

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

Hitron Technologies Inc. and Subsidiaries**Consolidated Balance Sheets****June 30, 2024, December 31 and June 30, 2023****(Expressed in thousands of New Taiwan Dollar)**

Assets	June 30, 2024		December 31, 2023		June 30, 2023		Liabilities and Equity	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets:							Current liabilities:						
Cash and cash equivalents	\$ 2,696,648	25	1,980,637	19	2,973,376	26	Short-term borrowings	\$ 832,712	7	396,227	4	2,424,532	21
Current financial assets at fair value through profit or loss	5,900	-	6,129	-	5,337	-	Current financial liabilities at fair value through profit or loss	396	-	-	-	5,428	-
Current financial assets at amortised cost, net	3,258	-	20,000	1	20,000	-	Current contract liabilities	298,942	3	562,840	5	388,297	3
Accounts receivable and notes receivable, net	1,494,463	14	1,857,299	18	1,983,579	17	Accounts payable	1,741,273	16	1,544,021	15	1,013,579	9
Accounts receivable from related parties, net	17,118	-	3,540	-	2,781	-	Accounts payable to related parties	161,592	1	31,647	-	25,629	-
Other receivables, net	438,233	4	328,066	3	472,306	4	Other payables	521,995	5	404,262	4	695,390	6
Other receivables from related parties, net	57,207	-	31,551	-	76,793	1	Other payables to related parties	103,300	1	934	-	317,321	3
Current tax assets	94,098	1	87,879	1	133,845	1	Current tax liabilities	69,278	1	82,885	1	66,771	1
Inventories	3,450,622	31	3,291,171	31	3,010,291	26	Current provisions	63,286	1	104,626	1	120,235	1
Other current assets	122,184	1	109,631	1	172,412	2	Current lease liabilities	20,879	-	18,673	-	16,750	-
	<u>8,379,731</u>	<u>76</u>	<u>7,715,903</u>	<u>74</u>	<u>8,850,720</u>	<u>77</u>	Other current liabilities	5,534	-	5,528	-	5,665	-
								<u>3,819,187</u>	<u>35</u>	<u>3,151,643</u>	<u>30</u>	<u>5,079,597</u>	<u>44</u>
Non-current assets:							Non-Current liabilities:						
Non-current financial assets at amortised cost	-	-	21,000	-	-	-	Long-term borrowings	575,000	5	700,000	7	-	-
Non-current financial assets at fair value through other comprehensive income	38,602	-	51,152	-	31,815	-	Bonds payable	130,701	1	264,612	3	496,540	4
Property, plant and equipment	1,680,842	15	1,855,821	18	1,998,744	17	Non-current provisions	36,680	1	34,641	-	50,240	1
Right-of use assets	266,268	3	267,113	3	282,761	3	Deferred tax liabilities	220,293	2	218,696	2	19,381	-
Intangible assets	83,825	1	101,119	1	95,176	1	Non-current lease liabilities	114,149	1	116,516	1	126,988	1
Deferred tax assets	371,334	3	366,052	3	148,709	1	Other non-current liabilities	271	-	409	-	409	-
Other non-current assets	165,507	2	130,534	1	124,794	1		<u>1,077,094</u>	<u>10</u>	<u>1,334,874</u>	<u>13</u>	<u>693,558</u>	<u>6</u>
	<u>2,606,378</u>	<u>24</u>	<u>2,792,791</u>	<u>26</u>	<u>2,681,999</u>	<u>23</u>	Total liabilities	<u>4,896,281</u>	<u>45</u>	<u>4,486,517</u>	<u>43</u>	<u>5,773,155</u>	<u>50</u>
							Equity:						
							Equity attributable to owners of parent company:						
							Ordinary share capital	3,213,172	29	3,213,172	31	3,213,172	28
							Capital surplus	1,144,314	10	1,185,304	11	1,155,612	10
							Retained earnings:						
							Legal reserve	340,989	3	340,501	3	340,501	3
							Unappropriated retained earnings	(20,260)	-	38,936	1	98,961	1
								<u>320,729</u>	<u>3</u>	<u>379,437</u>	<u>4</u>	<u>439,462</u>	<u>4</u>
							Other equity interest	281,921	3	141,589	1	153,466	1
							Total equity attributable to owners of parent	<u>4,960,136</u>	<u>45</u>	<u>4,919,502</u>	<u>47</u>	<u>4,961,712</u>	<u>43</u>
							Non-controlling interests	1,129,692	10	1,102,675	10	797,852	7
							Total equity	<u>6,089,828</u>	<u>55</u>	<u>6,022,177</u>	<u>57</u>	<u>5,759,564</u>	<u>50</u>
Total assets	<u>\$ 10,986,109</u>	<u>100</u>	<u>10,508,694</u>	<u>100</u>	<u>11,532,719</u>	<u>100</u>	Total liabilities and equity	<u>\$ 10,986,109</u>	<u>100</u>	<u>10,508,694</u>	<u>100</u>	<u>11,532,719</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, 2024 and 2023

