

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

UNIT : NTD (In Thousands)

Assets	Notes	June 30, 2022	%	December 31, 2021	%	June 30, 2021	%	Liabilities & Stockholders' Equity	Notes	June 30, 2022	%	December 31, 2021	%	June 30, 2021	%
Current assets								Current liabilities							
Cash and cash equivalents	6.1	\$2,770,502	20.87	\$2,803,348	25.52	\$2,897,348	25.20	Short-term borrowings	6.11	\$3,311,051	24.94	\$2,554,712	23.25	\$2,436,884	21.19
Financial assets at fair value through profit or loss - current	6.2	62,809	0.47	65,200	0.59	67,159	0.58	Financial liabilities at fair value through profit or loss - current	6.2	7,082	0.05	1,023	0.01	1,977	0.02
Financial assets at amortized cost - current	6.3	29,980	0.23	371,960	3.39	844,930	7.35	Contract liabilities - current	6.20	576,988	4.35	622,327	5.66	497,635	4.33
Notes receivable, net	6.5	82,022	0.62	134,278	1.22	44,403	0.39	Accounts payable		2,242,069	16.89	1,037,818	9.45	1,657,890	14.42
Accounts receivable, net	6.5	2,176,516	16.40	1,662,845	15.14	1,446,365	12.58	Accounts payable - related parties	7	53,624	0.40	57,481	0.52	9,068	0.08
Accounts receivable - related parties		-	-	21	-	-	-	Other payables	6.13	666,237	5.02	508,113	4.63	717,843	6.24
Other receivables		452,628	3.41	8,121	0.07	4,810	0.04	Other payables - related parties	7	13,094	0.10	6,041	0.05	3,629	0.03
Other receivables - related parties		-	-	-	-	2,140	0.02	Current income tax liabilities		128,978	0.97	100,469	0.91	94,000	0.82
Current income tax assets		77,555	0.58	26,744	0.24	44,840	0.39	Provisions - current	6.12	128,851	0.97	95,902	0.87	128,806	1.12
Inventories	6.6	4,874,063	36.72	3,453,905	31.44	3,584,259	31.17	Lease liabilities - current	6.9	11,499	0.09	11,332	0.11	13,231	0.12
Prepayments	6.7	130,511	0.98	124,298	1.13	133,029	1.16	Other current liabilities	6.14	419,980	3.17	467,310	4.26	466,225	4.05
Other current assets		5,628	0.04	3,753	0.04	10,177	0.08	Sub-total		<u>7,559,453</u>	<u>56.95</u>	<u>5,462,528</u>	<u>49.72</u>	<u>6,027,188</u>	<u>52.42</u>
Sub-total		<u>10,662,214</u>	<u>80.32</u>	<u>8,654,473</u>	<u>78.78</u>	<u>9,079,460</u>	<u>78.96</u>	Non-current liabilities							
								Provisions - non-current	6.12	55,880	0.42	73,853	0.67	49,953	0.43
								Deferred tax liabilities		27,413	0.21	5,561	0.05	3,847	0.03
								Lease liabilities - non-current	6.9	34,890	0.26	36,573	0.33	20,803	0.18
								Other non-current liabilities		409	-	240	0.01	240	0.01
								Sub-total		<u>118,592</u>	<u>0.89</u>	<u>116,227</u>	<u>1.06</u>	<u>74,843</u>	<u>0.65</u>
Non-current assets								Total Liabilities		<u>7,678,045</u>	<u>57.84</u>	<u>5,578,755</u>	<u>50.78</u>	<u>6,102,031</u>	<u>53.07</u>
Financial assets at fair value through other comprehensive income - non-current	6.4	19,094	0.14	19,335	0.18	19,335	0.17	Equity							
Property, plant and equipment	6.8	2,017,173	15.20	1,782,568	16.23	1,840,218	16.00	Equity attributable to owners of the parent							
Right-of-use assets	6.9	185,861	1.40	181,041	1.65	170,173	1.48	Share Capital	6.17						
Intangible assets		104,317	0.79	33,757	0.31	43,545	0.38	Common stock		3,213,172	24.20	3,289,862	29.95	3,289,862	28.61
Deferred tax assets		127,134	0.96	130,077	1.18	138,881	1.21	Capital surplus	6.18	1,105,959	8.33	1,236,008	11.25	1,236,008	10.75
Other non-current assets	6.10	159,171	1.19	184,709	1.67	206,531	1.80	Retained earnings	6.19						
Sub-total		<u>2,612,750</u>	<u>19.68</u>	<u>2,331,487</u>	<u>21.22</u>	<u>2,418,683</u>	<u>21.04</u>	Legal reserve		283,224	2.13	276,066	2.51	276,066	2.40
								Special reserve		145,512	1.10	129,057	1.17	129,057	1.12
								Unappropriated earnings (Accumulated deficit)		188,248	1.42	71,582	0.65	20,642	0.18
								Other equity		9,264	0.07	(145,511)	(1.32)	(137,340)	(1.19)
								Treasury stock	6.17	-	-	(160,442)	(1.46)	(160,442)	(1.40)
								Total equity attributable to owners of the parent		<u>4,945,379</u>	<u>37.25</u>	<u>4,696,622</u>	<u>42.75</u>	<u>4,653,853</u>	<u>40.47</u>
								Non-controlling interests		651,540	4.91	710,583	6.47	742,259	6.46
								Total Equity		<u>5,596,919</u>	<u>42.16</u>	<u>5,407,205</u>	<u>49.22</u>	<u>5,396,112</u>	<u>46.93</u>
Total assets		<u>\$13,274,964</u>	<u>100.00</u>	<u>\$10,985,960</u>	<u>100.00</u>	<u>\$11,498,143</u>	<u>100.00</u>	Total Liabilities and Equity		<u>\$13,274,964</u>	<u>100.00</u>	<u>\$10,985,960</u>	<u>100.00</u>	<u>\$11,498,143</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, 2022 and 2021

