

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
September 30, 2020, December 31 and September 30, 2019

UNIT : NTD (In Thousands)

Assets	Notes	September 30, 2020		December 31, 2019		September 30, 2019		Liabilities & Stockholders' Equity	Notes	September 30, 2020		December 31, 2019		September 30, 2019	
			%		%		%				%		%		%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$3,761,017	31.38	\$4,607,008	46.46	\$1,888,463	24.62	Short-term borrowings	6.10	\$2,333,893	19.48	\$952,701	9.61	\$1,261,116	16.44
Financial assets at fair value through profit or loss - current	6.2	71,218	0.59	92,866	0.94	79,241	1.03	Financial liabilities at fair value through profit or loss - current	6.2	1,722	0.01	-	-	-	-
Financial assets at amortized cost - current	6.3	200,000	1.67	30,000	0.30	30,000	0.39	Contract liabilities - current	6.20	896,736	7.48	463,355	4.67	536,976	7.00
Notes receivable, net	6.5	292,540	2.44	46,055	0.46	53,479	0.70	Notes payable		1,144	0.01	237	-	1,355	0.02
Accounts receivable, net	6.5	2,120,233	17.69	1,284,572	12.96	1,643,741	21.43	Accounts payable		2,070,622	17.28	1,269,489	12.80	1,253,249	16.34
Accounts receivable - related parties	7	6,430	0.05	-	-	-	-	Accounts payable - related parties	7	531	-	-	-	-	-
Other receivables		38,259	0.32	58,181	0.59	109,109	1.42	Other payables	6.12	398,945	3.33	458,922	4.63	381,222	4.97
Current income tax assets		38,760	0.32	5,648	0.06	6,113	0.08	Current income tax liabilities		87,571	0.73	62,654	0.63	33,909	0.44
Inventories	6.6	2,637,021	22.00	1,767,865	17.83	2,029,462	26.45	Provisions - current	6.11	139,708	1.17	189,104	1.91	160,242	2.09
Prepayments		444,431	3.72	357,500	3.61	348,830	4.55	Lease liabilities - current	6.8	31,827	0.27	42,474	0.43	45,257	0.59
Other current assets		6,054	0.06	5,919	0.05	8,780	0.11	Other current liabilities	6.13	14,558	0.12	134,758	1.36	13,750	0.17
Sub-total		<u>9,615,963</u>	<u>80.24</u>	<u>8,255,614</u>	<u>83.26</u>	<u>6,197,218</u>	<u>80.78</u>	Sub-total		<u>5,977,257</u>	<u>49.88</u>	<u>3,573,694</u>	<u>36.04</u>	<u>3,687,076</u>	<u>48.06</u>
								Non-current liabilities							
								Financial liabilities at fair value through profit or loss - non-current		1,020	0.01	1,560	0.02	-	-
								Bonds payable	6.14	578,356	4.83	571,047	5.76	-	-
								Long-term borrowings	6.15	-	-	150,000	1.51	62,080	0.81
								Provisions - non-current	6.11	35,211	0.29	41,703	0.42	57,883	0.75
								Deferred tax liabilities		8,587	0.07	7,070	0.07	6,777	0.09
								Lease liabilities - non-current	6.8	14,894	0.13	26,152	0.27	37,984	0.50
Non-current assets								Other non-current liabilities		241	0.01	418	0.01	2,123	0.02
Financial assets at fair value through other comprehensive income - non-current	6.4	21,245	0.18	21,245	0.21	16,667	0.22	Sub-total		<u>638,309</u>	<u>5.34</u>	<u>797,950</u>	<u>8.06</u>	<u>166,847</u>	<u>2.17</u>
Property, plant and equipment	6.7	1,738,970	14.51	1,108,216	11.18	902,474	11.76	Total Liabilities		<u>6,615,566</u>	<u>55.22</u>	<u>4,371,644</u>	<u>44.10</u>	<u>3,853,923</u>	<u>50.23</u>
Right-of-use assets	6.8	190,643	1.59	219,340	2.21	239,445	3.12	Equity							
Intangible assets		50,871	0.42	50,916	0.51	55,760	0.73	Equity attributable to owners of the parent							
Deferred tax assets		100,409	0.84	78,917	0.80	64,915	0.85	Share Capital	6.17						
Other non-current assets	6.9	265,716	2.22	180,948	1.83	195,194	2.54	Common stock		3,289,862	27.45	3,289,862	33.18	2,289,862	29.85
Sub-total		<u>2,367,854</u>	<u>19.76</u>	<u>1,659,582</u>	<u>16.74</u>	<u>1,474,455</u>	<u>19.22</u>	Capital surplus	6.18	1,312,633	10.95	1,401,968	14.14	779,629	10.16
								Retained earnings	6.19						
								Legal reserve		248,065	2.07	226,069	2.28	226,069	2.95
								Special reserve		89,973	0.75	56,615	0.57	56,615	0.74
								Unappropriated earnings (Accumulated deficit)		173,897	1.45	223,073	2.25	147,951	1.93
								Other equity		(115,818)	(0.97)	(89,974)	(0.91)	(76,354)	(1.00)
								Treasury stock	6.17	(160,442)	(1.34)	(160,442)	(1.62)	(160,442)	(2.09)
								Total equity attributable to owners of the parent		<u>4,838,170</u>	<u>40.36</u>	<u>4,947,171</u>	<u>49.89</u>	<u>3,263,330</u>	<u>42.54</u>
								Non-controlling interests		530,081	4.42	596,381	6.01	554,420	7.23
								Total Equity		<u>5,368,251</u>	<u>44.78</u>	<u>5,543,552</u>	<u>55.90</u>	<u>3,817,750</u>	<u>49.77</u>
Total assets		<u>\$11,983,817</u>	<u>100.00</u>	<u>\$9,915,196</u>	<u>100.00</u>	<u>\$7,671,673</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$11,983,817</u>	<u>100.00</u>	<u>\$9,915,196</u>	<u>100.00</u>	<u>\$7,671,673</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, 2020 and 2019

