

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30, 2021 - December 31 and June 30, 2020

UNIT : NTD (In Thousands)

Assets	Notes	June 30, 2021	%	December 31, 2020	%	June 30, 2020	%	Liabilities & Stockholders' Equity	Notes	June 30, 2021	%	December 31, 2020	%	June 30, 2020	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$2,897,348	25.20	\$3,935,224	31.34	\$3,486,424	32.42	Short-term borrowings	6.11	\$2,436,884	21.19	\$2,417,512	19.25	\$1,895,166	17.62
Financial assets at fair value through profit or loss - current	6.2	67,159	0.58	70,488	0.56	76,695	0.71	Financial liabilities at fair value through profit or loss - current	6.2	1,977	0.02	3,449	0.03	1,278	0.01
Financial assets at amortized cost - current	6.3	844,930	7.35	-	-	200,000	1.86	Contract liabilities - current	6.20	497,635	4.33	668,057	5.32	354,863	3.30
Notes receivable, net	6.5	44,403	0.39	154,954	1.23	23,672	0.22	Notes payable		-	-	86	-	1,791	0.02
Accounts receivable, net	6.5	1,446,365	12.58	2,042,026	16.26	1,846,569	17.17	Accounts payable		1,657,890	14.42	2,178,647	17.35	1,544,221	14.36
Accounts receivable - related parties	7	-	-	22	-	-	-	Accounts payable - related parties	7	9,068	0.08	39,951	0.32	-	-
Other receivables		4,810	0.04	71,378	0.57	17,981	0.17	Other payables	6.13	717,843	6.24	739,814	5.89	777,505	7.23
Other receivables - related parties	7	2,140	0.02	-	-	-	-	Other payables - related parties	7	3,629	0.03	-	-	-	-
Current income tax assets		44,840	0.39	45,114	0.36	21,957	0.20	Current income tax liabilities		94,000	0.82	121,594	0.97	65,305	0.61
Inventories	6.6	3,228,380	28.08	3,292,548	26.22	2,337,029	21.73	Provisions - current	6.12	128,806	1.12	165,676	1.32	147,714	1.37
Prepayments	6.7	488,908	4.25	492,353	3.92	422,060	3.92	Lease liabilities - current	6.9	13,231	0.12	27,681	0.22	36,740	0.34
Other current assets		10,177	0.08	4,944	0.05	11,661	0.12	Other current liabilities	6.14	466,225	4.05	542,698	4.33	14,610	0.14
Sub-total		<u>9,079,460</u>	<u>78.96</u>	<u>10,109,051</u>	<u>80.51</u>	<u>8,444,048</u>	<u>78.52</u>	Sub-total		<u>6,027,188</u>	<u>52.42</u>	<u>6,905,165</u>	<u>55.00</u>	<u>4,839,193</u>	<u>45.00</u>
Non-current assets								Non-current liabilities							
Financial assets at fair value through other comprehensive income - non-current	6.4	19,335	0.17	19,335	0.15	21,245	0.20	Financial liabilities at fair value through profit or loss - non-current		-	-	-	-	1,080	0.01
Property, plant and equipment	6.8	1,840,218	16.00	1,876,017	14.94	1,601,230	14.89	Bonds payable	6.15	-	-	-	-	575,910	5.35
Right-of-use assets	6.9	170,173	1.48	178,015	1.42	195,755	1.82	Provisions - non-current	6.12	49,953	0.43	45,699	0.36	37,356	0.35
Intangible assets		43,545	0.38	48,136	0.38	37,650	0.35	Deferred tax liabilities		3,847	0.03	11,782	0.09	19,725	0.18
Deferred tax assets		138,881	1.21	141,431	1.13	88,862	0.83	Lease liabilities - non-current	6.9	20,803	0.18	10,138	0.08	13,320	0.12
Other non-current assets	6.10	206,531	1.80	183,970	1.47	364,987	3.39	Other non-current liabilities		240	0.01	284	-	418	-
Sub-total		<u>2,418,683</u>	<u>21.04</u>	<u>2,446,904</u>	<u>19.49</u>	<u>2,309,729</u>	<u>21.48</u>	Sub-total		<u>74,843</u>	<u>0.65</u>	<u>67,903</u>	<u>0.53</u>	<u>647,809</u>	<u>6.01</u>
Total Liabilities								Equity							
Total Liabilities								Equity attributable to owners of the parent							
Total Liabilities								Share Capital							
Total Liabilities								Common stock							
Total Liabilities								Capital surplus							
Total Liabilities								Retained earnings							
Total Liabilities								Legal reserve							
Total Liabilities								Special reserve							
Total Liabilities								Unappropriated earnings							
Total Liabilities								(Accumulated deficit)							
Total Liabilities								Other equity							
Total Liabilities								Treasury stock							
Total Liabilities								Total equity attributable to owners of the parent							
Total Liabilities								Non-controlling interests							
Total Liabilities								Total Equity							
Total Liabilities								Total Liabilities and Equity							
Total assets		<u>\$11,498,143</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>	<u>\$10,753,777</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$11,498,143</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>	<u>\$10,753,777</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 Six Months Ended June 30, 2021 and 2020

