

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
September 30, 2022, December 31 and September 30, 2021

UNIT : NTD (In Thousands)

Assets	Notes	September 30, 2022	%	December 31, 2021	%	September 30, 2021	%	Liabilities & Stockholders' Equity	Notes	September 30, 2022	%	December 31, 2021	%	September 30, 2021	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$2,171,065	16.79	\$2,803,348	25.52	\$1,854,541	18.35	Short-term borrowings	6.11	\$2,582,834	19.98	\$2,554,712	23.25	\$2,113,055	20.91
Financial assets at fair value through profit or loss - current	6.2	57,045	0.44	65,200	0.59	60,737	0.60	Financial liabilities at fair value through profit or loss - current	6.2	11,314	0.09	1,023	0.01	2,249	0.02
Financial assets at amortized cost - current	6.3	-	-	371,960	3.39	420,680	4.16	Contract liabilities - current	6.20	684,933	5.30	622,327	5.66	521,277	5.16
Notes receivable, net	6.5	31,981	0.25	134,278	1.22	31,896	0.32	Notes payable		107	-	-	-	-	-
Accounts receivable, net	6.5	2,540,178	19.65	1,662,845	15.14	1,601,077	15.84	Accounts payable		2,243,740	17.36	1,037,818	9.45	960,824	9.51
Accounts receivable - related parties		25	-	21	-	10	-	Accounts payable - related parties	7	83,626	0.65	57,481	0.52	23,457	0.23
Other receivables		510,893	3.95	8,121	0.07	32,436	0.32	Other payables	6.13	498,814	3.86	508,113	4.63	395,443	3.91
Other receivables - related parties		-	-	-	-	436	-	Other payables - related parties	7	6,117	0.05	6,041	0.05	3,828	0.04
Current income tax assets		99,887	0.77	26,744	0.24	58,456	0.58	Current income tax liabilities		190,876	1.48	100,469	0.91	99,964	0.99
Inventories	6.6	4,620,105	35.74	3,453,905	31.44	3,575,108	35.38	Provisions - current	6.12	130,057	1.00	95,902	0.87	116,843	1.16
Prepayments	6.7	147,963	1.14	124,298	1.13	133,672	1.32	Lease liabilities - current	6.9	12,360	0.09	11,332	0.11	12,194	0.12
Other current assets		5,271	0.05	3,753	0.04	6,153	0.07	Other current liabilities	6.14	378,746	2.92	467,310	4.26	466,411	4.61
Sub-total		<u>10,184,413</u>	<u>78.78</u>	<u>8,654,473</u>	<u>78.78</u>	<u>7,775,202</u>	<u>76.94</u>	Sub-total		<u>6,823,524</u>	<u>52.78</u>	<u>5,462,528</u>	<u>49.72</u>	<u>4,715,545</u>	<u>46.66</u>
Non-current assets								Non-current liabilities							
Financial assets at fair value through other comprehensive income - non-current	6.4	19,094	0.15	19,335	0.18	19,335	0.19	Provisions - non-current	6.12	67,252	0.52	73,853	0.67	48,005	0.48
Property, plant and equipment	6.8	2,099,743	16.24	1,782,568	16.23	1,815,799	17.97	Deferred tax liabilities		51,463	0.40	5,561	0.05	3,175	0.03
Right-of-use assets	6.9	194,182	1.50	181,041	1.65	164,675	1.63	Lease liabilities - non-current	6.9	35,395	0.27	36,573	0.33	18,007	0.18
Intangible assets		97,711	0.76	33,757	0.31	38,169	0.38	Other non-current liabilities		410	-	240	0.01	239	0.01
Deferred tax assets		192,315	1.49	130,077	1.18	117,377	1.16	Sub-total		154,520	1.19	116,227	1.06	69,426	0.70
Other non-current assets	6.10	140,248	1.08	184,709	1.67	175,289	1.73	Total Liabilities		<u>6,978,044</u>	<u>53.97</u>	<u>5,578,755</u>	<u>50.78</u>	<u>4,784,971</u>	<u>47.36</u>
Sub-total		<u>2,743,293</u>	<u>21.22</u>	<u>2,331,487</u>	<u>21.22</u>	<u>2,330,644</u>	<u>23.06</u>	Equity							
								Equity attributable to owners of the parent							
								Share Capital							
								Common stock							
								Capital surplus							
								Retained earnings							
								Legal reserve							
								Special reserve							
								Unappropriated earnings (Accumulated deficit)							
								Other equity							
								Treasury stock							
								Total equity attributable to owners of the parent							
								Non-controlling interests							
								Total Equity							
Total assets		<u>\$12,927,706</u>	<u>100.00</u>	<u>\$10,985,960</u>	<u>100.00</u>	<u>\$10,105,846</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$12,927,706</u>	<u>100.00</u>	<u>\$10,985,960</u>	<u>100.00</u>	<u>\$10,105,846</u>	<u>100.00</u>