UNIT : NTD (In Thousands)

Item	Notes	2020	%	2019	%	2020	%	2019	%
Operating revenue	6.20	\$3,009,247	100.00	\$2,450,045	100.00	\$7,003,427	100.00	\$7,852,895	100.00
Operating costs	6.6	(2,454,992)	(81.58)	(1,915,627)	(78.19)	(5,507,665)	(78.64)	(6,330,775)	(80.62)
Gross profit (loss)		554,255	18.42	534,418	21.81	1,495,762	21.36	1,522,120	19.38
Net gross profit (loss)		554,255	18.42	534,418	21.81	1,495,762	21.36	1,522,120	19.38
Operating expenses									
Selling expenses		(161,608)	(5.37)	(153,431)	(6.26)	(454,252)	(6.49)	(455,847)	(5.80)
General and administrative expenses		(176,046)	(5.85)	(140,789)	(5.75)	(464,553)	(6.63)	(420,357)	(5.35)
Research and development expenses		(96,178)	(3.20)	(102,861)	(4.20)	(281,601)	(4.02)	(296,413)	(3.77)
Expected credit impairment gain (loss)		(2,420)	(0.08)	(1,149)	(0.04)	(2,532)	(0.04)	2,450	0.02
Total operating expenses		(436,252)	(14.50)	(398,230)	(16.25)	(1,202,938)	(17.18)	(1,170,167)	(14.90)
Operating profit (loss)		118,003	3.92	136,188	5.56	292,824	4.18	351,953	4.48
Non-operating income and expenses									
Interest income		1,682	0.06	756	0.03	8,109	0.12	3,154	0.04
Other income		11,316	0.38	10,717	0.44	51,277	0.73	15,161	0.19
Other gains and losses	6.21	(18,760)	(0.62)	(21,574)	(0.88)	(28,302)	(0.40)	(15,582)	(0.20)
Financial costs		(8,395)	(0.29)	(17,424)	(0.71)	(29,089)	(0.42)	(61,589)	(0.78)
Sub-total		(14,157)	(0.47)	(27,525)	(1.12)	1,995	0.03	(58,856)	(0.75)
Profit (loss) before income tax		103,846	3.45	108,663	4.44	294,819	4.21	293,097	3.73
Income tax (expenses) benefit	6.24	(11,828)	(0.39)	(12,011)	(0.50)	(65,774)	(0.94)	(44,419)	(0.56)
Net profit (loss) from continuing operations		\$92,018	3.06	\$96,652	3.94	\$229,045	3.27	\$248,678	3.17
Net profit (loss)		\$92,018	3.06	\$96,652	3.94	\$229,045	3.27	\$248,678	3.17
Other comprehensive income (loss)									
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		\$9,457	0.31	\$(27,616)	(1.13)	\$(25,844)	(0.37)	\$(19,739)	(0.25)
Other comprehensive income (loss), net of income tax		\$9,457	0.31	\$(27,616)	(1.13)	\$(25,844)	(0.37)	\$(19,739)	(0.25)
Total comprehensive income (loss)		\$101,475	3.37	\$69,036	2.81	\$203,201	2.90	\$228,939	2.92
Profit (loss) attributable to:									
Shareholders of the parent		92,104	3.06	64,983	2.65	173,897	2.48	147,951	1.88
Non-controlling interests		(86)	-	31,669	1.29	55,149	0.79	100,727	1.29