UNIT : NTD (In
Thousands)

Item	Notes	2022	%	2021	%	2022	%	2021	%
Operating revenue	6.20	\$3,041,623	100.00	\$2,335,201	100.00	\$5,480,133	100.00	\$5,155,444	100.00
Operating costs	6.6	(2,328,109)	(76.54)	(1,846,075)	(79.05)	(4,195,346)	(76.56)	(4,216,058)	(81.78)
Gross profit (loss)		713,514	23.46	489,126	20.95	1,284,787	23.44	939,386	18.22
Net gross profit (loss)		713,514	23.46	489,126	20.95	1,284,787	23.44	939,386	18.22
Operating expenses									
Selling expenses		(174,445)	(5.74)	(160,648)	(6.88)	(326,899)	(5.97)	(318,653)	(6.18)
General and administrative expenses		(163,930)	(5.39)	(173,858)	(7.45)	(312,872)	(5.71)	(320,738)	(6.22)
Research and development expenses		(135,571)	(4.46)	(89,136)	(3.82)	(253,719)	(4.63)	(187,614)	(3.64)
Expected credit impairment gain (loss)		5,693	0.19	1,500	0.06	7,466	0.15	(3,368)	(0.07)
Total operating expenses		(468,253)	(15.40)	(422,142)	(18.08)	(886,024)	(16.16)	(830,373)	(16.11)
Operating profit (loss)		245,261	8.06	66,984	2.87	398,763	7.28	109,013	2.11
Non-operating income and expenses									
Interest income		4,176	0.14	2,907	0.12	7,158	0.13	4,611	0.09
Other income		8,620	0.28	16,541	0.71	10,620	0.19	19,431	0.38
Other gains and losses	6.21	5,018	0.16	567	0.02	1,619	0.03	(11,160)	(0.22)
Financial costs		(14,103)	(0.45)	(7,123)	(0.31)	(22,009)	(0.40)	(16,469)	(0.32)
Sub-total		3,711	0.13	12,892	0.55	(2,612)	(0.05)	(3,587)	(0.07)
Profit (loss) before income tax		248,972	8.19	79,876	3.42	396,151	7.23	105,426	2.04
Income tax (expenses) benefit	6.24	(50,281)	(1.66)	(30,111)	(1.29)	(109,520)	(2.00)	(35,222)	(0.68)
Net profit (loss) from continuing operations		\$198,691	6.53	\$49,765	2.13	\$286,631	5.23	\$70,204	1.36
Net profit (loss)		\$198,691	6.53	\$49,765	2.13	\$286,631	5.23	\$70,204	1.36
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		71,853	2.36	(34,043)	(1.46)	154,983	2.82	(8,284)	(0.16)
Other comprehensive income (loss), net of income tax		\$71,853	2.36	\$(34,043)	(1.46)	\$155,287	2.83	\$(8,284)	(0.16)
Total comprehensive income (loss)		\$270,544	8.89	\$15,722	0.67	\$441,918	8.06	\$61,920	1.20
Profit (loss) attributable to:									
Shareholders of the parent		168,868	5.55	19,533	0.84	242,642	4.43	20,642	0.40
Non-controlling interests		29,823	0.98	30,232	1.29	43,989	0.80	49,562	0.96
Total		198,691	6.53	49,765	2.13	286,631	5.23	70,204	1.36
Comprehensive income (loss) attributable to:									
Shareholders of the parent		240,721	7.91	(14,511)	(0.62)	397,963	7.26	12,358	0.24
Non-controlling interests		29,823	0.98	30,233	1.29	43,955	0.80	49,562	0.96
Total		\$270,544	8.89	\$15,722	0.67	\$441,918	8.06	\$61,920	1.20
Earnings per share									
Basic earnings (loss) per share (in dollars)	6.25	\$0.53		\$0.06		\$0.76		\$0.06	
Diluted earnings per share (in dollars)		\$0.52		\$0.06		\$0.75		\$0.06	

