

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2020		December 31, 2019		September 30, 2019		LIABILITIES AND EQUITY	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents	\$ 1,642,556	43	\$ 1,421,959	42	\$ 1,468,447	43	Short-term borrowings	\$ 290,000	8	\$ -	-	\$ 280,000	8
Financial assets at fair value through profit or loss - current	297,844	8	162,941	5	157,972	4	Short-term bills payable	-	-	-	-	69,982	2
Trade receivable, net	509,239	13	627,829	18	580,500	17	Trade payables	211,061	5	140,791	4	130,798	4
Receivables from related parties, net	-	-	1,018	-	1,184	-	Payables to related parties	11,619	-	14,990	1	20,826	1
Inventories	286,933	8	82,078	2	99,555	3	Accrued employees' compensation and remuneration of directors	95,709	2	103,501	3	73,621	2
Prepayments and other current assets	49,547	1	20,409	1	23,700	1	Other payables	58,093	2	43,397	1	60,213	2
							Current tax liabilities	108,707	3	141,092	4	97,960	3
Total current assets	2,786,119	73	2,316,234	68	2,331,358	68	Provisions - current	31,489	1	26,571	1	25,096	1
NON-CURRENT ASSETS							Lease liabilities - current	24,089	1	23,886	1	19,006	-
Property, plant and equipment	145,263	4	123,198	4	103,179	3	Other current liabilities	108,799	3	142,037	4	120,775	3
Right-of-use assets	96,379	2	110,675	3	101,173	3							
Goodwill	369,040	10	369,040	11	369,040	11	Total current liabilities	939,566	25	636,265	19	898,277	26
Other Intangible assets, net	384,981	10	442,045	13	469,964	14	NON-CURRENT LIABILITIES						
Deferred tax assets	37,167	1	42,919	1	37,797	1	Deferred tax liabilities	52,909	1	62,135	2	68,730	2
Refundable deposits	10,388	-	11,938	-	12,598	-	Lease liabilities - non-current	67,713	2	86,090	2	82,195	2
Other non-current assets	3,930	-	2,845	-	21,212	-	Other non-current liabilities	-	-	108	-	95	-
							Provisions - non-current	6,447	-	910	-	-	-
Total non-current assets	1,047,148	27	1,102,660	32	1,114,963	32							
							Total non-current liabilities	127,069	3	149,243	4	151,020	4
							Total liabilities	1,066,635	28	785,508	23	1,049,297	30
							SHAREHOLDERS' EQUITY						
							Capital	343,200	9	341,848	10	341,848	10
							Capital surplus	1,273,540	33	1,145,044	33	1,145,044	33
							Retained earnings						
							Legal reserve	369,858	9	286,740	9	286,740	9
							Special reserve	34,592	1	31,499	1	31,499	1
							Unappropriated earnings	797,792	21	862,848	25	630,086	18
							Total retained earnings	1,202,242	31	1,181,087	35	948,325	28
							Other equity	(52,350)	(1)	(34,593)	(1)	(38,193)	(1)
							Total equity	2,766,632	72	2,633,386	77	2,397,024	70
TOTAL	\$ 3,833,267	100	\$ 3,418,894	100	\$ 3,446,321	100	TOTAL	\$ 3,833,267	100	\$ 3,418,894	100	\$ 3,446,321	100

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF 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								
Sales	\$ 732,508	100	\$ 686,806	100	\$ 2,366,080	100	\$ 1,760,719	100
Other operating revenue	<u>-</u>	<u>-</u>	<u>464</u>	<u>-</u>	<u>149</u>	<u>-</u>	<u>618</u>	<u>-</u>
Total operating revenue	732,508	100	687,270	100	2,366,229	100	1,761,337	100
OPERATING COSTS	<u>266,186</u>	<u>36</u>	<u>256,140</u>	<u>38</u>	<u>880,162</u>	<u>37</u>	<u>642,488</u>	<u>37</u>
GROSS PROFIT	<u>466,322</u>	<u>64</u>	<u>431,130</u>	<u>62</u>	<u>1,486,067</u>	<u>63</u>	<u>1,118,849</u>	<u>63</u>
OPERATING EXPENSES								
Selling and marketing expenses	16,143	2	14,795	2	58,300	2	46,156	3
General and administrative expenses	33,387	5	30,110	4	98,906	4	84,092	5
Research and development expenses	<u>115,015</u>	<u>16</u>	<u>100,878</u>	<u>15</u>	<u>344,872</u>	<u>15</u>	<u>273,047</u>	<u>15</u>
Total operating expenses	<u>164,545</u>	<u>23</u>	<u>145,783</u>	<u>21</u>	<u>502,078</u>	<u>21</u>	<u>403,295</u>	<u>23</u>
PROFIT FROM OPERATIONS	<u>301,777</u>	<u>41</u>	<u>285,347</u>	<u>41</u>	<u>983,989</u>	<u>42</u>	<u>715,554</u>	<u>40</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	2,932	1	4,142	1	9,166	-	11,209	1
Other income	2,148	-	220	-	4,178	-	802	-
Other gains and losses	(14,673)	(2)	2,045	-	(33,217)	(1)	18,963	1
Finance costs	<u>(1,480)</u>	<u>-</u>	<u>(977)</u>	<u>-</u>	<u>(2,693)</u>	<u>-</u>	<u>(1,056)</u>	<u>-</u>
Total non-operating income and expenses	<u>(11,073)</u>	<u>(1)</u>	<u>5,430</u>	<u>1</u>	<u>(22,566)</u>	<u>(1)</u>	<u>29,918</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	290,704	40	290,777	42	961,423	41	745,472	42
INCOME TAX EXPENSE	<u>57,574</u>	<u>8</u>	<u>58,115</u>	<u>8</u>	<u>187,322</u>	<u>8</u>	<u>147,049</u>	<u>8</u>
NET PROFIT FOR THE PERIOD	233,130	32	232,662	34	774,101	33	598,423	34
OTHER COMPREHENSIVE INCOME(LOSS)								
Items reclassified subsequently to profit or loss:								
Exchange differences arising on translating financial statement of foreign operations	<u>(301)</u>	<u>-</u>	<u>(312)</u>	<u>-</u>	<u>(1,289)</u>	<u>-</u>	<u>92</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 232,829</u>	<u>32</u>	<u>\$ 232,350</u>	<u>34</u>	<u>\$ 772,812</u>	<u>33</u>	<u>\$ 598,515</u>	<u>34</u>