UNIT : NTD (In
Thousands)

Item	Notes	2021	%	2020	%	2021	%	2020	%
Operating revenue	6.20	\$2,335,201	100.00	\$2,543,204	100.00	\$5,155,444	100.00	\$3,994,180	100.00
Operating costs	6.6	(1,846,075)	(79.05)	(1,999,967)	(78.64)	(4,216,058)	(81.78)	(3,052,673)	(76.43)
Gross profit (loss)		489,126	20.95	543,237	21.36	939,386	18.22	941,507	23.57
Net gross profit (loss)		489,126	20.95	543,237	21.36	939,386	18.22	941,507	23.57
Operating expenses									
Selling expenses		(160,648)	(6.88)	(151,107)	(5.94)	(318,653)	(6.18)	(292,644)	(7.33)
General and administrative expenses		(173,858)	(7.45)	(157,451)	(6.19)	(320,738)	(6.22)	(288,507)	(7.22)
Research and development expenses		(89,136)	(3.82)	(98,475)	(3.87)	(187,614)	(3.64)	(185,424)	(4.64)
Expected credit impairment gain (loss)		1,500	0.07	166	0.01	(3,368)	(0.07)	(111)	-
Total operating expenses		(422,142)	(18.08)	(406,867)	(16.00)	(830,373)	(16.11)	(766,686)	(19.19)
Operating profit (loss)		66,984	2.87	136,370	5.36	109,013	2.11	174,821	4.38
Non-operating income and expenses									
Interest income		2,907	0.12	1,414	0.06	4,611	0.09	6,427	0.16
Other income		16,541	0.71	38,661	1.52	19,431	0.38	39,961	1.00
Other gains and losses	6.21	567	0.02	11,203	0.44	(11,160)	(0.22)	(9,542)	(0.24)
Financial costs		(7,123)	(0.30)	(9,215)	(0.36)	(16,469)	(0.32)	(20,694)	(0.52)
Sub-total		12,892	0.55	42,063	1.66	(3,587)	(0.07)	16,152	0.40
Profit (loss) before income tax		79,876	3.42	178,433	7.02	105,426	2.04	190,973	4.78
Income tax (expenses) benefit	6.24	(30,111)	(1.29)	(26,871)	(1.06)	(35,222)	(0.68)	(53,945)	(1.35)
Net profit (loss) from continuing operations		\$49,765	2.13	\$151,562	5.96	\$70,204	1.36	\$137,028	3.43
Net profit (loss)		\$49,765	2.13	\$151,562	5.96	\$70,204	1.36	\$137,028	3.43
Other comprehensive income (loss)									
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		\$(34,043)	(1.46)	\$(33,194)	(1.31)	\$(8,284)	(0.16)	\$(35,301)	(0.88)
Other comprehensive income (loss), net of income tax		\$(34,043)	(1.46)	\$(33,194)	(1.31)	\$(8,284)	(0.16)	\$(35,301)	(0.88)
Total comprehensive income (loss)		\$15,722	0.67	\$118,368	4.65	\$61,920	1.20	\$101,727	2.55
Profit (loss) attributable to:									
Shareholders of the parent		19,533	0.84	112,761	4.43	20,642	0.40	81,793	2.05
Non-controlling interests		30,232	1.29	38,801	1.53	49,562	0.96	55,235	1.38
Total		49,765	2.13	151,562	5.96	70,204	1.36	137,028	3.43
Comprehensive income (loss) attributable to:									
Shareholders of the parent		(14,511)	(0.62)	79,567	3.13	12,358	0.24	46,492	1.16
Non-controlling interests		30,233	1.29	38,801	1.53	49,562	0.96	55,235	1.39
Total		\$15,722	0.67	\$118,368	4.65	\$61,920	1.20	\$101,727	2.55
Earnings per share									
Basic earnings (loss) per share (in dollars)	6.25	\$0.06		\$0.35		\$0.06		\$0.25	
Diluted earnings per share (in dollars)		\$0.06		\$0.35		\$0.06		\$0.25	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 30, 2021 and 2020

