u>12</u>
							Capital surplus	<u>1,183,201</u>	<u>30</u>	<u>1,145,044</u>	<u>33</u>	<u>1,051,575</u>	<u>32</u>
							Retained earnings						
							Legal reserve	369,858	10	286,740	9	286,740	9
							Special reserve	34,592	1	31,499	1	31,499	1
							Unappropriated earnings	<u>564,662</u>	<u>14</u>	<u>862,848</u>	<u>25</u>	<u>397,424</u>	<u>12</u>
							Total retained earnings	<u>969,112</u>	<u>25</u>	<u>1,181,087</u>	<u>35</u>	<u>715,663</u>	<u>22</u>
							Other equity	<u>(59,778)</u>	<u>(2)</u>	<u>(34,593)</u>	<u>(1)</u>	<u>(21,155)</u>	<u>(1)</u>
							Total equity	<u>2,527,144</u>	<u>64</u>	<u>2,633,386</u>	<u>77</u>	<u>2,161,658</u>	<u>65</u>
TOTAL	<u>\$ 3,938,012</u>	<u>100</u>	<u>\$ 3,418,894</u>	<u>100</u>	<u>\$ 3,330,940</u>	<u>100</u>	TOTAL	<u>\$ 3,938,012</u>	<u>100</u>	<u>\$ 3,418,894</u>	<u>100</u>	<u>\$ 3,330,940</u>	<u>100</u>

ASPEED TECHNOLOGY 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	\$ 901,353	100	\$ 522,942	100	\$ 1,633,572	100	\$ 1,073,913	100
Other operating revenue	-	-	-	-	149	-	154	-
Total operating revenue	901,353	100	522,942	100	1,633,721	100	1,074,067	100
OPERATING COSTS	338,661	38	185,472	36	613,976	37	386,348	36
GROSS PROFIT	562,692	62	337,470	64	1,019,745	63	687,719	64
OPERATING EXPENSES								
Selling and marketing expenses	23,470	2	14,872	3	42,157	3	31,361	3
General and administrative expenses	33,181	4	26,557	5	65,519	4	53,982	5
Research and development expenses	116,473	13	85,283	16	229,857	14	172,169	16
Total operating expenses	173,124	19	126,712	24	337,533	21	257,512	24
PROFIT FROM OPERATIONS	389,568	43	210,758	40	682,212	42	430,207	40
NON-OPERATING INCOME AND EXPENSES								
Interest income	2,923	1	3,078	1	6,234	-	7,067	1
Other income	1,635	-	50	-	2,030	-	582	-
Other gains and losses	(1,058)	-	10,252	2	(18,544)	(1)	16,918	1
Finance costs	(671)	-	(37)	-	(1,213)	-	(79)	-
Total non-operating income and expenses	2,829	1	13,343	3	(11,493)	(1)	24,488	2
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	392,397	44	224,101	43	670,719	41	454,695	42
INCOME TAX EXPENSE	69,632	8	43,130	8	129,748	8	88,934	8
NET PROFIT FOR THE PERIOD	322,765	36	180,971	35	540,971	33	365,761	34
OTHER COMPREHENSIVE INCOME (LOSS)								
Items reclassified subsequently to profit or loss:								
Exchange differences on translating financial statement of foreign operations	(649)	-	249	-	(988)	-	404	-
Total other comprehensive income	(649)	-	249	-	(988)	-	404	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 322,116	36	\$ 181,220	35	\$ 539,983	33	\$ 366,165	34
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 322,765	36	\$ 180,971	35	\$ 540,971	33	\$ 365,761	34
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 322,116	36	\$ 181,220	35	\$ 539,983	33	\$ 366,165	34
EARNINGS PER SHARE								
Basic	\$ 9.46		\$ 5.32		\$ 15.83		\$ 10.74	
Diluted	\$ 9.43		\$ 5.32		\$ 15.76		\$ 10.69	

