

**CIPHERLAB CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

Code	Accounting Title	2020/6/30	2019/12/31	2019/6/30
	Assets			
	Current assets			
1100	Cash and cash equivalents	117,709	168,963	173,453
1136	Current financial assets at amortised cost	0	38,677	40,662
1150	Notes receivable, net	1,770	1,314	2,034
1170	Accounts receivable, net	126,507	223,034	229,505
1200	Other receivables	4,898	8,017	4,823
1220	Current tax assets	7,596	7,596	7,572
130X	Current inventories	477,901	401,249	464,134
1470	Other current assets	28,734	45,862	38,696
1476	Other current financial assets	587	581	581
1479	Other current assets, others	28,147	45,281	38,115
11XX	Total current assets	765,115	894,712	960,879
	Non-current assets			
1600	Property, plant and equipment	138,750	138,645	143,641
1755	Right-of-use assets	65,725	38,927	19,845
1780	Intangible assets	11,972	13,863	6,643
1840	Deferred tax assets	77,402	56,129	53,392
1900	Other non-current assets	14,810	16,798	9,690
1990	Other non-current assets, others	14,810	16,798	9,690
15XX	Total non-current assets	308,659	264,362	233,211
1XXX	Total assets	1,073,774	1,159,074	1,194,090
	Liabilities and equity			
	Liabilities			
	Current liabilities			
2100	Current borrowings	130,000	80,000	50,000
2150	Notes payable	46	0	10
2170	Accounts payable	66,504	85,815	88,024
2200	Other payables	50,198	107,986	176,449
2219	Other payables, others	50,198	107,986	176,449
2280	Current lease liabilities	24,318	9,779	18,916
2300	Other current liabilities	7,074	7,840	7,189
2399	Other current liabilities, others	7,074	7,840	7,189
21XX	Total current liabilities	278,140	291,420	340,588

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	Non-current liabilities			
2570	Deferred tax liabilities	1,198	1,066	846
2580	Non-current lease liabilities	42,171	29,433	993
2600	Other non-current liabilities	20,224	21,845	32,225
2640	Net defined benefit liability, non-current	13,766	13,772	16,080
2645	Guarantee deposits received	6,458	8,073	16,145
25XX	Total non-current liabilities	63,593	52,344	34,064
2XXX	Total liabilities	341,733	343,764	374,652
	Equity			
	Equity attributable to owners of parent			
	Share capital			
3110	Ordinary share	684,891	684,891	684,891
3100	Total Share Capital	684,891	684,891	684,891
	Capital surplus			
3210	Capital surplus, additional paid-in capital	1,135	1,135	1,131
3200	Total capital surplus	1,135	1,135	1,131
	Retained earnings			
3310	Legal reserve	133,053	141,133	141,133
3320	Special reserve	3,062	3,062	3,062
3350	Unappropriated retained earnings (accumulated deficit)	(82,793)	(8,080)	(9,753)
3300	Total retained earnings	53,322	136,115	134,442
	Other equity interest			
3410	Exchange differences on translation of foreign financial statements	(5,407)	(5,021)	602
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(2,180)	(2,180)	(2,180)
3400	Total other equity interest	(7,587)	(7,201)	(1,578)
31XX	Total equity attributable to owners of parent	731,761	814,940	818,886
36XX	Non-controlling interests	280	370	552
3XXX	Total equity	732,041	815,310	819,438
3X2X	Total liabilities and equity	1,073,774	1,159,074	1,194,090
3998	Equivalent issue shares of advance receipts for ordinary share	0	0	0
3999	Number of shares in entity held by entity and by its subsidiaries	0	0	0

**CIPHERLAB CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Statement of Comprehensive Income					
Code	Accounting Title	2020/4/1To6/30	2019/4/1To6/30	2020/1/1To6/30	2019/1/1To6/30
	Operating revenue				
	Net sales revenue				
4100	Net sales revenue	185,919	335,552	404,654	612,809
	Service revenue				
4600	Total service revenue	7,229	8,274	11,752	14,720
4000	Total operating revenue	193,148	343,826	416,406	627,529
	Operating costs				
	Cost of sales				
5110	Total cost of sales	125,073	204,504	257,787	373,443
	Cost of services				
5600	Total cost of services	711	830	1,485	1,591
5000	Total operating costs	125,784	205,334	259,272	375,034
5900	Gross profit (loss) from operations	67,364	138,492	157,134	252,495
5950	Gross profit (loss) from operations	67,364	138,492	157,134	252,495
	Operating expenses				
6100	Selling expenses	48,645	58,627	114,626	116,276
6200	Administrative expenses	15,660	17,037	32,978	36,152
6300	Research and development expenses	59,225	62,041	120,413	117,699
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	414	301	478	1,044
6000	Total operating expenses	123,944	138,006	268,495	271,171
6900	Net operating income (loss)	(56,580)	486	(111,361)	(18,676)
	Non-operating income and expenses				
	Interest income				
7100	Total interest income	159	470	313	777
	Other income				
7010	Total other income	11,935	128	12,189	284
	Other gains and losses				
7020	Other gains and losses, net	(3,354)	(445)	(2,072)	1,995
	Finance costs				
7050	Finance costs, net	828	336	1,564	752
7000	Total non-operating income and expenses	7,912	(183)	8,866	2,304
7900	Profit (loss) from continuing operations before tax	(48,668)	303	(102,495)	(16,372)
	Tax expense (income)				
7950	Total tax expense (income)	(8,859)	(3,450)	(19,612)	(6,772)
8000	Profit (loss) from continuing operations	(39,809)	3,753	(82,883)	(9,600)
8200	Profit (loss)	(39,809)	3,753	(82,883)	(9,600)



