

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

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

Assets	September 30, 2023		December 31, 2022		September 30, 2022		Liabilities and Equity	September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents	\$ 2,427,261	23	2,385,676	19	2,171,065	17	Short-term borrowings	\$ 1,598,436	15	1,940,870	16	2,582,834	20
Current financial assets at fair value through profit or loss	13,080	-	61,084	-	57,045	-	Current financial liabilities at fair value through profit or loss	460	-	7,421	-	11,314	-
Current financial assets at amortised cost, net	20,000	-	-	-	-	-	Current contract liabilities	471,149	4	531,475	5	684,933	5
Accounts receivables from related parties, net	1,270,915	12	2,524,928	21	2,572,159	20	Accounts payable	1,505,290	14	2,558,762	21	2,243,847	17
Accounts receivables and notes receivable, net	39,184	-	765	-	25	-	Accounts payable to related parties	29,135	-	112,984	1	83,626	1
Other receivables, net	491,726	5	460,618	4	510,893	4	Other payables	323,828	3	591,259	5	498,814	4
Other receivables from related parties, net	51,655	-	-	-	-	-	Other payables to related parties	1,132	-	5,165	-	6,117	-
Current tax assets	138,129	1	93,235	1	99,887	1	Current tax liabilities	79,026	1	155,901	1	190,876	1
Inventories	3,432,971	32	3,848,848	31	4,620,105	36	Current provisions	120,990	2	136,953	1	130,057	1
Other current assets	160,211	2	187,511	2	153,234	1	Current lease liabilities	18,778	-	11,522	-	12,360	-
	<u>8,045,132</u>	<u>75</u>	<u>9,562,665</u>	<u>78</u>	<u>10,184,413</u>	<u>79</u>	Other current liabilities	6,126	-	5,751	-	378,746	3
								<u>4,154,350</u>	<u>39</u>	<u>6,058,063</u>	<u>50</u>	<u>6,823,524</u>	<u>52</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	413,596	4	-	-	-	-
Property, plant and equipment	1,963,885	18	2,059,077	17	2,099,743	16	Non-current provisions	41,725	-	66,069	1	67,252	1
Right-of-use assets	284,168	3	186,866	2	194,182	2	Deferred tax liabilities	19,709	-	19,464	-	51,463	-
Intangible assets	99,367	1	97,425	1	97,711	1	Non-current lease liabilities	125,228	1	34,213	-	35,395	-
Deferred tax assets	174,118	2	165,084	1	192,315	1	Other non-current liabilities	441	-	409	-	410	-
Other non-current assets	121,631	1	135,163	1	140,248	1		<u>600,699</u>	<u>5</u>	<u>120,155</u>	<u>1</u>	<u>154,520</u>	<u>1</u>
	<u>2,674,984</u>	<u>25</u>	<u>2,675,430</u>	<u>22</u>	<u>2,743,293</u>	<u>21</u>	Total liabilities	<u>4,755,049</u>	<u>44</u>	<u>6,178,218</u>	<u>51</u>	<u>6,978,044</u>	<u>53</u>
							Equity:						
							Equity attributable to owners of parent company:						
							Ordinary share	3,213,172	30	3,213,172	26	3,213,172	25
							Capital surplus	1,166,102	11	1,114,994	9	1,115,032	9
							Retained earnings:						
							Legal reserve	340,501	3	283,224	2	283,224	2
							Special reserve	-	-	145,512	1	145,512	1
							Unappropriated retained earnings	71,629	1	427,798	4	296,006	3
								<u>412,130</u>	<u>4</u>	<u>856,534</u>	<u>7</u>	<u>724,742</u>	<u>6</u>
							Other equity interest	284,901	3	109,092	1	195,219	2
							Total equity attributable to owners of parent company:	<u>5,076,305</u>	<u>48</u>	<u>5,293,792</u>	<u>43</u>	<u>5,248,165</u>	<u>42</u>
							Non-controlling interests	888,762	8	766,085	6	701,497	5
							Total equity	<u>5,965,067</u>	<u>56</u>	<u>6,059,877</u>	<u>49</u>	<u>5,949,662</u>	<u>47</u>
Total assets	<u>\$ 10,720,116</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>	<u>12,927,706</u>	<u>100</u>	Total liabilities and equity	<u>\$ 10,720,116</u>	<u>100</u>	<u>12,238,095</u>	<u>100</u>	<u>12,927,706</u>	<u>100</u>