(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,			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	\$ 2,438,863	100	2,806,236	100	4,548,649	100	5,616,859	100
Operating costs	1,990,708	82	2,343,805	84	3,700,358	81	4,594,645	82
Gross profit from operations	448,155	18	462,431	16	848,291	19	1,022,214	18
Operating expenses:								
Selling expenses	154,042	6	213,312	8	303,463	7	379,037	7
Administrative expenses	109,636	4	106,998	4	221,634	5	248,842	4
Research and development expenses	115,065	5	123,478	4	226,111	5	263,827	5
Expected credit loss (gain)	(3,301)	-	(40,056)	(1)	4,344	-	(29,589)	(1)
Total operating expenses	375,442	15	403,732	15	755,552	17	862,117	15
Net operating income	72,713	3	58,699	1	92,739	2	160,097	3
Non-operating income and expenses:								
Interest income	11,110	-	9,426	-	16,878	-	15,733	-
Other income	2,870	-	1,159	-	8,837	-	5,313	-
Other gains and losses, net	1,993	-	(11,496)	-	6,183	-	(26,949)	-
Finance costs	(21,423)	(1)	(26,115)	(1)	(41,089)	(1)	(44,186)	(1)
Total non-operating income and expenses	(5,450)	(1)	(27,026)	(1)	(9,191)	(1)	(50,089)	(1)
Profit before tax	67,263	2	31,673	-	83,548	1	110,008	2
Income tax expenses (benefit)	20,529	1	(47,494)	(2)	25,060	1	(15,031)	-
Profit	46,734	1	79,167	2	58,488	-	125,039	2
Other comprehensive income (loss):								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
Remeasurements of defined benefit plans	-	-	-	-	648	-	-	-
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(12,550)	(1)	-	-	(12,550)	-	-	-
Total components of other comprehensive income that will not be reclassified to profit or loss	(12,550)	(1)	-	-	(11,902)	-	-	-
Components of other comprehensive income (loss) that are or may be reclassified to profit or loss								
Exchange differences on translation of foreign financial statements	36,908	2	63,508	2	153,124	3	44,374	1
Total components of other comprehensive income that are or may be reclassified to profit or loss	36,908	2	63,508	2	153,124	3	44,374	1
Other comprehensive income	24,358	1	63,508	2	141,222	3	44,374	1
Total comprehensive income	\$ 71,092	2	142,675	4	199,710	3	169,413	3
Profit attributable to:								
Owners of parent	\$ 7,945	(1)	36,278	-	(21,453)	(2)	64,904	1
Non-controlling interests	38,789	2	42,889	2	79,941	2	60,135	1
	\$ 46,734	1	79,167	2	58,488	-	125,039	2
Comprehensive income attributable to:								
Owners of parent	\$ 32,061	1	99,786	3	119,527	2	109,278	2
Non-controlling interests	39,031	1	42,889	1	80,183	1	60,135	1
	\$ 71,092	2	142,675	4	199,710	3	169,413	3
Earnings per share (New Taiwan dollars)								
Basic earnings per share	\$ 0.02		0.11		(0.07)		0.20	
Diluted earnings per share	\$ 0.02		0.11		(0.07)		0.20	

(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, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar)