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Nine Months Ended September 30, 2022 and 2021

UNIT : NTD (In Thousands)

Item	Notes	2022	%	2021	%	2022	%	2021	%
Operating revenue	6.20	\$3,162,718	100.00	\$2,168,518	100.00	\$8,642,851	100.00	\$7,323,962	100.00
Operating costs	6.6	(2,515,382)	(79.53)	(1,684,701)	(77.69)	(6,710,727)	(77.64)	(5,900,760)	(80.57)
Gross profit (loss)		647,336	20.47	483,817	22.31	1,932,124	22.36	1,423,202	19.43
Net gross profit (loss)		647,336	20.47	483,817	22.31	1,932,124	22.36	1,423,202	19.43
Operating expenses									
Selling expenses		(178,065)	(5.63)	(165,274)	(7.62)	(504,964)	(5.84)	(483,926)	(6.61)
General and administrative expenses		(156,329)	(4.94)	(148,581)	(6.85)	(469,201)	(5.43)	(469,319)	(6.41)
Research and development expenses		(134,982)	(4.27)	(85,587)	(3.95)	(388,701)	(4.50)	(273,201)	(3.73)
Expected credit impairment gain (loss)		(4,510)	(0.15)	(5,724)	(0.26)	2,955	0.03	(9,092)	(0.12)
Total operating expenses		(473,886)	(14.99)	(405,166)	(18.68)	(1,359,911)	(15.74)	(1,235,538)	(16.87)
Operating profit (loss)		173,450	5.48	78,651	3.63	572,213	6.62	187,664	2.56
Non-operating income and expenses									
Interest income		4,571	0.14	3,460	0.16	11,730	0.14	8,071	0.11
Other income		17,497	0.55	22,094	1.02	28,116	0.33	41,525	0.57
Other gains and losses	6.21	(29,820)	(0.94)	(4,213)	(0.19)	(28,201)	(0.33)	(15,374)	(0.21)
Financial costs		(22,157)	(0.69)	(8,908)	(0.41)	(44,167)	(0.52)	(25,376)	(0.35)
Sub-total		(29,909)	(0.94)	12,433	0.57	(32,522)	(0.38)	8,846	0.12
Profit (loss) before income tax		143,541	4.54	91,084	4.20	539,691	6.24	196,510	2.68
Income tax (expenses) benefit	6.24	(18,194)	(0.58)	(26,798)	(1.24)	(127,712)	(1.47)	(62,021)	(0.84)
Net profit (loss) from continuing operations		\$125,347	3.96	\$64,286	2.96	\$411,979	4.77	\$134,489	1.84
Net profit (loss)		\$125,347	3.96	\$64,286	2.96	\$411,979	4.77	\$134,489	1.84
Other comprehensive income (loss)									
Components of other comprehensive income that will not be reclassified to profit or loss									
Gain (loss) on remeasurements of defined benefit plans		\$-	-	\$-	-	\$545	0.01	\$-	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income		-	-	-	-	(241)	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		185,955	5.88	(7,234)	(0.33)	340,938	3.94	(15,518)	(0.21)
Other comprehensive income (loss), net of income tax		\$185,955	5.88	\$(7,234)	(0.33)	\$341,242	3.95	\$(15,518)	(0.21)
Total comprehensive income (loss)		\$311,302	9.84	\$57,052	2.63	\$753,221	8.72	\$118,971	1.63
Profit (loss) attributable to:									
Shareholders of the parent		107,758	3.41	30,123	1.39	350,401	4.05	50,765	0.69
Non-controlling interests		17,589	0.55	34,163	1.58	61,578	0.72	83,724	1.15
Total		125,347	3.96	64,286	2.96	411,979	4.77	134,489	1.84
Comprehensive income (loss) attributable to:									
Shareholders of the parent		293,713	9.29	22,889	1.06	691,676	8.00	35,247	0.48
Non-controlling interests		17,589	0.55	34,163	1.58	61,545	0.72	83,724	1.15
Total		\$311,302	9.84	\$57,052	2.63	\$753,221	8.72	\$118,971	1.63
Earnings per share	6.25								
Basic earnings (loss) per share (in dollars)		\$0.34		\$0.09		\$1.09		\$0.16	
Diluted earnings per share (in dollars)		\$0.33		\$0.09		\$1.09		\$0.16	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Nine Months Ended September 30, 2022 and 2021