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HITRON TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Six Months Ended June 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)	-	-	-	-	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	
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	-	-	-	-	(47,969)	-	-	-	(47,969)	-	(47,969)	
Effects of changes in ownership interest from investee	-	(8,022)	-	-	-	-	-	-	(8,022)	-	(8,022)	
Changes in capital surplus of investees	-	19,476	-	-	-	-	-	-	19,476	34,431	53,907	
Cash dividends distributed from capital surplus	-	(112,691)	-	-	-	-	-	-	(112,691)	-	(112,691)	
Net profit (loss)	-	-	-	-	242,642	-	-	-	242,642	43,989	286,631	
Other comprehensive income (loss)	-	-	-	-	545	155,017	(241)	-	155,321	(34)	155,287	
Cancellation of treasury stock	(76,690)	(28,812)	-	-	(54,940)	-	-	160,442	-	-	-	
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	(137,429)	(137,429)	
Rounding	-	-	-	-	1	(1)	-	-	-	-	-	
Balance on June 30, 2022	\$3,213,172	\$1,105,959	\$283,224	\$145,512	\$188,248	\$6,018	\$3,246	\$0	\$4,945,379	\$651,540	\$5,596,919	

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, 2022 and 2021

UNIT : NTD (In Thousands)

Items	2022	2021
Cash flows from operating activities		
Profit (loss) before income tax from continuing operations	\$396,151	\$105,426
Consolidated profit (loss) before tax	396,151	105,426
Adjustments for		
Income (gain) and expense (loss) items		
Depreciation	116,170	137,561
Amortization	14,496	17,219
Expected credit impairment loss (gain)	(7,466)	3,369
Net gain (loss) on financial assets (liabilities) at fair value through profit or loss	7,028	(10,400)
Interest expense	22,009	16,469
Interest income	(7,158)	(4,611)
Loss (gain) on disposal and scrap of property, plant and equipment	(23)	3,343
Loss gain) on disposal of investments	-	3,764
Intangible assets transferred to other loss	-	964
Changes in assets and liabilities relating to operating activities		
(Increase) decrease in notes receivable	52,257	110,550
(Increase) decrease in accounts receivable	(506,205)	592,292
(Increase) decrease in accounts receivable - related parties	21	22
(Increase) decrease in other receivables	(448,490)	66,879
(Increase) decrease in other receivables - related parties	-	(2,140)
(Increase) decrease in inventories	(1,420,158)	29,772
(Increase) decrease in prepaid expenses	14,970	(3,957)
(Increase) decrease in prepayments	(21,183)	41,463
(Increase) decrease in other current assets	(1,876)	(2,000)
(Increase) decrease in other financial assets	-	(3,232)
Increase (decrease) in contract liabilities	(45,339)	(170,422)
Increase (decrease) in notes payable	-	(86)
Increase (decrease) in accounts payable	1,204,252	(520,756)
Increase (decrease) in accounts payable - related parties	(3,857)	(30,882)
Increase (decrease) in other payables	9,552	(342,785)
Increase (decrease) in other payables - related parties	7,053	3,629
Increase (decrease) in provisions	14,975	(32,616)
Increase (decrease) in advanced receipts	(552)	126
Increase (decrease) in other current liabilities	3,489	(7,958)
Increase (decrease) in net defined benefit liabilities	545	-
Interest received	11,141	4,299
Interest paid	(14,720)	(12,517)
Income taxes refund (paid)	(107,164)	(67,931)
Net cash flows generated from (used in) operating activities	<u>(710,082)</u>	<u>(75,146)</u>
Cash flows from investing activities		
Acquisition of financial assets at amortized cost	-	(844,930)
Repayments of financial assets at amortized cost	341,980	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	11,851
Acquisition of property, plant and equipment	(270,491)	(100,838)
Proceeds from disposal of property, plant and equipment	48	8,634
Decrease in guarantee deposits	8,594	1,447
Acquisition of intangible assets	(84,437)	(9,575)
Decrease in other non-current assets	9,313	251
Increase in prepayments for equipment	-	(38,444)
Decrease in prepayments for equipment	7,767	-
Net cash flows generated from (used in) investing activities	<u>12,774</u>	<u>(971,604)</u>
Cash flows from financing activities		
Increase in short-term borrowings	756,339	19,372
Increase in guarantee deposits received	189	-
Decrease in guarantee deposits received	-	(43)
Repayment of lease principle	(7,214)	(16,798)
Cash dividends paid	(160,659)	-
Net cash generated from (used in) financing activities	<u>588,655</u>	<u>2,531</u>
Effects of changes in exchange rate on cash and cash equivalents	75,807	6,343
Net increase (decrease) in cash and cash equivalents	(32,846)	(1,037,876)
Cash and cash equivalents at beginning of period	2,803,348	3,935,224
Cash and cash equivalents at end of period	<u>\$2,770,502</u>	<u>\$2,897,348</u>

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