	Retained earnings						Other equity interest		Total equity attributable to the owners of parent company	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated 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
					Total retained earnings	Total retained earnings						
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	-	-	-	-	64,904	64,904	-	-	-	64,904	60,135	125,039
Other comprehensive income	-	-	-	-	-	-	44,374	-	44,374	44,374	-	44,374
Total comprehensive income	-	-	-	-	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)	-	-	-	-	-	-	-
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)
Issuing convertible bonds in subsidiaries	-	26,396	-	-	-	-	-	-	-	26,396	37,225	63,621
Changes in conversion of convertible bonds in subsidiaries	-	14,222	-	-	-	-	-	-	-	14,222	62,029	76,251
Balance at June 30, 2023	\$ 3,213,172	1,155,612	340,501	-	98,961	439,462	137,499	15,967	153,466	4,961,712	797,852	5,759,564
Balance at January 1, 2024	\$ 3,213,172	1,185,304	340,501	-	38,936	379,437	106,285	35,304	141,589	4,919,502	1,102,675	6,022,177
Profit	-	-	-	-	(21,453)	(21,453)	-	-	-	(21,453)	79,941	58,488
Other comprehensive income	-	-	-	-	648	648	152,882	(12,550)	140,332	140,980	242	141,222
Total comprehensive income	-	-	-	-	(20,805)	(20,805)	152,882	(12,550)	140,332	119,527	80,183	199,710
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	488	-	(488)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(37,903)	(37,903)	-	-	-	(37,903)	-	(37,903)
Cash dividends from capital surplus	-	(58,492)	-	-	-	-	-	-	-	(58,492)	-	(58,492)
Distribution cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(175,179)	(175,179)
Changes in conversion of convertible bonds in subsidiaries	-	17,502	-	-	-	-	-	-	-	17,502	122,013	139,515
Balance at June 30, 2024	\$ 3,213,172	1,144,314	340,989	-	(20,260)	320,729	259,167	22,754	281,921	4,960,136	1,129,692	6,089,828

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Hitron Technologies Inc. and Subsidiaries**Consolidated Statements of Cash Flows****For the six months ended June 30, 2024 and 2023****(Expressed in thousands of New Taiwan Dollar)**

	For the six months ended June 30,	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 83,548	110,008
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	111,448	126,230
Amortization expense	19,871	18,331
Expected credit loss (gain)	4,344	(29,589)
Net loss on financial assets or liabilities at fair value through profit or loss	242	9,573
Finance costs	41,089	44,186
Interest income	(16,878)	(15,733)
Loss (gain) on disposal of property, plant and equipment	585	(1,676)
Provisions for inventory obsolescence and devaluation (reversed) loss	(32,093)	23,615
Lease modification benefit	(15)	-
Total adjustments to reconcile profit	<u>128,593</u>	<u>174,937</u>
Changes in operating assets and liabilities:		
Accounts receivables and notes receivable	398,763	589,537
Accounts receivables from related parties	(13,578)	(2,016)
Other receivables	(109,852)	(11,296)
Other receivables from related parties	(25,656)	(76,793)
Inventories	(69,345)	839,506
Other operating assets	(12,826)	3,134
Contract liabilities	(263,898)	(143,178)
Accounts payables	144,803	(1,545,184)
Accounts payables to related parties	129,945	(87,355)
Other payables	(71,936)	(194,794)
Other payables to related parties	26,916	(1,059)
Provisions	(39,301)	(32,907)
Other current liabilities	402	(86)
Other non-current liabilities	31	-
Total changes in operating assets and liabilities	<u>94,468</u>	<u>(662,491)</u>
Total adjustments	<u>223,061</u>	<u>(487,554)</u>

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

Hitron Technologies Inc. and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
For the six months ended June 30, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar)

	For the six months ended June 30,	
	2024	2023
Cash flows generated from (used in) operations	306,609	(377,546)
Interest received	16,563	15,340
Interest paid	(41,940)	(37,115)
Income taxes paid	(40,747)	(98,417)
Net cash flows from (used in) operating activities	240,485	(497,738)
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	-	(20,000)
Disposal of current financial assets at amortised cost, net	37,742	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	56,025
Acquisition of property, plant and equipment	(15,422)	(45,221)
Proceeds from disposal of property, plant and equipment	138,896	1,676
(Increase) decrease in refundable deposits	(35,148)	4,309
Acquisition of intangible assets	(1,164)	(2,362)
Other non-current assets	2,002	(8,474)
Net cash flows from (used in) investing activities	126,906	(14,047)
Cash flows from financing activities:		
Increase in short-term loans	416,701	483,662
Decrease in long-term debt	(125,000)	-
Decrease in guarantee deposits received	(169)	-
Proceeds from bonds payable	-	631,884
Payments of lease liabilities	(15,220)	(9,187)
Net cash flows from financing activities	276,312	1,106,359
Effect of exchange rate changes on cash and cash equivalents	72,308	(6,874)
Net increase in cash and cash equivalents	716,011	587,700
Cash and cash equivalents at beginning of period	1,980,637	2,385,676
Cash and cash equivalents at end of period	\$ 2,696,648	2,973,376