

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

HITRON TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31 and March 31, 2022

(Expressed in Thousands of New Taiwan Dollar)

Assets	March 31, 2023		December 31, 2022		March 31, 2022		Liabilities and Equity	March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents	\$ 2,350,883	20	2,385,676	19	2,313,513	19	Short-term borrowings	\$ 1,688,160	14	1,940,870	16	2,790,882	23
Current financial assets at fair value through profit or loss	37,937	-	61,084	-	66,448	1	Current financial liabilities at fair value through profit or loss	5,186	-	7,421	-	4,474	-
Current financial assets at amortized cost	220,000	2	-	-	399,940	3	Current contract liabilities	455,691	4	531,475	5	683,820	6
Accounts receivables and notes receivable, net	1,969,254	16	2,524,928	21	1,855,056	16	Accounts payables	2,364,200	20	2,558,762	21	1,852,181	15
Accounts receivables from related parties, net	258	-	765	-	-	-	Accounts payables to related parties	30,811	-	112,984	1	32,507	-
Other receivables, net	564,713	4	460,618	4	9,379	-	Other payables	614,590	5	591,259	5	609,297	5
Other receivables from related parties, net	98,966	1	-	-	-	-	Other payables to related parties	327,937	3	5,165	-	123,792	1
Current tax assets	103,037	1	93,235	1	35,183	-	Current tax liabilities	163,961	1	155,901	1	164,656	1
Inventories	3,904,131	33	3,848,848	31	4,808,512	39	Current provisions	135,484	1	136,953	1	89,733	1
Other current assets	170,281	1	187,511	2	142,712	1	Current lease liabilities	12,532	-	11,522	-	11,107	-
	<u>9,419,460</u>	<u>78</u>	<u>9,562,665</u>	<u>78</u>	<u>9,630,743</u>	<u>79</u>	Other current liabilities	6,518	-	5,751	-	426,262	4
								<u>5,805,070</u>	<u>48</u>	<u>6,058,063</u>	<u>50</u>	<u>6,788,711</u>	<u>56</u>
Non-current assets:							Non-Current liabilities:						
Non-current financial assets at fair value through other comprehensive income	31,815	-	31,815	-	19,094	-	Bonds payable	570,126	5	-	-	-	-
Property, plant and equipment	2,008,948	17	2,059,077	17	2,029,674	17	Non-current provisions	53,322	1	66,069	1	72,936	1
Right-of use assets	187,567	2	186,866	2	182,869	1	Deferred tax liabilities	2,386	-	19,464	-	26,317	-
Intangible assets	95,226	1	97,425	1	34,468	-	Non-current lease liabilities	35,701	-	34,213	-	35,235	-
Deferred tax assets	143,082	1	165,084	1	154,778	1	Other non-current liabilities	551	-	409	-	270	-
Other non-current assets	125,419	1	135,163	1	186,783	2		<u>662,086</u>	<u>6</u>	<u>120,155</u>	<u>1</u>	<u>134,758</u>	<u>1</u>
	<u>2,592,057</u>	<u>22</u>	<u>2,675,430</u>	<u>22</u>	<u>2,607,666</u>	<u>21</u>	Total liabilities	<u>6,467,156</u>	<u>54</u>	<u>6,178,218</u>	<u>51</u>	<u>6,923,469</u>	<u>57</u>
							Equity:						
							Equity attributable to owners of parent company:						
							Ordinary share capital	3,213,172	27	3,213,172	26	3,213,172	26
							Capital surplus	1,141,390	9	1,114,994	9	1,103,580	9
							Retained earnings:						
							Legal reserve	340,501	3	283,224	2	283,224	3
							Special reserve	-	-	145,512	1	145,512	1
							Unappropriated retained earnings	62,683	-	427,798	4	19,380	-
								<u>403,184</u>	<u>3</u>	<u>856,534</u>	<u>7</u>	<u>448,116</u>	<u>4</u>
							Other equity interest	89,958	1	109,092	1	(62,589)	(1)
							Total equity attributable to owners of parent company:	<u>4,847,704</u>	<u>40</u>	<u>5,293,792</u>	<u>43</u>	<u>4,702,279</u>	<u>38</u>
							Non-controlling interests	696,657	6	766,085	6	612,661	5
							Total equity	<u>5,544,361</u>	<u>46</u>	<u>6,059,877</u>	<u>49</u>	<u>5,314,940</u>	<u>43</u>
Total assets	<u>\$ 12,011,517</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>	<u>12,238,409</u>	<u>100</u>	Total liabilities and equity	<u>\$ 12,011,517</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>	<u>12,238,409</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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HITRON TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)

