

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HITRON TECHNOLOGIES INC. AND SUBSIDIARIES****Consolidated Balance Sheets****June 30, 2023, December 31 and June 30, 2022****(Expressed in Thousands of New Taiwan Dollar)**

Assets	June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity	June 30, 2023		December 31, 2022		June 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets:</b>							<b>Current liabilities:</b>						
Cash and cash equivalents	\$ 2,973,376	26	2,385,676	19	2,770,502	20	Short-term borrowings	\$ 2,424,532	21	1,940,870	16	3,311,051	25
Current financial assets at fair value through profit or loss	5,337	-	61,084	-	62,809	1	Current financial liabilities at fair value through profit or loss	5,428	-	7,421	-	7,082	-
Current financial assets at amortized cost	20,000	-	-	-	29,980	-	Current contract liabilities	388,297	3	531,475	5	576,988	4
Accounts receivables and notes receivable, net	1,983,579	17	2,524,928	21	2,258,538	16	Accounts payables	1,013,579	9	2,558,762	21	2,242,069	17
Accounts receivables from related parties, net	2,781	-	765	-	-	-	Accounts payables to related parties	25,629	-	112,984	1	53,624	1
Other receivables, net	472,306	4	460,618	4	452,628	4	Other payables	695,390	6	591,259	5	666,237	5
Other receivables from related parties, net	76,793	1	-	-	-	-	Other payables to related parties	317,321	3	5,165	-	13,094	-
Current tax assets	133,845	1	93,235	1	77,555	1	Current tax liabilities	66,771	1	155,901	1	128,978	1
Inventories	3,010,291	26	3,848,848	31	4,874,063	37	Current provisions	120,235	1	136,953	1	128,851	1
Other current assets	172,412	2	187,511	2	136,139	1	Current lease liabilities	16,750	-	11,522	-	11,499	-
	<u>8,850,720</u>	<u>77</u>	<u>9,562,665</u>	<u>78</u>	<u>10,662,214</u>	<u>80</u>	Other current liabilities	5,665	-	5,751	-	419,980	3
								<u>5,079,597</u>	<u>44</u>	<u>6,058,063</u>	<u>50</u>	<u>7,559,453</u>	<u>57</u>
<b>Non-current assets:</b>							<b>Non-Current liabilities:</b>						
Non-current financial assets at fair value through other comprehensive income	31,815	-	31,815	-	19,094	-	Bonds payable	496,540	4	-	-	-	-
Property, plant and equipment	1,998,744	17	2,059,077	17	2,017,173	15	Non-current provisions	50,240	1	66,069	1	55,880	1
Right-of-use assets	282,761	3	186,866	2	185,861	2	Deferred tax liabilities	19,381	-	19,464	-	27,413	-
Intangible assets	95,176	1	97,425	1	104,317	1	Non-current lease liabilities	126,988	1	34,213	-	34,890	-
Deferred tax assets	148,709	1	165,084	1	127,134	1	Other non-current liabilities	409	-	409	-	409	-
Other non-current assets	124,794	1	135,163	1	159,171	1		<u>693,558</u>	<u>6</u>	<u>120,155</u>	<u>1</u>	<u>118,592</u>	<u>1</u>
	<u>2,681,999</u>	<u>23</u>	<u>2,675,430</u>	<u>22</u>	<u>2,612,750</u>	<u>20</u>	<b>Total liabilities</b>	<u>5,773,155</u>	<u>50</u>	<u>6,178,218</u>	<u>51</u>	<u>7,678,045</u>	<u>58</u>
							<b>Equity:</b>						
							Equity attributable to owners of parent company:						
							Ordinary share capital	3,213,172	28	3,213,172	26	3,213,172	24
							Capital surplus	1,155,612	10	1,114,994	9	1,105,959	8
							Retained earnings:						
							Legal reserve	340,501	3	283,224	2	283,224	2
							Special reserve	-	-	145,512	1	145,512	1
							Unappropriated retained earnings	98,961	1	427,798	4	188,248	2
								<u>439,462</u>	<u>4</u>	<u>856,534</u>	<u>7</u>	<u>616,984</u>	<u>5</u>
