

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

UNIT : NTD (In Thousands)

Assets	Notes	September 30, 2021	%	December 31, 2020(Restated)	%	September 30, 2020(Restated)	%	Liabilities & Stockholders' Equity	Notes	September 30, 2021	%	December 31, 2020(Restated)	%	September 30, 2020(Restated)	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$1,854,541	18.35	\$3,935,224	31.34	\$3,761,017	31.38	Short-term borrowings	6.11	\$2,113,055	20.91	\$2,417,512	19.25	\$2,333,893	19.48
Financial assets at fair value through profit or loss - current	6.2	60,737	0.60	70,488	0.56	71,218	0.59	Financial liabilities at fair value through profit or loss - current	6.2	2,249	0.02	3,449	0.03	1,722	0.01
Financial assets at amortized cost - current	6.3	420,680	4.16	-	-	200,000	1.67	Contract liabilities - current	6.20	521,277	5.16	668,057	5.32	896,736	7.48
Notes receivable, net	6.5	31,896	0.32	154,954	1.23	292,540	2.44	Notes payable		-	-	86	-	1,144	0.01
Accounts receivable, net	6.5	1,601,077	15.84	2,042,026	16.26	2,120,233	17.69	Accounts payable		960,824	9.51	2,178,647	17.35	2,070,622	17.28
Accounts receivable - related parties	7	10	-	22	-	6,430	0.05	Accounts payable - related parties	7	23,457	0.23	39,951	0.32	531	-
Other receivables		32,436	0.32	71,378	0.57	38,259	0.32	Other payables	6.13	395,443	3.91	739,814	5.89	398,945	3.33
Other receivables - related parties	7	436	-	-	-	-	-	Other payables - related parties	7	3,828	0.04	-	-	-	-
Current income tax assets		58,456	0.58	45,114	0.36	38,760	0.32	Current income tax liabilities		99,964	0.99	121,594	0.97	87,571	0.73
Inventories	6.6	3,575,108	35.38	3,614,030	28.78	2,911,707	24.30	Provisions - current	6.12	116,843	1.16	165,676	1.32	139,708	1.17
Prepayments	6.7	133,672	1.32	170,872	1.36	169,744	1.42	Lease liabilities - current	6.9	12,194	0.12	27,681	0.22	31,827	0.27
Other current assets		6,153	0.07	4,943	0.05	6,055	0.06	Other current liabilities	6.14	466,411	4.61	542,698	4.33	14,558	0.12
Sub-total		<u>7,775,202</u>	<u>76.94</u>	<u>10,109,051</u>	<u>80.51</u>	<u>9,615,963</u>	<u>80.24</u>	Sub-total		<u>4,715,545</u>	<u>46.66</u>	<u>6,905,165</u>	<u>55.00</u>	<u>5,977,257</u>	<u>49.88</u>
Non-current assets								Non-current liabilities							
Financial assets at fair value through other comprehensive income - non-current	6.4	19,335	0.19	19,335	0.15	21,245	0.18	Financial liabilities at fair value through profit or loss - non-current		-	-	-	-	1,020	0.01
Property, plant and equipment	6.8	1,815,799	17.97	1,876,017	14.94	1,738,970	14.51	Bonds payable	6.15	-	-	-	-	578,356	4.83
Right-of-use assets	6.9	164,675	1.63	178,015	1.42	190,643	1.59	Provisions - non-current	6.12	48,005	0.48	45,699	0.36	35,211	0.29
Intangible assets		38,169	0.38	48,136	0.38	50,871	0.42	Deferred tax liabilities		3,175	0.03	11,782	0.09	8,587	0.07
Deferred tax assets		117,377	1.16	141,431	1.13	100,409	0.84	Lease liabilities - non-current	6.9	18,007	0.18	10,138	0.08	14,894	0.13
Other non-current assets	6.10	175,289	1.73	183,970	1.47	265,716	2.22	Other non-current liabilities		239	0.01	284	-	241	0.01
Sub-total		<u>2,330,644</u>	<u>23.06</u>	<u>2,446,904</u>	<u>19.49</u>	<u>2,367,854</u>	<u>19.76</u>	Sub-total		<u>69,426</u>	<u>0.70</u>	<u>67,903</u>	<u>0.53</u>	<u>638,309</u>	<u>5.34</u>
Total Assets								Total Liabilities and Equity							
		<u>\$10,105,846</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>	<u>\$11,983,817</u>	<u>100.00</u>			<u>\$10,105,846</u>	<u>100.00</u>	<u>\$12,555,955</u>	<u>100.00</u>	<u>\$11,983,817</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, 2021 and 2020

