

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2020, December 31 and March 31, 2019

UNIT : NTD (In Thousands)

Assets	Notes	March 31, 2020	%	December 31, 2019	%	March 31, 2019	%	Liabilities & Stockholders' Equity	Notes	March 31, 2020	%	December 31, 2019	%	March 31, 2019	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$3,978,291	41.48	\$4,607,008	46.46	\$1,488,935	16.29	Short-term borrowings	6.9	\$1,234,337	12.87	\$952,701	9.61	\$1,701,834	18.62
Financial assets at fair value through profit or loss - current	6.2	100,119	1.04	92,866	0.94	109,093	1.19	Financial liabilities at fair value through profit or loss - current		-	-	-	-	1,771	0.02
Financial assets at amortized cost - current	6.3	30,000	0.31	30,000	0.30	30,000	0.33	Contract liabilities - current	6.19	375,877	3.92	463,355	4.67	467,180	5.11
Notes receivable, net	6.5	25,341	0.26	46,055	0.46	47,537	0.52	Notes payable		2,437	0.03	237	-	2,392	0.03
Accounts receivable, net	6.5	850,945	8.87	1,284,572	12.96	1,838,384	20.12	Accounts payable		1,230,072	12.82	1,269,489	12.80	2,112,789	23.12
Other receivables		45,473	0.47	58,181	0.59	269,146	2.95	Other payables	6.11	305,583	3.19	458,922	4.63	374,214	4.10
Current income tax assets		5,933	0.06	5,648	0.06	18,323	0.20	Current income tax liabilities	6.22	61,775	0.64	62,654	0.63	64,318	0.70
Inventories	6.6	2,294,267	23.92	1,767,865	17.83	3,315,501	36.28	Provisions - current	6.10	154,529	1.61	189,104	1.91	164,800	1.80
Prepayments		349,179	3.64	357,500	3.61	576,554	6.31	Lease liabilities - current	6.8	44,632	0.47	42,474	0.43	47,122	0.52
Other current assets		12,051	0.14	5,919	0.05	8,525	0.10	Other current liabilities	6.12	13,791	0.14	134,758	1.36	48,399	0.53
Sub-total		<u>7,691,599</u>	<u>80.19</u>	<u>8,255,614</u>	<u>83.26</u>	<u>7,701,998</u>	<u>84.29</u>	Sub-total		<u>3,423,033</u>	<u>35.69</u>	<u>3,573,694</u>	<u>36.04</u>	<u>4,984,819</u>	<u>54.55</u>
Non-current assets								Non-current liabilities							
Financial assets at fair value through other comprehensive income - non-current	6.4	21,245	0.22	21,245	0.21	16,667	0.18	Financial liabilities at fair value through profit or loss - non-current		2,340	0.02	1,560	0.02	-	-
Property, plant and equipment	6.7	1,271,465	13.26	1,108,216	11.18	949,646	10.39	Bonds payable	6.13	573,473	5.98	571,047	5.76	-	-
Right-of-use assets	6.8	213,113	2.22	219,340	2.21	138,755	1.52	Long-term borrowings	6.14	-	-	150,000	1.51	184,920	2.02
Intangible assets		43,647	0.46	50,916	0.51	54,976	0.60	Provisions - non-current	6.10	44,979	0.47	41,703	0.42	57,686	0.63
Deferred tax assets		57,247	0.60	78,917	0.80	80,170	0.88	Deferred tax liabilities		2,407	0.03	7,070	0.07	6,356	0.07
Other non-current assets		293,504	3.05	180,948	1.83	195,632	2.14	Lease liabilities - non-current	6.8	18,259	0.19	26,152	0.27	62,439	0.68
Sub-total		<u>1,900,221</u>	<u>19.81</u>	<u>1,659,582</u>	<u>16.74</u>	<u>1,435,846</u>	<u>15.71</u>	Other non-current liabilities		418	(0.01)	418	0.01	563	0.02
								Sub-total							
								<u>641,876</u>							
								<u>6.68</u>							
								<u>797,950</u>							
								<u>8.06</u>							
								<u>311,964</u>							
								<u>3.42</u>							
								<u>4,064,909</u>							
								<u>42.37</u>							
								<u>4,371,644</u>							
								<u>44.10</u>							
								<u>5,296,783</u>							
								<u>57.97</u>							
Equity								Total Liabilities							
Equity attributable to owners of the parent								Equity							
Share Capital								Equity attributable to owners of the parent							
Common stock								Share Capital							
Capital collected in advance								Common stock							
Capital surplus								Capital collected in advance							
Retained earnings								Capital surplus							
Legal reserve								Retained earnings							
Special reserve								Legal reserve							
Unappropriated earnings (Accumulated deficit)								Special reserve							
Other equity								Unappropriated earnings (Accumulated deficit)							
Treasury stock								Other equity							
Total equity attributable to owners of the parent								Treasury stock							
Non-controlling interests								Total equity attributable to owners of the parent							
Total Equity								Non-controlling interests							
								Total Equity							
								<u>612,815</u>							
								<u>6.39</u>							
								<u>596,381</u>							
								<u>6.01</u>							
								<u>553,315</u>							
								<u>6.06</u>							
								<u>5,526,911</u>							
								<u>57.63</u>							
								<u>5,543,552</u>							
								<u>55.90</u>							
								<u>3,841,061</u>							
								<u>42.03</u>							
Total assets		<u>\$9,591,820</u>	<u>100.00</u>	<u>\$9,915,196</u>	<u>100.00</u>	<u>\$9,137,844</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$9,591,820</u>	<u>100.00</u>	<u>\$9,915,196</u>	<u>100.00</u>	<u>\$9,137,844</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 Three Months Ended March 31, 2020 and 2019