							Other equity interest	153,466	1	109,092	1	9,264	-
							<b>Total equity attributable to owners of parent company:</b>	<u>4,961,712</u>	<u>43</u>	<u>5,293,792</u>	<u>43</u>	<u>4,945,379</u>	<u>37</u>
							Non-controlling interests	797,852	7	766,085	6	651,540	5
							<b>Total equity</b>	<u>5,759,564</u>	<u>50</u>	<u>6,059,877</u>	<u>49</u>	<u>5,596,919</u>	<u>42</u>
<b>Total assets</b>	<u>\$ 11,532,719</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>	<u>13,274,964</u>	<u>100</u>	<b>Total liabilities and equity</b>	<u>\$ 11,532,719</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>	<u>13,274,964</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HITRON TECHNOLOGIES INC. AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income****For the three and six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar, Except for Earnings Per Share)**

	For the three months ended June 30,				For the six months ended June 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue</b>	\$ 2,806,236	100	3,041,623	100	5,616,859	100	5,480,133	100
<b>Operating costs</b>	<u>2,343,805</u>	<u>84</u>	<u>2,328,109</u>	<u>77</u>	<u>4,594,645</u>	<u>82</u>	<u>4,195,346</u>	<u>76</u>
<b>Gross profit from operations</b>	<u>462,431</u>	<u>16</u>	<u>713,514</u>	<u>23</u>	<u>1,022,214</u>	<u>18</u>	<u>1,284,787</u>	<u>24</u>
<b>Operating expenses:</b>								
Selling expenses	213,312	8	174,445	6	379,037	7	326,899	6
Administrative expenses	106,998	4	163,930	5	248,842	4	312,872	6
Research and development expenses	123,478	4	135,571	4	263,827	5	253,719	5
Expected credit loss (gain)	<u>(40,056)</u>	<u>(1)</u>	<u>(5,693)</u>	<u>-</u>	<u>(29,589)</u>	<u>(1)</u>	<u>(7,466)</u>	<u>-</u>
<b>Total operating expenses</b>	<u>403,732</u>	<u>15</u>	<u>468,253</u>	<u>15</u>	<u>862,117</u>	<u>15</u>	<u>886,024</u>	<u>17</u>
<b>Net operating income</b>	<u>58,699</u>	<u>1</u>	<u>245,261</u>	<u>8</u>	<u>160,097</u>	<u>3</u>	<u>398,763</u>	<u>7</u>
<b>Non-operating income and expenses:</b>								
Interest income	9,426	-	4,176	-	15,733	-	7,158	-
Other income	1,159	-	8,620	-	5,313	-	10,620	-
Other gains and losses, net	(11,496)	-	5,018	-	(26,949)	-	1,619	-
Finance costs	<u>(26,115)</u>	<u>(1)</u>	<u>(14,103)</u>	<u>-</u>	<u>(44,186)</u>	<u>(1)</u>	<u>(22,009)</u>	<u>-</u>
<b>Total non-operating income and expenses</b>	<u>(27,026)</u>	<u>(1)</u>	<u>3,711</u>	<u>-</u>	<u>(50,089)</u>	<u>(1)</u>	<u>(2,612)</u>	<u>-</u>
<b>Profit before tax</b>	<u>31,673</u>	<u>-</u>	<u>248,972</u>	<u>8</u>	<u>110,008</u>	<u>2</u>	<u>396,151</u>	<u>7</u>
Income tax expenses	<u>(47,494)</u>	<u>(2)</u>	<u>50,281</u>	<u>1</u>	<u>(15,031)</u>	<u>-</u>	<u>109,520</u>	<u>2</u>
<b>Profit</b>	<u>79,167</u>	<u>2</u>	<u>198,691</u>	<u>7</u>	<u>125,039</u>	<u>2</u>	<u>286,631</u>	<u>5</u>
<b>Other comprehensive income (loss):</b>								
<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>								
Remeasurements of defined benefit plans	-	-	-	-	-	-	545	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	(241)	-
<b>Total components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>-</u>
<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
Exchange differences on translation of foreign financial statements	<u>63,508</u>	<u>2</u>	<u>71,853</u>	<u>2</u>	<u>44,374</u>	<u>1</u>	<u>154,983</u>	<u>3</u>