ASPEED TECHNOLOGY 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		Total Equity
	Shares (In Thousands)	Amount	Stock Bonus to be Distributed		Legal Reserve	Special Reserve	Unappropriated Earnings	Employee Unearned Compensation	Exchange Differences on Translating Foreign Operations	
BALANCE AT JANUARY 1, 2019	34,065	\$ 340,656	\$ -	\$ 1,056,831	\$ 218,148	\$ 10,166	\$ 734,639	\$ (30,375)	\$ (1,125)	\$ 2,328,940
Appropriations of 2018 earnings										
Legal reserve	-	-	-	-	68,592	-	(68,592)	-	-	-
Special reserve	-	-	-	-	-	21,333	(21,333)	-	-	-
Cash dividends to shareholders NT\$18.00 per share	-	-	-	-	-	-	(613,051)	-	-	(613,051)
Net income for the six months ended June 30, 2019	-	-	-	-	-	-	365,761	-	-	365,761
Other comprehensive income after tax for the six months ended June 30, 2019	-	-	-	-	-	-	-	-	404	404
Comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	365,761	-	404	366,165
Employee stock bonus - Record date: August 2, 2019	-	-	74,991	-	-	-	-	-	-	74,991
Cancellation of restricted stock under employees share options on March 11, 2019	(7)	(72)	-	(5,256)	-	-	-	5,328	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	4,613	-	4,613
BALANCE AT JUNE 30, 2019	<u>34,058</u>	<u>\$ 340,584</u>	<u>\$ 74,991</u>	<u>\$ 1,051,575</u>	<u>\$ 286,740</u>	<u>\$ 31,499</u>	<u>\$ 397,424</u>	<u>\$ (20,434)</u>	<u>\$ (721)</u>	<u>\$ 2,161,658</u>
BALANCE AT JANUARY 1, 2020	34,184	\$ 341,848	-	\$ 1,145,044	\$ 286,740	\$ 31,499	\$ 862,848	\$ (32,371)	\$ (2,222)	\$ 2,633,386
Appropriations of 2019 earnings										
Legal reserve	-	-	-	-	83,118	-	(83,118)	-	-	-
Special reserve	-	-	-	-	-	3,093	(3,093)	-	-	-
Cash dividends to shareholders - NT\$22.00 per share	-	-	-	-	-	-	(752,946)	-	-	(752,946)
Net income for the six months ended June 30, 2020	-	-	-	-	-	-	540,971	-	-	540,971
Other comprehensive loss after tax for the six months ended June 30, 2020	-	-	-	-	-	-	-	-	(988)	(988)
Comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	540,971	-	(988)	539,983
Employee stock bonus- Record date: August 10, 2020	-	-	92,361	-	-	-	-	-	-	92,361
Issuance of restricted stock under employees share options on March 2, 2020	40	400	-	38,157	-	-	-	(38,557)	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	14,360	-	14,360
BALANCE AT JUNE 30, 2020	<u>34,224</u>	<u>\$ 342,248</u>	<u>\$ 92,361</u>	<u>\$ 1,183,201</u>	<u>\$ 369,858</u>	<u>\$ 34,592</u>	<u>\$ 564,662</u>	<u>\$ (56,568)</u>	<u>\$ (3,210)</u>	<u>\$ 2,527,144</u>

ASPEED TECHNOLOGY 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		
Income before income tax	\$ 670,719	\$ 454,695
Adjustments for:		
Depreciation expense	45,844	21,268
Amortization expense	56,334	49,591
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	5,258	(6,628)
Finance costs	1,213	79
Interest income	(6,234)	(7,067)
Compensation cost	14,360	4,613
Loss on disposal of property, plant and equipment	102	-
Net gain on disposal of financial assets	-	(1,700)
Write-down (Reversal of write-down) of inventories	2,864	(684)
Net gain on foreign currency exchange	(13,063)	(6,617)
Recognition of provisions	3,575	1,950
Changes in operating assets and liabilities:		
Trade receivables (include related parties)	(69,123)	(21,601)
Inventories	(134,523)	2,725
Other current asset	1,687	(4,803)
Trade payables (include related parties)	97,055	76,339
Other payables	7,004	(336)
Other current liabilities	(48,294)	1,891
Accrued employees' compensation and remuneration of directors	67,010	44,929
Other non-current liabilities	(108)	(20)
Cash generated from operations	701,680	608,624
Interest paid	(1,082)	-
Income taxes paid	(115,485)	(86,954)
Net cash generated from operating activities	585,113	521,670
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(350,000)
Proceeds from sale of financial assets at measured at cost	-	80,000
Purchase of financial assets at fair value through profit or loss	(182,133)	(101,942)
Proceeds from sale of financial assets at fair value through profit or loss	-	23,630
Payments for property, plant and equipment	(62,126)	(21,916)
Proceeds from disposal of property, plant and equipment	64	-
Decrease (increase) in refundable deposit	1,545	(28)
Payments for intangible assets	(550)	(36,248)
Interest received	6,536	7,139

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ASPEED TECHNOLOGY 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
Net cash used in investing activities	<u>(236,664)</u>	<u>(399,365)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 440,000	\$ -
Proceeds from short-term bills payable	149,909	-
Repayments of the principal portion of lease liabilities	(11,920)	(1,905)
Dividends paid to owners of the Company	<u>(752,946)</u>	<u>-</u>
Net cash used in financing activities	<u>(174,957)</u>	<u>(1,905)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>8,430</u>	<u>6,251</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	181,922	126,651
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,421,959</u>	<u>1,093,346</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>\$ 1,603,881</u>	<u>\$ 1,219,997</u> (Concluded)