UNIT : NTD (In
Thousands)

Item	Notes	2021	%	2020	%	2021	%	2020	%
Operating revenue	6.20	\$2,168,518	100.00	\$3,009,247	100.00	\$7,323,962	100.00	\$7,003,427	100.00
Operating costs	6.6	(1,684,701)	(77.69)	(2,454,992)	(81.58)	(5,900,760)	(80.57)	(5,507,665)	(78.64)
Gross profit (loss)		483,817	22.31	554,255	18.42	1,423,202	19.43	1,495,762	21.36
Net gross profit (loss)		483,817	22.31	554,255	18.42	1,423,202	19.43	1,495,762	21.36
Operating expenses									
Selling expenses		(165,274)	(7.62)	(161,608)	(5.37)	(483,926)	(6.61)	(454,252)	(6.49)
General and administrative expenses		(148,581)	(6.85)	(176,046)	(5.85)	(469,319)	(6.41)	(464,553)	(6.63)
Research and development expenses		(85,587)	(3.95)	(96,178)	(3.20)	(273,201)	(3.73)	(281,601)	(4.02)
Expected credit impairment gain (loss)		(5,724)	(0.26)	(2,420)	(0.08)	(9,092)	(0.12)	(2,532)	(0.04)
Total operating expenses		(405,166)	(18.68)	(436,252)	(14.50)	(1,235,538)	(16.87)	(1,202,938)	(17.18)
Operating profit (loss)		78,651	3.63	118,003	3.92	187,664	2.56	292,824	4.18
Non-operating income and expenses									
Interest income		3,460	0.16	1,682	0.06	8,071	0.11	8,109	0.12
Other income		22,094	1.02	11,316	0.38	41,525	0.57	51,277	0.73
Other gains and losses	6.21	(4,213)	(0.19)	(18,760)	(0.62)	(15,374)	(0.21)	(28,302)	(0.40)
Financial costs		(8,908)	(0.42)	(8,395)	(0.28)	(25,376)	(0.35)	(29,089)	(0.42)
Sub-total		12,433	0.57	(14,157)	(0.47)	8,846	0.12	1,995	0.03
Profit (loss) before income tax		91,084	4.20	103,846	3.45	196,510	2.68	294,819	4.21
Income tax (expenses) benefit	6.24	(26,798)	(1.24)	(11,828)	(0.39)	(62,021)	(0.84)	(65,774)	(0.94)
Net profit (loss) from continuing operations		\$64,286	2.96	\$92,018	3.06	\$134,489	1.84	\$229,045	3.27
Net profit (loss)		\$64,286	2.96	\$92,018	3.06	\$134,489	1.84	\$229,045	3.27
Other comprehensive income (loss)									
Components of other comprehensive income that will be reclassified to profit or loss									
Financial statements translation differences of foreign operations		\$(7,234)	(0.33)	\$9,457	0.31	\$(15,518)	(0.21)	\$(25,844)	(0.37)
Other comprehensive income (loss), net of income tax		\$(7,234)	(0.33)	\$9,457	0.31	\$(15,518)	(0.21)	\$(25,844)	(0.37)
Total comprehensive income (loss)		\$57,052	2.63	\$101,475	3.37	\$118,971	1.63	\$203,201	2.90
Profit (loss) attributable to:									
Shareholders of the parent		30,123	1.39	92,104	3.06	50,765	0.69	173,897	2.48
Non-controlling interests		34,163	1.57	(86)	-	83,724	1.15	55,149	0.79
Total		64,286	2.96	92,018	3.06	134,489	1.84	229,046	3.27
Comprehensive income (loss) attributable to:									
Shareholders of the parent		22,889	1.06	101,561	3.37	35,247	0.48	148,053	2.11
Non-controlling interests		34,163	1.57	(86)	-	83,724	1.15	55,149	0.79
Total		\$57,052	2.63	\$101,475	3.37	\$118,971	1.63	\$203,202	2.90
Earnings per share	6.25								
Basic earnings (loss) per share (in dollars)		\$0.09		\$0.29		\$0.16		\$0.54	
Diluted earnings per share (in dollars)		\$0.09		\$0.29		\$0.16		\$0.54	