Total		92,018	3.06	96,652	3.94	229,046	3.27	248,678	3.17
Comprehensive income (loss) attributable to:									
Shareholders of the parent		101,561	3.37	37,366	1.53	148,053	2.11	128,212	1.63
Non-controlling interests		(86)	-	31,670	1.29	55,149	0.79	100,727	1.29
Total		\$101,475	3.37	\$69,036	2.81	\$203,202	2.90	\$228,939	2.92
Earnings per share	6.25								
Basic earnings (loss) per share (in dollars)		\$0.29		\$0.29		\$0.54		\$0.67	
Diluted earnings per share (in dollars)		\$0.29		\$0.29		\$0.54		\$0.66	

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, 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													
Legal reserve	-	-	-	19,196	-	(19,196)	-	-	-	-	-	-	
Special reserve	-	-	-	-	13,989	(13,989)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(159,554)	-	-	-	(159,554)	-	(159,554)	
Cash dividends distributed from capital surplus	-	-	(20,494)	-	-	-	-	-	-	(20,494)	-	(20,494)	
Net profit (loss)	-	-	-	-	-	147,951	-	-	-	147,951	100,727	248,678	
Other comprehensive income (loss)	-	-	-	-	-	-	(19,739)	-	-	(19,739)	-	(19,739)	
Conversion of convertible bonds	46,923	(165)	38,210	-	-	-	-	-	-	84,968	-	84,968	
Purchase of treasury stock	-	-	-	-	-	-	-	-	(160,442)	(160,442)	-	(160,442)	
Differences of acquisition or disposal price and book value of subsidiaries	-	-	32,495	-	-	-	-	-	-	32,495	-	32,495	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(69,130)	(69,130)	
Rounding	(1)	-	-	-	-	-	-	-	-	(1)	-	(1)	
Balance on September 30, 2019	\$2,289,862	\$0	\$779,629	\$226,069	\$56,615	\$147,951	\$(76,517)	\$163	\$(160,442)	\$3,263,330	\$554,420	\$3,817,750	
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													
Legal reserve	-	-	-	21,996	-	(21,996)	-	-	-	-	-	-	
Special reserve	-	-	-	-	33,358	(33,358)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	-	(167,719)	-	-	-	(167,719)	-	(167,719)	
Cash dividends distributed from capital surplus	-	-	(89,335)	-	-	-	-	-	-	(89,335)	-	(89,335)	
Net profit (loss)	-	-	-	-	-	173,897	-	-	-	173,897	55,149	229,046	
Other comprehensive income (loss)	-	-	-	-	-	-	(25,844)	-	-	(25,844)	-	(25,844)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(121,449)	(121,449)	
Balance on September 30, 2020	\$3,289,862	\$0	\$1,312,633	\$248,065	\$89,973	\$173,897	\$(121,215)	\$5,397	\$(160,442)	\$4,838,170	\$530,081	\$5,368,251	