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF 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	%
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 233,130	32	\$ 232,662	34	\$ 774,101	33	\$ 598,423	34
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Company	\$ 232,829	32	\$ 232,350	34	\$ 772,812	33	\$ 598,515	34
EARNINGS PER SHARE								
Basic	\$ 6.82		\$ 6.81		\$ 22.64		\$ 17.57	
Diluted	\$ 6.80		\$ 6.80		\$ 22.54		\$ 17.47	

(Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

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

	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Others		Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Employee Unearned Compensation	Exchange Differences Arising on Translations of 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
Appropriation 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 nine months ended September 30, 2019	-	-	-	-	-	598,423	-	-	598,423
Other comprehensive income after tax	-	-	-	-	-	-	-	92	92
Comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	598,423	-	92	598,515
Employee Stock Bonus - Record date: August 2, 2019	103	1,034	73,957	-	-	-	-	-	74,991
Issuance of restricted stock under employees share options on September 10, 2019	28	280	21,867	-	-	-	(22,147)	-	-
Cancellation of restricted stock under employees share options on March 11, 2019 and August 5, 2019	(12)	(122)	(7,611)	-	-	-	7,733	-	-
Compensation cost of restricted stock for employees	-	-	-	-	-	-	7,629	-	7,629
BALANCE AT SEPTEMBER 30, 2019	34,184	\$ 341,848	\$ 1,145,044	\$ 286,740	\$ 31,499	\$ 630,086	\$ (37,160)	\$ (1,033)	\$ 2,397,024
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
Appropriation 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 nine months ended September 30, 2020	-	-	-	-	-	774,101	-	-	774,101
Other comprehensive loss after tax for the nine months ended September 30, 2020	-	-	-	-	-	-	-	(1,289)	(1,289)
Comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	-	774,101	-	(1,289)	772,812
Employee Stock Bonus - Record date: August 10, 2020	98	976	91,385	-	-	-	-	-	92,361
Issuance of restricted stock under employees share options on March 2, 2020	40	400	38,157	-	-	-	(38,557)	-	-
Cancellation of restricted stock under employees share options on August 3, 2020	(2)	(24)	(1,046)	-	-	-	1,070	-	-
Compensation cost of restricted stock for employees	-	-	-	-	-	-	21,019	-	21,019
BALANCE AT SEPTEMBER 30, 2020	34,320	\$ 343,200	\$ 1,273,540	\$ 369,858	\$ 34,592	\$ 797,792	\$ (48,839)	\$ (3,511)	\$ 2,766,632

ASPEED TECHNOLOGY INC. 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 before income tax	\$ 961,423	\$ 745,472
Adjustments for:		
Depreciation expenses	69,059	33,269
Amortization expenses	85,529	77,024
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	6,985	(7,835)
Finance costs	2,693	1,056
Interest income	(9,166)	(11,210)
Compensation cost	21,019	7,629
Loss on disposal of property, plants and equipment	102	-
Net gain on disposal of financial assets	(7,740)	(3,378)
Write-down (Reversal of write-down) of inventories	8,227	(1,961)
Net gain on foreign currency exchange	(6,047)	(6,490)
Recognition of provisions	4,918	3,426
Changes in operating assets and liabilities:		
Trade receivables (include related parties)	124,337	(182,957)
Inventories	(213,082)	41,247
Other current assets	(29,451)	(6,629)
Trade payables (include related parties)	66,491	99,188
Other payables	6,349	8,819
Other current liabilities	(32,616)	12,231
Accrued employees' compensation and remuneration of directors	84,569	64,247
Other non-current liabilities	(108)	(1,514)
Cash generated from operations	1,143,491	871,634
Interest paid	(2,617)	(710)
Income taxes paid	(223,181)	(174,094)
Net cash generated from operating activities	917,693	696,830
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	80,000
Purchase of financial assets at fair value through profit or loss	(201,888)	(110,242)
Proceeds from sale of financial assets at fair value through profit or loss	67,740	52,513
Payments for property, plant and equipment	(67,186)	(55,331)
Proceeds from disposal of property, plant and equipment	64	-
Decrease (increase) in refundable deposits	1,550	(5,365)
Payments for intangible assets	(22,834)	(36,248)
Increase in prepayments for equipment	(2,846)	-
Interest received	9,468	11,248
Net cash used in investing activities	(215,932)	(63,425)

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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 Nine Months Ended September 30	
	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	290,000	280,000
Proceeds from short-term bills payable	-	69,982
Repayments of the principal portion of lease liabilities	(17,822)	(2,946)
Dividends paid to owners of the Company	<u>(752,946)</u>	<u>(613,051)</u>
Net cash used in financing activities	<u>(480,768)</u>	<u>(266,015)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(396)</u>	<u>7,711</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	220,597	375,101
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 THE PERIOD	<u>\$ 1,642,556</u>	<u>\$ 1,468,447</u> (Concluded)