UNIT : NTD (In
Thousands)

Item	Notes	2020	%	2019	%
Operating revenue	6.19	\$1,450,976	100.00	\$2,586,504	100.00
Operating costs	6.6	(1,052,706)	(72.55)	(2,155,219)	(83.33)
Gross profit (loss)		398,270	27.45	431,285	16.67
Net gross profit (loss)		398,270	27.45	431,285	16.67
Operating expenses					
Selling expenses		(141,537)	(9.75)	(152,976)	(5.91)
General and administrative expenses		(131,056)	(9.03)	(139,230)	(5.38)
Research and development expenses		(86,949)	(5.99)	(92,640)	(3.58)
Expected credit impairment gain (loss)		(277)	(0.03)	1,118	0.04
Total operating expenses		(359,819)	(24.80)	(383,728)	(14.83)
Operating profit (loss)		38,451	2.65	47,557	1.84
Non-operating income and expenses					
Other income		6,313	0.44	3,515	0.14
Other gains and losses	6.20	(20,745)	(1.43)	16,517	0.64
Financial costs		(11,479)	(0.80)	(23,016)	(0.90)
Sub-total		(25,911)	(1.79)	(2,984)	(0.12)
Profit (loss) before income tax		12,540	0.86	44,573	1.72
Income tax (expenses) benefit	6.23	(27,074)	(1.86)	(562)	(0.02)
Net profit (loss) from continuing operations		\$(14,534)	(1.00)	\$44,011	1.70
Net profit (loss)		\$(14,534)	(1.00)	\$44,011	1.70
Other comprehensive income (loss)					
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		\$(2,106)	(0.15)	\$20,553	0.79
Other comprehensive income (loss), net of income tax		\$(2,106)	(0.15)	\$20,553	0.79
Total comprehensive income (loss)		\$(16,640)	(1.15)	\$64,564	2.49
Profit (loss) attributable to:					
Shareholders of the parent		(30,968)	(2.13)	16,027	0.62
Non-controlling interests		16,434	1.13	27,984	1.08
Total		(14,534)	(1.00)	44,011	1.70
Comprehensive income (loss) attributable to:					
Shareholders of the parent		(33,075)	(2.28)	36,580	1.41
Non-controlling interests		16,435	1.13	27,984	1.08
Total		\$(16,640)	(1.15)	\$64,564	2.49
Earnings per share	6.24				
Basic earnings (loss) per share (in dollars)		\$(0.10)		\$0.07	
Diluted earnings per share (in dollars)		\$-		\$0.07	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Three Months Ended March 31, 2020 and 2019

UNIT : NTD (In Thousands)

