

Reviewed only, not audited in accordance with generally accepted auditing standards as of September 30, 2020 and 2019

Advanced Ceramic X Corporation

Balance Sheets

September 30, 2020, December 31, 2019 and September 30, 2019

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2020		December 31, 2019		September 30, 2019		September 30, 2020		December 31, 2019		September 30, 2019		
	Reviewed		Audited		Reviewed		Reviewed		Audited		Reviewed		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Assets							Liabilities and Equity						
Current Assets :							Current Liabilities :						
1100 Cash and Cash Equivalents (Note 6(1))	\$ 1,009,860	25	1,727,244	46	1,675,692	46	2170 Accounts Payable	\$ 82,601	2	50,504	1	52,480	2
1170 Notes and Accounts Receivable, Net (Note 6(2) and (11))	235,485	6	178,135	5	189,662	5	2201 Salary and Bonus Payable	175,262	4	120,688	3	166,897	5
1180 Receivables from Related Parties (Note 6(2), (11) and 7)	187,247	5	84,294	2	74,970	2	2213 Payables to Contractors and Equipment (Note 7)	231,999	6	91,046	3	83,813	2
1310 Inventories (Note 6(3))	132,239	3	117,516	3	130,908	4	2230 Income Tax Payable	65,222	2	68,006	2	28,960	1
1476 Other Financial Assets - Current (Note 6(1) and 8)	215,945	5	216,237	6	216,215	6	2399 Other Current Liabilities (Note 6(6), (11) and 7)	170,262	4	137,282	4	147,963	4
1479 Other Current Assets	48,130	1	25,642	-	26,318	1		725,346	18	467,526	13	480,113	14
	<u>1,828,906</u>	<u>45</u>	<u>2,349,068</u>	<u>62</u>	<u>2,313,765</u>	<u>64</u>	Noncurrent Liabilities :						
Noncurrent Assets :							2600 Other Liabilities- Noncurrent	16,102	-	14,061	-	13,399	-
1600 Property, Plant and Equipment (Note 6(4), 7 and 8)	2,189,466	55	1,417,742	38	1,310,052	36		16,102	-	14,061	-	13,399	-
1780 Intangible Assets (Note 6(5))	1,883	-	1,783	-	1,183	-	Total Liabilities	741,448	18	481,587	13	493,512	14
1840 Deferred Tax Assets	9,497	-	9,497	-	9,409	-	Equity (Note 6(9)) :						
1900 Other Assets - Noncurrent	7,037	-	-	-	-	-	3100 Capital Stock	690,162	17	690,162	18	690,162	19
1980 Other Financial Assets - Noncurrent (Note 8)	632	-	447	-	446	-	3200 Capital Surplus	573,532	14	573,532	15	573,532	15
1975 Net Defined Benefit Asset - Noncurrent (Note 6(7))	1,593	-	1,094	-	1,047	-	3300 Retained Earnings	2,033,872	51	2,034,350	54	1,878,696	52
	<u>2,210,108</u>	<u>55</u>	<u>1,430,563</u>	<u>38</u>	<u>1,322,137</u>	<u>36</u>	Total Equity	3,297,566	82	3,298,044	87	3,142,390	86
Total Assets	<u>\$ 4,039,014</u>	<u>100</u>	<u>3,779,631</u>	<u>100</u>	<u>3,635,902</u>	<u>100</u>	Total Liabilities and Equity	<u>\$ 4,039,014</u>	<u>100</u>	<u>3,779,631</u>	<u>100</u>	<u>3,635,902</u>	<u>100</u>

See accompanying notes to the financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

Advanced Ceramic X Corporation
Statements of Comprehensive Income
For the Three and Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	<u>Three Months Ended September 30</u>				<u>Nine Months Ended September 30</u>			
	<u>2020</u>		<u>2019</u>		<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4100 Net Revenue (Note 6(11) and 7)	\$ 555,236	100	415,061	100	1,557,119	100	1,270,478	100
5000 Cost of Sales (Note 6(3), (13) and 7)	233,415	42	170,158	41	643,900	41	512,796	40
Gross Profit	<u>321,821</u>	<u>58</u>	<u>244,903</u>	<u>59</u>	<u>913,219</u>	<u>59</u>	<u>757,682</u>	<u>60</u>
Operating Expenses (Note 6(13) and 7) :								
6100 Selling and Distribution Expenses	9,431	2	9,919	2	26,930	2	26,887	2
6200 General and Administrative Expenses	24,432	4	20,072	5	68,857	4	56,399	5
6300 Research and Development Expenses	31,616	5	28,128	7	92,801	6	84,309	7
6450 Losses (Gains) on Expected Credit Impairment (Note 6(2))	(563)	-	802	-	1,620	-	5,459	-
	<u>64,916</u>	<u>11</u>	<u>58,921</u>	<u>14</u>	<u>190,208</u>	<u>12</u>	<u>173,054</u>	<u>14</u>
Profit from Operations	<u>256,905</u>	<u>47</u>	<u>185,982</u>	<u>45</u>	<u>723,011</u>	<u>47</u>	<u>584,628</u>	<u>46</u>
Non-Operating Income and Expenses :								
7100 Interest Income	1,390	-	3,601	1	6,104	-	11,173	1
7190 Other Income (Note 6(12))	2,157	-	3,196	1	7,419	-	5,847	-
7230 Foreign Exchange Gains (Losses), Net	(9,597)	(2)	(305)	-	(11,622)	(1)	9,081	1
7610 Gains on Disposal of Property, Plant and Equipment, Net	1,750	-	100	-	1,750	-	100	-
	<u>(4,300)</u>	<u>(2)</u>	<u>6,592</u>	<u>2</u>	<u>3,651</u>	<u>(1)</u>	<u>26,201</u>	<u>2</u>
7900 Profit Before Income Tax	252,605	45	192,574	47	726,662	46	610,829	48
7950 Income Tax Expense (Note 6(8))	50,522	9	36,265	9	145,333	9	119,916	9
8200 Net Income	<u>202,083</u>	<u>36</u>	<u>156,309</u>	<u>38</u>	<u>581,329</u>	<u>37</u>	<u>490,913</u>	<u>39</u>
8300 Other Comprehensive Income :								
8300 Other Comprehensive Income, net of tax	-	-	-	-	-	-	-	-
8500 Total Comprehensive Income	<u>\$ 202,083</u>	<u>36</u>	<u>156,309</u>	<u>38</u>	<u>581,329</u>	<u>37</u>	<u>490,913</u>	<u>39</u>
Earnings Per Share (Expressed in Dollars) (Note 6(10))								
9750 Basic Earnings Per Share	<u>\$ 2.93</u>		<u>2.26</u>		<u>8.42</u>		<u>7.11</u>	
9850 Diluted Earnings Per Share	<u>\$ 2.92</u>		<u>2.26</u>		<u>8.41</u>		<u>7.10</u>	