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, 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)	-	-	-	-	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	\$1,312,633	\$248,065	\$89,973	\$173,897	\$(121,215)	\$5,397	\$(160,442)	\$4,838,170	\$530,081	\$5,368,251	
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	

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, 2021 and 2020

UNIT : NTD (In Thousands)

Items	2021	2020 (Restated)
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$196,510	\$294,819
Consolidated profit (loss) before tax	196,510	294,819
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	196,293	176,689
Amortization	23,746	23,942
Expected credit impairment loss (gain)	9,092	2,532
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	(8,501)	331
Interest expense	25,376	29,090
Interest income	(8,071)	(8,109)
Dividend income	(2,677)	(4,259)
Loss (gain) on disposal and scrap of property, plant and equipment	3,113	1,018
Loss (gain) on disposal of investments	3,764	8,250
Intangible assets transferred to other loss	962	-
Loss (gain) on a lease modification	(421)	(68)
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	123,058	(246,484)
(Increase) decrease in accounts receivable	431,857	(838,193)
(Increase) decrease in accounts receivable - related parties	12	(6,430)
(Increase) decrease in other receivables	41,178	20,820
(Increase) decrease in other receivables - related parties	(436)	-
(Increase) decrease in inventories	38,922	(918,046)
(Increase) decrease in prepaid expenses	7,324	(4,190)
(Increase) decrease in prepayments	29,876	(33,993)
(Increase) decrease in other current assets	(1,209)	(137)
Increase (decrease) in contract liabilities	(146,779)	433,381
Increase (decrease) in notes payable	(86)	907
Increase (decrease) in accounts payable	(1,217,823)	801,133
Increase (decrease) in accounts payable - related parties	(16,493)	531
Increase (decrease) in other payables	(344,276)	(59,962)
Increase (decrease) in other payables - related parties	3,828	-
Increase (decrease) in provisions	(46,528)	(55,888)
Increase (decrease) in advanced receipts	217	-
Increase (decrease) in other current liabilities	(9,809)	(199)
Interest received	5,834	7,211
Dividends received	2,677	4,259
Interest paid	(18,847)	(20,350)
Income taxes refund (paid)	(81,548)	(93,946)
Net cash flows generated from (used in) operating activities	<u>(759,865)</u>	<u>(485,341)</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	(420,680)	(170,000)
Acquisition of financial assets at fair value through profit or loss	-	(26,382)
Proceeds from disposal of financial assets at fair value through profit or loss	11,851	40,603
Acquisition of property, plant and equipment	(141,660)	(803,530)
Proceeds from disposal of property, plant and equipment	8,828	12,141
Decrease in guarantee deposits	29,428	779
Acquisition of intangible assets	(14,955)	(13,246)
Increase in other non-current assets	(3,399)	-
Decrease in other non-current assets	-	1,258
Increase in prepayments for equipment	(17,348)	(86,805)
Net cash flows generated from (used in) investing activities	<u>(547,935)</u>	<u>(1,045,182)</u>
Cash flows from financing activities		
Increase in short-term borrowings	-	1,381,192
Decrease in short-term borrowings	(304,457)	-
Repayments of long-term borrowings	-	(270,000)
Decrease in guarantee deposits received	(43)	(178)
Repayment of lease principle	(20,677)	(38,584)
Cash dividends paid	(321,318)	(257,054)
Increase (decrease) in minority interest	(132,291)	(121,449)
Net cash generated from (used in) financing activities	<u>(778,786)</u>	<u>693,927</u>
Effects of changes in exchange rate on cash and cash equivalents	5,903	(9,395)
Net increase (decrease) in cash and cash equivalents	(2,080,683)	(845,991)
Cash and cash equivalents at beginning of period	3,935,224	4,607,008
Cash and cash equivalents at end of period	<u>\$1,854,541</u>	<u>\$3,761,017</u>

The accompanying notes are an integral part of financial statements