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent										Non-Controlling Interest	Total
	Common Stock	Capital Surplus	Retained Earnings			Other Equity Interests		Treasury Stock	SubTotal			
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income					
Balance on January 1, 2021	\$3,289,862	\$1,326,737	\$248,065	\$89,973	\$280,010	\$(132,543)	\$3,487	\$(160,442)	\$4,945,149	\$637,738	\$5,582,887	
Appropriation of earnings 2020												
Legal reserve	-	-	28,001	-	(28,001)	-	-	-	-	-	-	
Special reserve	-	-	-	39,083	(39,083)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(212,926)	-	-	-	(212,926)	-	(212,926)	
Effects of changes in ownership interest from investee	-	(9,185)	-	-	-	-	-	-	(9,185)	-	(9,185)	
Changes in capital surplus of investees	-	26,848	-	-	-	-	-	-	26,848	44,629	71,477	
Cash dividends distributed from capital surplus	-	(108,392)	-	-	-	-	-	-	(108,392)	-	(108,392)	
Net profit (loss)	-	-	-	-	50,765	-	-	-	50,765	83,724	134,489	
Other comprehensive income (loss)	-	-	-	-	-	(15,518)	-	-	(15,518)	-	(15,518)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(121,958)	(121,958)	
Rounding	-	-	-	1	-	-	-	-	1	-	1	
Balance on September 30, 2021	\$3,289,862	\$1,236,008	\$276,066	\$129,057	\$50,765	\$(148,061)	\$3,487	\$(160,442)	\$4,676,742	\$644,133	\$5,320,875	
Balance on January 1, 2022	\$3,289,862	\$1,236,008	\$276,066	\$129,057	\$71,582	\$(148,998)	\$3,487	\$(160,442)	\$4,696,622	\$710,583	\$5,407,205	
Appropriation of earnings 2021												
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-	
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(47,970)	-	-	-	(47,970)	-	(47,970)	
Effects of changes in ownership interest from investee	-	(13,389)	-	-	-	-	-	-	(13,389)	-	(13,389)	
Changes in capital surplus of investees	-	33,915	-	-	-	-	-	-	33,915	60,003	93,918	
Cash dividends distributed from capital surplus	-	(112,690)	-	-	-	-	-	-	(112,690)	-	(112,690)	
Net profit (loss)	-	-	-	-	350,401	-	-	-	350,401	61,578	411,979	
Other comprehensive income (loss)	-	-	-	-	545	340,971	(241)	-	341,275	(33)	341,242	
Cancellation of treasury stock	(76,690)	(28,812)	-	-	(54,940)	-	-	160,442	-	-	-	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(130,633)	(130,633)	
Rounding	-	-	-	-	1	-	-	-	1	(1)	-	
Balance on September 30, 2022	\$3,213,172	\$1,115,032	\$283,224	\$145,512	\$296,006	\$191,973	\$3,246	\$0	\$5,248,165	\$701,497	\$5,949,662	