<b>Total components of other comprehensive income (loss) that will be reclassified to profit or loss</b>	<u>63,508</u>	<u>2</u>	<u>71,853</u>	<u>2</u>	<u>44,374</u>	<u>1</u>	<u>154,983</u>	<u>3</u>
<b>Other comprehensive income</b>	<u>63,508</u>	<u>2</u>	<u>71,853</u>	<u>2</u>	<u>44,374</u>	<u>1</u>	<u>155,287</u>	<u>3</u>
<b>Total comprehensive income</b>	<u>\$ 142,675</u>	<u>4</u>	<u>270,544</u>	<u>9</u>	<u>169,413</u>	<u>3</u>	<u>441,918</u>	<u>8</u>
<b>Profit attributable to:</b>								
Owners of parent company	\$ 36,278	-	168,868	6	64,904	1	242,642	4
Non-controlling interests	<u>42,889</u>	<u>2</u>	<u>29,823</u>	<u>1</u>	<u>60,135</u>	<u>1</u>	<u>43,989</u>	<u>1</u>
	<u>\$ 79,167</u>	<u>2</u>	<u>198,691</u>	<u>7</u>	<u>125,039</u>	<u>2</u>	<u>286,631</u>	<u>5</u>
<b>Comprehensive income attributable to:</b>								
Owners of parent company	\$ 99,786	3	240,721	8	109,278	2	397,962	7
Non-controlling interests	<u>42,889</u>	<u>1</u>	<u>29,823</u>	<u>1</u>	<u>60,135</u>	<u>1</u>	<u>43,956</u>	<u>1</u>
	<u>\$ 142,675</u>	<u>4</u>	<u>270,544</u>	<u>9</u>	<u>169,413</u>	<u>3</u>	<u>441,918</u>	<u>8</u>
<b>Earnings per share (New Taiwan dollars)</b>								
<b>Basic earnings per share</b>	<u>\$ 0.11</u>		<u>0.53</u>		<u>0.20</u>		<u>0.76</u>	
<b>Diluted earnings per share</b>	<u>\$ 0.11</u>		<u>0.52</u>		<u>0.20</u>		<u>0.75</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HITRON TECHNOLOGIES INC. AND SUBSIDIARIES****Consolidated Statements of Changes in Equity****For the six months ended June 30, 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 earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total other equity interest				
<b>Balance at January 1, 2022</b>	\$ 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	-	-	-	-	242,642	242,642	-	-	-	-	242,642	43,989	286,631
Other comprehensive income (loss)	-	-	-	-	545	545	155,016	(241)	154,775	-	155,320	(33)	155,287
Total comprehensive income (loss)	-	-	-	-	243,187	243,187	155,016	(241)	154,775	-	397,962	43,956	441,918
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	-	(8,022)	-	-	-	-	-	-	-	-	(8,022)	-	(8,022)
Changes in the investee's capital surplus	-	19,476	-	-	-	-	-	-	-	-	19,476	34,431	53,907
Treasury share retirement	(76,690)	(28,813)	-	-	(54,939)	(54,939)	-	-	-	160,442	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(137,430)	(137,430)
<b>Balance at June 30, 2022</b>	\$ <b>3,213,172</b>	<b>1,105,959</b>	<b>283,224</b>	<b>145,512</b>	<b>188,248</b>	<b>616,984</b>	<b>6,018</b>	<b>3,246</b>	<b>9,264</b>	<b>-</b>	<b>4,945,379</b>	<b>651,540</b>	<b>5,596,919</b>
<b>Balance at January 1, 2023</b>	\$ 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	-	-	-	-	64,904	64,904	-	-	-	-	64,904	60,135	125,039
Other comprehensive income (loss)	-	-	-	-	-	-	44,374	-	44,374	-	44,374	-	44,374
Total comprehensive income (loss)	-	-	-	-	64,904	64,904	44,374	-	44,374	-	109,278	60,135	169,413
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	-	-	-	-	-	-	-	-	-	-	-	(127,622)	(127,622)
Subsidiary issued convertible bonds	-	26,396	-	-	-	-	-	-	-	-	26,396	37,225	63,621
Changes in conversion of convertible bonds in subsidiaries	-	14,222	-	-	-	-	-	-	-	-	14,222	62,029	76,251