	For the three months ended March 31,			
	2023		2022	
	Amount	%	Amount	%
Operating revenue	\$ 2,810,623	100	2,438,510	100
Operating costs	2,250,840	80	1,867,237	77
Gross profit from operations	559,783	20	571,273	23
Operating expenses:				
Selling expenses	165,725	6	152,454	6
Administrative expenses	141,844	5	148,942	6
Research and development expenses	140,349	5	118,148	5
Expected credit loss (gain)	10,467	-	(1,773)	-
Total operating expenses	458,385	16	417,771	17
Net operating income (loss)	101,398	4	153,502	6
Non-operating income and expenses:				
Interest income	6,307	-	2,982	-
Other income	4,154	-	2,000	-
Other gains and losses, net	(15,453)	(1)	(3,399)	-
Finance costs	(18,071)	(1)	(7,906)	-
Total non-operating income and expenses	(23,063)	(2)	(6,323)	-
Profit before tax	78,335	2	147,179	6
Income tax expenses	32,463	1	59,239	2
Profit	45,872	1	87,940	4
Other comprehensive income (loss):				
Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	-	-	545	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	(241)	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss	-	-	304	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translation of foreign financial statements	(19,134)	(1)	83,129	3
Components of other comprehensive income (loss) that will be reclassified to profit or loss	(19,134)	(1)	83,129	3
Other comprehensive income (loss)	(19,134)	(1)	83,433	3
Total comprehensive income	\$ 26,738	-	171,373	7
Profit attributable to:				
Owners of parent company	\$ 28,626	-	73,775	3
Non-controlling interests	17,246	1	14,165	1
	\$ 45,872	1	87,940	4
Comprehensive income attributable to:				
Owners of parent company	\$ 9,492	-	157,242	6
Non-controlling interests	17,246	1	14,131	1
	\$ 26,738	1	171,373	7
Earnings per share (New Taiwan dollars)				
Basic earnings per share	\$ 0.09		0.23	
Diluted earnings per share	\$ 0.09		0.23	