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, 2020 and 2019

UNIT : NTD (In Thousands)

Items	2020	2019
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$294,819	\$293,097
Consolidated profit (loss) before tax	294,819	293,097
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	176,689	166,227
Amortization	23,942	24,828
Expected credit impairment loss (gain)	2,532	(2,450)
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	331	1,819
Interest expense	29,090	61,590
Interest income	(8,109)	(3,154)
Dividend income	(4,259)	(5,126)
Loss (gain) on disposal and scrap of property, plant and equipment	1,018	162
Loss (gain) on disposal of investments	8,250	(5,063)
Loss (gain) on liquidation	-	(16)
Loss (gain) on a lease modification	(68)	-
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	(246,484)	(1,169)
(Increase) decrease in accounts receivable	(838,193)	332,203
(Increase) decrease in accounts receivable - related parties	(6,430)	-
(Increase) decrease in other receivables	20,820	228,641
(Increase) decrease in inventories	(869,298)	1,280,614
(Increase) decrease in prepaid expenses	(4,190)	(3,820)
(Increase) decrease in prepayments	(82,741)	233,226
(Increase) decrease in other current assets	(137)	(3,463)
Increase (decrease) in contract liabilities	433,381	122,299
Increase (decrease) in notes payable	907	(458)
Increase (decrease) in accounts payable	801,133	(1,675,207)
Increase (decrease) in accounts payable - related parties	531	-
Increase (decrease) in other payables	(59,962)	(118,281)
Increase (decrease) in provisions	(55,888)	(28,119)
Increase (decrease) in other current liabilities	(199)	1,672
Interest received	7,211	3,262
Dividends received	4,259	5,126
Interest paid	(20,350)	(63,569)
Income taxes refund (paid)	(93,946)	(46,594)
Net cash flows generated from (used in) operating activities	<u>(485,341)</u>	<u>798,277</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(170,000)	-
Acquisition of financial assets at fair value through profit or loss	(26,382)	(1,592)
Proceeds from disposal of financial assets at fair value through profit or loss	40,603	33,531
Proceeds from disposal of investments accounted for under equity method	-	60,300
Acquisition of property, plant and equipment	(803,530)	(50,591)
Proceeds from disposal of property, plant and equipment	12,141	72
Decrease in guarantee deposits	779	27,783
Acquisition of intangible assets	(13,246)	(14,108)
Acquisition of right-of-use assets	-	(134,033)
Increase in other financial assets	-	(1,000)
Decrease in other non-current assets	1,258	3,519
Increase in prepayments for equipment	(86,805)	(54,018)
Proceeds from return of liquidation on investments accounted for under equity method	-	13
Net cash flows generated from (used in) investing activities	<u>(1,045,182)</u>	<u>(130,124)</u>
Cash flows from financing activities		
Increase in short-term borrowings	1,381,192	-
Decrease in short-term borrowings	-	(383,534)
Repayment of bonds	-	(1,700)
Repayments of long-term borrowings	(270,000)	(152,820)
Decrease in guarantee deposits received	(178)	(147)
Repayment of lease principle	(38,584)	(39,298)
Increase in other non-current liabilities	-	1,058
Cash dividends paid	(257,054)	(180,048)
The purchase of treasury stock	-	(160,442)
Increase (decrease) in minority interest	(121,449)	(69,130)
Net cash generated from (used in) financing activities	<u>693,927</u>	<u>(986,061)</u>
Effects of changes in exchange rate on cash and cash equivalents	(9,395)	(34,806)
Net increase (decrease) in cash and cash equivalents	(845,991)	(352,714)
Cash and cash equivalents at beginning of period	4,607,008	2,241,177
Cash and cash equivalents at end of period	<u>\$3,761,017</u>	<u>\$1,888,463</u>

The accompanying notes are an integral part of financial statements