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

	For the three months ended September 30,				For the nine months ended September 30,			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	\$ 1,578,573	100	3,162,718	100	7,195,432	100	8,642,851	100
Operating costs	<u>1,155,016</u>	<u>73</u>	<u>2,515,382</u>	<u>80</u>	<u>5,749,661</u>	<u>80</u>	<u>6,710,727</u>	<u>78</u>
Gross profit from operations	423,557	27	647,336	20	1,445,771	20	1,932,124	22
Operating expenses:								
Selling expenses	205,280	13	178,065	6	584,317	8	504,964	6
Administrative expenses	101,844	6	156,329	5	350,686	5	469,201	5
Research and development expenses	123,197	8	134,982	4	387,024	5	388,701	4
Expected credit loss (gain)	(463)	-	4,510	-	(30,052)	-	(2,955)	-
Total operating expenses	<u>429,858</u>	<u>27</u>	<u>473,886</u>	<u>15</u>	<u>1,291,975</u>	<u>18</u>	<u>1,359,911</u>	<u>15</u>
Net operating income (loss)	(6,301)	-	173,450	5	153,796	2	572,213	7
Non-operating income and expenses:								
Interest income	4,585	-	4,571	-	20,318	-	11,730	-
Other income	5,987	-	17,497	1	11,300	-	28,116	-
Other gains and losses, net	3,042	-	(29,820)	(1)	(23,907)	-	(28,201)	-
Finance costs	(30,616)	(2)	(22,157)	(1)	(74,802)	(1)	(44,167)	(1)
Total non-operating income and expenses	<u>(17,002)</u>	<u>(2)</u>	<u>(29,909)</u>	<u>(1)</u>	<u>(67,091)</u>	<u>(1)</u>	<u>(32,522)</u>	<u>(1)</u>
Profit before tax	(23,303)	(2)	143,541	4	86,705	1	539,691	6
Income tax expenses	(12,317)	(1)	18,194	-	(27,348)	-	127,712	1
Profit	<u>(10,986)</u>	<u>(1)</u>	<u>125,347</u>	<u>4</u>	<u>114,053</u>	<u>1</u>	<u>411,979</u>	<u>5</u>
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)	-
Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>-</u>
Total components of other comprehensive income (loss) that will be reclassified to profit or loss								
Exchange differences on translation of foreign financial statements	131,435	8	185,955	6	175,809	2	340,938	4
Total components of other comprehensive income (loss) that will be reclassified to profit or loss	<u>131,435</u>	<u>8</u>	<u>185,955</u>	<u>6</u>	<u>175,809</u>	<u>2</u>	<u>340,938</u>	<u>4</u>
Other comprehensive income (loss)	<u>131,435</u>	<u>8</u>	<u>185,955</u>	<u>6</u>	<u>175,809</u>	<u>2</u>	<u>341,242</u>	<u>4</u>
Total comprehensive income	<u>\$ 120,449</u>	<u>7</u>	<u>311,302</u>	<u>10</u>	<u>289,862</u>	<u>3</u>	<u>753,221</u>	<u>9</u>
Profit attributable to:								
Owners of parent company	\$ (27,332)	(2)	107,758	3	37,572	-	350,401	4
Non-controlling interests	16,346	1	17,589	1	76,481	1	61,578	1
	<u>\$ (10,986)</u>	<u>(1)</u>	<u>125,347</u>	<u>4</u>	<u>114,053</u>	<u>1</u>	<u>411,979</u>	<u>5</u>
Comprehensive income attributable to:								
Owners of parent company	\$ 104,103	6	293,713	9	213,381	2	691,676	8
Non-controlling interests	16,346	1	17,589	1	76,481	1	61,545	1
	<u>\$ 120,449</u>	<u>7</u>	<u>311,302</u>	<u>10</u>	<u>289,862</u>	<u>3</u>	<u>753,221</u>	<u>9</u>
Earnings per share (New Taiwan dollars)								
Basic earnings per share	<u>\$ (0.09)</u>		<u>0.34</u>		<u>0.12</u>		<u>1.09</u>	
Diluted earnings per share	<u>\$ (0.09)</u>		<u>0.33</u>		<u>0.12</u>		<u>1.09</u>	