See accompanying notes to the financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

Advanced Ceramic X Corporation
Statements of Changes in Equity
For the Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Retained Earnings		Capital Surplus	
			Legal Reserve	Undistributed Earnings		
Balance at January 1, 2019	\$ 690,162	573,532	640,414	1,429,249	2,069,663	3,333,357
Profit for the Nine Months Ended September 30, 2019	-	-	-	490,913	490,913	490,913
Other Comprehensive Income for the Nine Months Ended September 30, 2019	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2019	-	-	-	490,913	490,913	490,913
Appropriation and Distribution of 2018 Earnings :						
Legal Reserve	-	-	75,774	(75,774)	-	-
Cash Dividends	-	-	-	(681,880)	(681,880)	(681,880)
Balance at of September 30, 2019	\$ 690,162	573,532	716,188	1,162,508	1,878,696	3,142,390
Balance at January 1, 2020	\$ 690,162	573,532	716,188	1,318,162	2,034,350	3,298,044
Profit for the Nine Months Ended September 30, 2020	-	-	-	581,329	581,329	581,329
Other Comprehensive Income for the Nine Months Ended September 30, 2020	-	-	-	-	-	-
Total Comprehensive Income for the Nine Months Ended September 30, 2020	-	-	-	581,329	581,329	581,329
Appropriation and Distribution of 2019 Earnings :						
Legal Reserve	-	-	64,666	(64,666)	-	-
Cash Dividends	-	-	-	(581,807)	(581,807)	(581,807)
Balance at of September 30, 2020	\$ 690,162	573,532	780,854	1,253,018	2,033,872	3,297,566

See accompanying notes to the financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

Advanced Ceramic X Corporation
Statements of Cash Flows
For the Nine Months Ended September 30, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Nine Months Ended September 30	
	2020	2019
Cash Flows from Operating Activities :		
Income Before Income Tax	\$ 726,662	610,829
Adjustments for :		
Depreciation Expense	111,562	111,465
Amortization Expense	920	250
Expected Credit Loss	1,620	5,459
Interest Income	(6,104)	(11,173)
Gain on Disposal of Property, Plant and Equipment, Net	(1,750)	(100)
Provision (Reversal) for Inventory Obsolescence and Devaluation Loss	(500)	(4,700)
Total Adjustments to Reconcile Profit	<u>105,748</u>	<u>101,201</u>
Changes in Operating Assets and Liabilities :		
Notes and Accounts Receivable	(57,930)	(5,238)
Receivables from Related Parties	(103,993)	59,415
Inventories	(14,223)	4,200
Other Operating Current Assets	(22,488)	(7,430)
Net Defined Benefit Assets	(499)	(425)
Accounts Payable	32,097	6,776
Other Operating Current Liabilities (Including Salary Payable and Other Current Liabilities)	87,554	61,072
Other Liabilities-Noncurrent	2,041	2,922
Total Net Changes in Operating Assets and Liabilities	<u>(77,441)</u>	<u>121,292</u>
Cash Inflow Generated from Operations	754,969	833,322
Interest Received	6,396	11,465
Income Taxes Paid	<u>(148,117)</u>	<u>(192,654)</u>
Net Cash Flows from Operating Activities	<u>613,248</u>	<u>652,133</u>
Cash Flows from Investing Activities :		
Acquisition of Property, Plant and Equipment	(742,333)	(289,282)
Proceeds from Disposal of Property, Plant and Equipment	1,750	100
Decrease (Increase) in Guarantee Deposits	(185)	55
Acquisition of Intangible Assets	(500)	(750)
Decrease in Other Financial Assets	-	286,100
Increase in Other Assets- Noncurrent	(7,207)	-
Increase in Prepaid of Equipment	(350)	-
Net Cash Flows Used in Investing Activities	<u>(748,825)</u>	<u>(3,777)</u>
Cash Flows from Financing Activities :		
Cash Dividends	<u>(581,807)</u>	<u>(681,880)</u>
Net Cash Flows Used in Financing Activities	<u>(581,807)</u>	<u>(681,880)</u>
Net Decrease in Cash and Cash Equivalents	(717,384)	(33,524)
Cash and Cash Equivalents at the Beginning of Period	<u>1,727,244</u>	<u>1,709,216</u>
Cash and Cash Equivalents at the End of Period	<u>\$ 1,009,860</u>	<u>1,675,692</u>

See accompanying notes to the financial statements.