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<b>Statement of Comprehensive Income</b>					
	Other comprehensive income				
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(912)	375	(482)	1,855
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(182)	75	(96)	371
8360	Components of other comprehensive income that will be reclassified to profit or loss	(730)	300	(386)	1,484
8300	Total other comprehensive income	(730)	300	(386)	1,484
8500	Total comprehensive income	(40,539)	4,053	(83,269)	(8,116)
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	(39,782)	3,910	(82,793)	(9,378)
8620	Profit (loss), attributable to non-controlling interests	(27)	(157)	(90)	(222)
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	(40,512)	4,210	(83,179)	(7,894)
8720	Comprehensive income, attributable to non-controlling interests	(27)	(157)	(90)	(222)
	Basic earnings per share				
9710	Basic earnings (loss) per share from continuing operations	(0.58)	0.06	(1.21)	(0.14)
9750	Total basic earnings per share	(0.58)	0.06	(1.21)	(0.14)
	Diluted earnings per share				
9810	Diluted earnings (loss) per share from continuing operations	(0.58)	0.06	(1.21)	(0.14)
9850	Total diluted earnings per share	(0.58)	0.06	(1.21)	(0.14)

**CIPHERLAB CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In Thousands of New Taiwan Dollars)

Statements of Cash Flows			
Code	Accounting Title	2020/1/1To6/30	2019/1/1To6/30
	Cash flows from (used in) operating activities, indirect method		
A00010	Profit (loss) from continuing operations before tax	(102,495)	(16,372)
A10000	Profit (loss) before tax	(102,495)	(16,372)
	Adjustments		
	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	28,030	26,690
A20200	Amortization expense	2,703	1,720
A20300	Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	478	1,044
A20900	Interest expense	1,564	752
A21200	Interest income	(313)	(777)
A22500	Loss (gain) on disposal of property, plan and equipment	48	0
A23700	Impairment loss on non-financial assets	12,621	0
A24100	Unrealized foreign exchange loss (gain)	(2,404)	(53)
A29900	Other adjustments to reconcile profit (loss)	2,006	0
A20010	Total adjustments to reconcile profit (loss)	44,733	29,376
	Changes in operating assets and liabilities		
	Changes in operating assets		
A31130	Decrease (increase) in notes receivable	(456)	(1,868)
A31150	Decrease (increase) in accounts receivable	97,432	113,192
A31180	Decrease (increase) in other receivable	2,823	7,663
A31200	Adjustments for decrease (increase) in inventories	(90,399)	33,417
A31240	Adjustments for decrease (increase) in other current assets	17,134	(8,034)
A31000	Total changes in operating assets	26,534	144,370
	Changes in operating liabilities		
A32130	Increase (decrease) in notes payable	46	10
A32150	Increase (decrease) in accounts payable	(19,789)	(49,931)
A32180	Increase (decrease) in other payable	(56,611)	(66,304)
A32230	Adjustments for increase (decrease) in other current liabilities	(766)	(1,716)
A32240	Increase (decrease) in net defined benefit liability	(6)	0
A32000	Total changes in operating liabilities	(77,126)	(117,941)
A30000	Total changes in operating assets and liabilities	(50,592)	26,429
A20000	Total adjustments	(5,859)	55,805
A33000	Cash inflow (outflow) generated from operations	(108,354)	39,433
A33100	Interest received	609	751
A33500	Income taxes refund (paid)	(1,461)	(7,343)
AAAA	Net cash flows from (used in) operating activities	(109,206)	32,841
	Cash flows from (used in) investing activities		
B00050	Proceeds from disposal of financial assets at amortised cost	38,989	0
B02700	Acquisition of property, plant and equipment	(8,296)	(8,754)



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Statements of Cash Flows			
B04500	Acquisition of intangible assets	(811)	(1,289)
B06500	Increase in other financial assets	(6)	(6)
B06700	Increase in other non-current assets	(6,127)	(7,746)
BBBB	Net cash flows from (used in) investing activities	23,749	(17,795)
	Cash flows from (used in) financing activities		
C00100	Increase in short-term loans	50,000	0
C00200	Decrease in short-term loans	0	(40,000)
C03100	Decrease in guarantee deposits received	(1,615)	0
C04020	Payments of lease liabilities	(12,759)	(14,786)
C05600	Interest paid	(1,561)	(754)
CCCC	Net cash flows from (used in) financing activities	34,065	(55,540)
DDDD	Effect of exchange rate changes on cash and cash equivalents	138	(1,039)
EEEE	Net increase (decrease) in cash and cash equivalents	(51,254)	(41,533)
E00100	Cash and cash equivalents at beginning of period	168,963	214,986
E00200	Cash and cash equivalents at end of period	117,709	173,453
E00210	Cash and cash equivalents reported in the statement of financial position	117,709	173,453