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HITRON TECHNOLOGIES INC. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 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 earning	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
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	-	-	-	-	350,401	350,401	-	-	-	-	350,401	61,578	411,979
Other comprehensive income (loss)	-	-	-	-	545	545	340,971	(241)	340,730	-	341,275	(33)	341,242
Total comprehensive income (loss)	-	-	-	-	350,946	350,946	340,971	(241)	340,730	-	691,676	61,545	753,221
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	7,158	-	(7,158)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	16,455	(16,455)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(47,970)	(47,970)	-	-	-	-	(47,970)	-	(47,970)
Cash dividends from capital surplus	-	(112,690)	-	-	-	-	-	-	-	-	(112,690)	-	(112,690)
Treasury share retirement	(76,690)	(28,813)	-	-	(54,939)	(54,939)	-	-	-	160,442	-	-	-
Changes in ownership interests in subsidiaries	-	(13,389)	-	-	-	-	-	-	-	-	(13,389)	-	(13,389)
Changes in the investee's capital surplus	-	33,916	-	-	-	-	-	-	-	-	33,916	60,002	93,918
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(130,633)	(130,633)
Balance at September 30, 2022	\$ 3,213,172	1,115,032	283,224	145,512	296,006	724,742	191,973	3,246	195,219	-	5,248,165	701,497	5,949,662
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	-	-	-	-	37,572	37,572	-	-	-	-	37,572	76,481	114,053
Other comprehensive income (loss)	-	-	-	-	-	-	175,809	-	175,809	-	175,809	-	175,809
Total comprehensive income (loss)	-	-	-	-	37,572	37,572	175,809	-	175,809	-	213,381	76,481	289,862
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	-	24,712	-	-	-	-	-	-	-	-	24,712	136,593	161,305
Balance at September 30, 2023	\$ 3,213,172	1,166,102	340,501	-	71,629	412,130	268,934	15,967	284,901	-	5,076,305	888,762	5,965,067

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

	For the nine months ended September 30,	
	2023	2022
Cash flows from operating activities:		
Profit before tax	\$ 86,705	539,691
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	191,986	178,739
Amortization expense	27,898	22,916
Expected credit loss (gain)	(30,052)	(2,956)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(5,813)	18,433
Finance costs	74,802	44,167
Interest income	(20,318)	(11,730)
Dividend income	(334)	(6,391)
Gain on disposal of property, plant and equipment	(2,114)	(23)
Provisions for inventory obsolescence and devaluation loss	17,866	35,470
Total adjustments to reconcile profit	<u>253,921</u>	<u>278,625</u>
Changes in operating assets and liabilities:		
Accounts receivables and notes receivable	1,307,313	(772,080)
Accounts receivables from related parties	(38,419)	(4)
Other receivables	(29,876)	(506,995)
Other receivables from related parties	(51,655)	-
Inventories	524,607	(1,201,670)
Other operating assets	18,131	(25,183)
Contract liabilities	(60,326)	62,606
Accounts payables	(1,053,472)	1,206,029
Accounts payables to related parties	(83,849)	26,144
Other payables	(273,711)	(13,663)
Other payables to related parties	(4,033)	76
Provisions	(41,128)	27,554
Other current liabilities	375	1,421
Net defined benefit liability	-	545
Total changes in operating assets and liabilities	<u>213,957</u>	<u>(1,195,220)</u>
Total adjustments	<u>467,878</u>	<u>(916,595)</u>

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

	For the nine months ended September 30,	
	2023	2022
Cash flows generated from (used in) operations	554,583	(376,904)
Interest received	19,086	15,953
Dividends received	334	6,391
Interest paid	(61,884)	(33,539)
Income taxes paid	(103,210)	(126,920)
Net cash flows from (used in) operating activities	408,909	(515,019)
Cash flows from investing activities:		
Proceeds from repayments of financial assets at amortized cost	-	371,960
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	(67,538)	(345,602)
Proceeds from disposal of property, plant and equipment	38,646	48
Refundable deposits	7,091	(64)
Acquisition of intangible assets	(15,592)	(85,641)
Other non-current assets	(9,596)	44,660
Net cash flows (used in) investing activities	(10,964)	(14,639)
Cash flows from financing activities:		
Increase in short-term borrowings	-	28,122
Repayments of short-term borrowings	(401,903)	-
Increase in guarantee deposits received	-	207
Proceeds from bonds payable	631,884	-
Payments of lease liabilities	(10,234)	(11,549)
Cash dividends paid distributed to shareholders	(481,976)	(160,659)
Change in non-controlling interests	(127,622)	(145,578)
Net cash flows used in financing activities	(389,851)	(289,457)
Effect of exchange rate changes on cash and cash equivalents	33,491	186,832
Net increase (decrease) in cash and cash equivalents	41,585	(632,283)
Cash and cash equivalents at beginning of period	2,385,676	2,803,348
Cash and cash equivalents at end of period	\$ 2,427,261	2,171,065