The accompanying notes are an integral part of financial statements

**HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Nine Months Ended September 30, 2022 and 2021

UNIT : NTD (In Thousands)

Items	2022	2021
<b>Cash flows from operating activities</b>		
Profit (loss) before income tax from continuing operations	\$539,691	\$196,510
Consolidated profit (loss) before tax	539,691	196,510
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	178,739	196,293
Amortization	22,916	23,746
Expected credit impairment loss (gain)	(2,956)	9,092
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	18,433	(8,501)
Interest expense	44,167	25,376
Interest income	(11,730)	(8,071)
Dividend income	(6,391)	(2,677)
Loss (gain) on disposal and scrap of property, plant and equipment	(23)	3,113
Loss (gain) on disposal of investments	-	3,764
Intangible assets transferred to other loss	-	962
Loss (gain) on a lease modification	-	(421)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	102,297	123,058
(Increase) decrease in accounts receivable	(874,377)	431,857
(Increase) decrease in accounts receivable - related parties	(4)	12
(Increase) decrease in other receivables	(506,995)	41,178
(Increase) decrease in other receivables - related parties	-	(436)
(Increase) decrease in inventories	(1,166,200)	38,922
(Increase) decrease in prepaid expenses	15,941	7,324
(Increase) decrease in prepayments	(39,606)	29,876
(Increase) decrease in other current assets	(1,518)	(1,209)
Increase (decrease) in contract liabilities	62,606	(146,779)
Increase (decrease) in notes payable	107	(86)
Increase (decrease) in accounts payable	1,205,922	(1,217,823)
Increase (decrease) in accounts payable - related parties	26,144	(16,493)
Increase (decrease) in other payables	(13,663)	(344,276)
Increase (decrease) in other payables - related parties	76	3,828
Increase (decrease) in provisions	27,554	(46,528)
Increase (decrease) in advanced receipts	(552)	217
Increase (decrease) in other current liabilities	1,973	(9,809)
Increase (decrease) in net defined benefit liabilities	545	-
Interest received	15,953	5,834
Dividends received	6,391	2,677
Interest paid	(33,539)	(18,847)
Income taxes refund (paid)	(126,920)	(81,548)
Net cash flows generated from (used in) operating activities	<u>(515,019)</u>	<u>(759,865)</u>
<b>Cash flows from investing activities</b>		
Acquisition of financial assets at amortized cost	-	(420,680)
Repayments of financial assets at amortized cost	371,960	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	11,851
Acquisition of property, plant and equipment	(345,602)	(141,660)
Proceeds from disposal of property, plant and equipment	48	8,828
Increase in guarantee deposits	(64)	-
Decrease in guarantee deposits	-	29,428
Acquisition of intangible assets	(85,641)	(14,955)
Increase in other non-current assets	-	(3,399)
Decrease in other non-current assets	12,528	-
Increase in prepayments for equipment	-	(17,348)
Decrease in prepayments for equipment	32,132	-
Net cash flows generated from (used in) investing activities	<u>(14,639)</u>	<u>(547,935)</u>
<b>Cash flows from financing activities</b>		
Increase in short-term borrowings	28,122	-
Decrease in short-term borrowings	-	(304,457)
Increase in guarantee deposits received	207	-
Decrease in guarantee deposits received	-	(43)
Repayment of lease principle	(11,549)	(20,677)
Cash dividends paid	(160,659)	(321,318)
Increase (decrease) in minority interest	(145,578)	(132,291)
Net cash generated from (used in) financing activities	<u>(289,457)</u>	<u>(778,786)</u>
Effects of changes in exchange rate on cash and cash equivalents	186,832	5,903
Net increase (decrease) in cash and cash equivalents	(632,283)	(2,080,683)
Cash and cash equivalents at beginning of period	<u>2,803,348</u>	<u>3,935,224</u>
Cash and cash equivalents at end of period	<u>\$2,171,065</u>	<u>\$1,854,541</u>

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