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, 2020	\$3,289,862	\$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)	-	-	-	-	81,793	-	-	-	81,793	55,235	137,028	
Other comprehensive income (loss)	-	-	-	-	-	(35,301)	-	-	(35,301)	-	(35,301)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(121,450)	(121,450)	
Balance on June 30, 2020	\$3,289,862	\$1,312,633	\$248,065	\$89,973	\$81,793	\$(130,672)	\$5,397	\$(160,442)	\$4,736,609	\$530,166	\$5,266,775	
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)	-	-	-	-	20,642	-	-	-	20,642	49,562	70,204	
Other comprehensive income (loss)	-	-	-	-	-	(8,284)	-	-	(8,284)	-	(8,284)	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	10,331	10,331	
Rounding	-	-	-	1	-	-	-	-	1	(1)	-	
Balance on June 30, 2021	\$3,289,862	\$1,236,008	\$276,066	\$129,057	\$20,642	\$(140,827)	\$3,487	\$(160,442)	\$4,653,853	\$742,259	\$5,396,112	

The accompanying notes are an integral part of financial statements

HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Six Months Ended June 30, 2021 and 2020

UNIT : NTD (In Thousands)

Items	2021	2020
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$105,426	\$190,973
Consolidated profit (loss) before tax	105,426	190,973
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	137,561	111,408
Amortization	17,219	16,123
Expected credit impairment loss (gain)	3,369	111
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(10,400)	(893)
Interest expense	16,469	20,693
Interest income	(4,611)	(6,427)
Loss (gain) on disposal and scrap of property, plant and equipment	3,343	(408)
Loss (gain) on disposal of investments	3,764	3,665
Intangible assets transferred to other loss	964	-
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	110,550	22,383
(Increase) decrease in accounts receivable	592,292	(562,109)
(Increase) decrease in accounts receivable - related parties	22	-
(Increase) decrease in other receivables	66,879	41,160
(Increase) decrease in other receivables - related parties	(2,140)	-
(Increase) decrease in inventories	64,169	(569,302)
(Increase) decrease in prepaid expenses	(3,957)	(3,798)
(Increase) decrease in prepayments	7,066	(60,762)
(Increase) decrease in other current assets	(2,000)	(5,743)
(Increase) decrease in other financial assets	(3,232)	-
Increase (decrease) in contract liabilities	(170,422)	(108,492)
Increase (decrease) in notes payable	(86)	1,554
Increase (decrease) in accounts payable	(520,756)	243,317
Increase (decrease) in accounts payable - related parties	(30,882)	-
Increase (decrease) in other payables	(342,785)	(66,102)
Increase (decrease) in other payables - related parties	3,629	-
Increase (decrease) in provisions	(32,616)	(45,736)
Increase (decrease) in advanced receipts	126	-
Increase (decrease) in other current liabilities	(7,958)	(145)
Interest received	4,299	5,466
Interest paid	(12,517)	(14,044)
Income taxes refund (paid)	(67,931)	(64,891)
Net cash flows generated from (used in) operating activities	<u>(75,146)</u>	<u>(851,999)</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(844,930)	(170,000)
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	11,851	36,163
Acquisition of property, plant and equipment	(100,838)	(564,263)
Proceeds from disposal of property, plant and equipment	8,634	8,922
Increase in guarantee deposits	-	(10,554)
Decrease in guarantee deposits	1,447	-
Acquisition of intangible assets	(9,575)	(3,090)
Proceed from disposal of intangible assets	-	906
Increase in other non-current assets	-	(1,834)
Decrease in other non-current assets	251	-
Increase in prepayments for equipment	(38,444)	(172,767)
Net cash flows generated from (used in) investing activities	<u>(971,604)</u>	<u>(898,744)</u>
Cash flows from financing activities		
Increase in short-term borrowings	19,372	942,464
Repayments of long-term borrowings	-	(270,000)
Decrease in guarantee deposits received	(43)	(1)
Repayment of lease principle	(16,798)	(25,020)
Net cash generated from (used in) financing activities	<u>2,531</u>	<u>647,443</u>
Effects of changes in exchange rate on cash and cash equivalents	6,343	(17,284)
Net increase (decrease) in cash and cash equivalents	(1,037,876)	(1,120,584)
Cash and cash equivalents at beginning of period	3,935,224	4,607,008
Cash and cash equivalents at end of period	<u>\$2,897,348</u>	<u>\$3,486,424</u>

The accompanying notes are an integral part of financial statements