<b>Balance at June 30, 2023</b>	\$ <b>3,213,172</b>	<b>1,155,612</b>	<b>340,501</b>	<b>-</b>	<b>98,961</b>	<b>439,462</b>	<b>137,499</b>	<b>15,967</b>	<b>153,466</b>	<b>-</b>	<b>4,961,712</b>	<b>797,852</b>	<b>5,759,564</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**HITRON TECHNOLOGIES INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
<b>Profit before tax</b>	\$ 110,008	396,151
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	126,230	116,170
Amortization expense	18,331	14,496
Expected credit loss (gain)	(29,589)	(7,466)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	9,573	7,028
Finance costs	44,186	22,009
Interest income	(15,733)	(7,158)
Gain on disposal of property, plant and equipment	(1,676)	(23)
Provisions for inventory obsolescence and devaluation loss	23,615	40,695
Total adjustments to reconcile profit	<u>174,937</u>	<u>185,751</u>
Changes in operating assets and liabilities:		
Accounts receivables and notes receivable	589,537	(453,948)
Accounts receivables from related parties	(2,016)	21
Other receivables	(11,296)	(448,490)
Other receivables from related parties	(76,793)	-
Inventories	839,506	(1,460,853)
Other operating assets	3,134	(8,089)
Contract liabilities	(143,178)	(45,339)
Accounts payables	(1,545,184)	1,204,252
Accounts payables to related parties	(87,355)	(3,857)
Other payables	(194,794)	9,552
Other payables to related parties	(1,059)	7,053
Provisions	(32,907)	14,975
Other current liabilities	(86)	2,937
Net defined benefit liability	-	545
Total changes in operating assets and liabilities	<u>(662,491)</u>	<u>(1,181,241)</u>
Total adjustments	<u>(487,554)</u>	<u>(995,490)</u>

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**HITRON TECHNOLOGIES INC. AND SUBSIDIARIES****Consolidated Statements of Cash Flows (Continued)****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollar)**

	<b>For the six months ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
Cash flows used in operations	(377,546)	(599,339)
Interest received	15,340	11,141
Interest paid	(37,115)	(14,720)
Income taxes paid	(98,417)	(107,164)
<b>Net cash flows used in operating activities</b>	<b>(497,738)</b>	<b>(710,082)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from repayments of financial assets at amortized cost	-	341,980
Acquisition of financial assets at amortized cost	(20,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	56,025	-
Acquisition of property, plant and equipment	(45,221)	(270,491)
Proceeds from disposal of property, plant and equipment	1,676	48
Refundable deposits	4,309	8,594
Acquisition of intangible assets	(2,362)	(84,437)
Other non-current assets	(8,474)	17,080
<b>Net cash flows from (used in) investing activities</b>	<b>(14,047)</b>	<b>12,774</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	483,662	756,339
Increase in guarantee deposits received	-	189
Proceeds from bonds payable	631,884	-
Payments of lease liabilities	(9,187)	(7,214)
Cash dividends paid distributed to shareholders	-	(160,659)
<b>Net cash flows from financing activities</b>	<b>1,106,359</b>	<b>588,655</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(6,874)</b>	<b>75,807</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>587,700</b>	<b>(32,846)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>2,385,676</b>	<b>2,803,348</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,973,376</b>	<b>2,770,502</b>