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HITRON TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Retained earnings						Total other equity interest		Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earning	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income					
Balance at January 1, 2022	\$ 3,289,862	1,236,008	276,066	129,057	71,582	476,705	(148,998)	3,487	(145,511)	(160,442)	4,696,622	710,583	5,407,205
Profit	-	-	-	-	73,775	73,775	-	-	-	-	73,775	14,165	87,940
Other comprehensive income (loss)	-	-	-	-	545	545	83,163	(241)	82,922	-	83,467	(34)	83,433
Total comprehensive income (loss)	-	-	-	-	74,320	74,320	83,163	(241)	82,922	-	157,242	14,131	171,373
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(47,969)	(47,969)	-	-	-	-	(47,969)	-	(47,969)
Cash dividends from capital surplus	-	(112,690)	-	-	-	-	-	-	-	-	(112,690)	-	(112,690)
Changes in ownership interests in subsidiaries	-	(6,197)	-	-	-	-	-	-	-	-	(6,197)	-	(6,197)
Changes in the investee's capital surplus	-	15,271	-	-	-	-	-	-	-	-	15,271	26,688	41,959
Treasury share retirement	(76,690)	(28,812)	-	-	(54,940)	(54,940)	-	-	-	160,442	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(138,741)	(138,741)
Balance at March 31, 2022	\$ 3,213,172	1,103,580	283,224	145,512	19,380	448,116	(65,835)	3,246	(62,589)	-	4,702,279	612,661	5,314,940
Balance at January 1, 2023	\$ 3,213,172	1,114,994	283,224	145,512	427,798	856,534	93,125	15,967	109,092	-	5,293,792	766,085	6,059,877
Profit	-	-	-	-	28,626	28,626	-	-	-	-	28,626	17,246	45,872
Other comprehensive income (loss)	-	-	-	-	-	-	(19,134)	-	(19,134)	-	(19,134)	-	(19,134)
Total comprehensive income (loss)	-	-	-	-	28,626	28,626	(19,134)	-	(19,134)	-	9,492	17,246	26,738
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	57,277	-	(57,277)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(145,512)	145,512	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(481,976)	(481,976)	-	-	-	-	(481,976)	-	(481,976)
Distribution cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(124,827)	(124,827)
Changes in the investee's capital surplus	-	26,396	-	-	-	-	-	-	-	-	26,396	37,225	63,621
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	928	928
Balance at March 31, 2023	\$ 3,213,172	1,141,390	340,501	-	62,683	403,184	73,991	15,967	89,958	-	4,847,704	696,657	5,544,361

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HITRON TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 78,335	147,179
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	62,505	56,494
Amortization expense	9,109	5,718
Expected credit loss (gain)	10,467	(1,773)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(563)	2,213
Finance costs	18,071	7,907
Interest income	(6,307)	(2,982)
Gain on disposal of property, plant and equipment	(200)	(45)
Provisions for inventory obsolescence and devaluation loss	9,712	19,299
Total adjustments to reconcile profit	102,794	86,831
Changes in operating assets and liabilities:		
Accounts receivables and notes receivable	541,939	(56,160)
Accounts receivables from related parties	507	21
Other receivables	(103,688)	1,051
Other receivables from related parties	(98,966)	-
Inventories	(90,646)	(1,373,906)
Other operating assets	38,705	(14,662)
Contract liabilities	(75,784)	61,493
Accounts payables	(194,562)	814,364
Accounts payables to related parties	(82,173)	(24,974)
Other payables	(270,143)	(87,252)
Other payables to related parties	9,125	1,013
Provisions	(14,118)	(7,086)
Other current liabilities	767	(887)
Net defined benefit liability	-	545
Total changes in operating assets and liabilities	(339,037)	(686,440)
Total adjustments	(236,243)	(599,609)

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HITRON TECHNOLOGIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	For the three months ended March 31,	
	2023	2022
Cash flows used in operations	(157,908)	(452,430)
Interest received	5,900	673
Interest paid	(15,942)	(5,880)
Income taxes paid	(29,281)	(7,572)
Net cash flows used in operating activities	(197,231)	(465,209)
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	(220,000)	(27,980)
Acquisition of property, plant and equipment	(15,869)	(264,365)
Proceeds from disposal of property, plant and equipment	200	48
Refundable deposits	-	6,597
Acquisition of intangible assets	(7,006)	(6,041)
Other non-current assets	9,804	(8,536)
Net cash flows used in investing activities	(232,871)	(300,277)
Cash flows from financing activities:		
(Decrease) increase in short-term borrowings	(252,710)	236,169
Proceeds from bonds payable	631,884	-
Increase in guarantee deposits received	142	30
Payments of lease liabilities	(4,194)	(3,542)
Net cash flows generated from financing activities	375,122	232,657
Effect of exchange rate changes on cash and cash equivalents	20,187	42,994
Net increase (decrease) in cash and cash equivalents	(34,793)	(489,835)
Cash and cash equivalents at beginning of period	2,385,676	2,803,348
Cash and cash equivalents at end of period	\$ 2,350,883	2,313,513