Summary	Equity Attributable to Shareholders of the Parent											Non-Controlling Interest	Total
	Share Capital		Capital Surplus	Retained Earnings			Other Equity Interests		Treasury Stock	SubTotal			
	Common Stock	Share capital collected in advance		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, 2019	\$2,242,940	\$165	\$729,418	\$206,873	\$42,626	\$192,739	\$(56,778)	\$163	\$0	\$3,358,146	\$522,823	\$3,880,969	
Appropriation of earnings 2018													
Net profit (loss)	-	-	-	-	-	16,027	-	-	-	16,027	27,984	44,011	
Other comprehensive income (loss)	-	-	-	-	-	-	20,553	-	-	20,553	-	20,553	
Conversion of convertible bonds	3,956	23,846	22,684	-	-	-	-	-	-	50,486	-	50,486	
Purchase of treasury stock	-	-	-	-	-	-	-	-	(160,442)	(160,442)	-	(160,442)	
Differences of acquisition or disposal price and book value of subsidiaries	-	-	2,975	-	-	-	-	-	-	2,975	-	2,975	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	2,508	2,508	
Rounding	-	-	-	-	-	1	-	-	-	1	-	1	
Balance on March 31, 2019	\$2,246,896	\$24,011	\$755,077	\$206,873	\$42,626	\$208,767	\$(36,225)	\$163	\$(160,442)	\$3,287,746	\$553,315	\$3,841,061	
Balance on January 1, 2020	\$3,289,862	\$0	\$1,401,968	\$226,069	\$56,615	\$223,073	\$(95,371)	\$5,397	\$(160,442)	\$4,947,171	\$596,381	\$5,543,552	
Appropriation of earnings 2019													
Net profit (loss)	-	-	-	-	-	(30,968)	-	-	-	(30,968)	16,434	(14,534)	
Other comprehensive income (loss)	-	-	-	-	-	-	(2,106)	-	-	(2,106)	-	(2,106)	
Rounding	-	-	-	-	-	(1)	-	-	-	(1)	-	(1)	
Balance on March 31, 2020	\$3,289,862	\$0	\$1,401,968	\$226,069	\$56,615	\$192,104	\$(97,477)	\$5,397	\$(160,442)	\$4,914,096	\$612,815	\$5,526,911	

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HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2020 and 2019

UNIT : NTD (In Thousands)

Items	2020	2019
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$12,540	\$44,573
Consolidated profit (loss) before tax	12,540	44,573
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	56,116	54,513
Amortization	8,183	7,679
Expected credit impairment loss (gain)	277	(1,118)
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	15,755	(2,993)
Interest expense	11,480	23,016
Interest income	(5,013)	(752)
Loss (gain) on disposal and scrap of property, plant and equipment	(247)	43
Loss gain) on disposal of investments	-	(618)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	20,715	4,773
(Increase) decrease in accounts receivable	433,349	136,228
(Increase) decrease in other receivables	13,295	68,601
(Increase) decrease in inventories	(526,402)	(5,146)
(Increase) decrease in prepaid expenses	(15,259)	(1,112)
(Increase) decrease in prepayments	23,579	9,247
(Increase) decrease in other current assets	(6,133)	(3,209)
Increase (decrease) in contract liabilities	(87,478)	52,503
Increase (decrease) in notes payable	2,200	579
Increase (decrease) in accounts payable	(39,417)	(815,666)
Increase (decrease) in other payables	(156,270)	(118,597)
Increase (decrease) in provisions	(31,299)	(23,757)
Increase (decrease) in other current liabilities	(966)	196
Interest received	4,564	880
Interest paid	(9,291)	(24,659)
Income taxes refund (paid)	(11,370)	(231)
Net cash flows generated from (used in) operating activities	<u>(287,092)</u>	<u>(595,027)</u>
Cash flows from investing activities		
Acquisition of financial assets at fair value through profit or loss	(22,227)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,233
Proceeds from disposal of investments accounted for under equity method	-	5,507
Acquisition of property, plant and equipment	(211,103)	(7,314)
Proceeds from disposal of property, plant and equipment	8,654	63
Decrease in guarantee deposits	15,003	14,871
Acquisition of intangible assets	(991)	(3,297)
Proceed from disposal of intangible assets	906	-
Increase in other financial assets	-	(1,000)
Increase in other non-current assets	-	(20,646)
Decrease in other non-current assets	300	-
Increase in prepayments for equipment	(130,703)	(10,156)
Net cash flows generated from (used in) investing activities	<u>(340,161)</u>	<u>(17,739)</u>
Cash flows from financing activities		
Increase in short-term borrowings	281,636	57,184
Repayments of long-term borrowings	(270,000)	(29,980)
Decrease in guarantee deposits received	(1)	-
Repayment of lease principle	(12,912)	(13,830)
Decrease in other non-current liabilities	-	(656)
The purchase of treasury stock	-	(160,442)
Increase (decrease) in minority interest	-	2,508
Net cash generated from (used in) financing activities	<u>(1,277)</u>	<u>(145,216)</u>
Effects of changes in exchange rate on cash and cash equivalents	(187)	5,740
Net increase (decrease) in cash and cash equivalents	(628,717)	(752,242)
Cash and cash equivalents at beginning of period	4,607,008	2,241,177
Cash and cash equivalents at end of period	<u>\$3,978,291</u>	<u>\$1,488,935</u>

The accompanying notes are an integral part of financial statements