

**ENE TECHNOLOGY INC AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL
STATEMENTS AND REVIEW
REPORT OF INDEPENDENT
ACCOUNTANTS**

MARCH 31st, 2021 AND 2020

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Translated Independent Auditor's Review Report

To the Board of Directors of ENE TECHNOLOGY INC.:

Introduction

We have reviewed the consolidated balance sheets of ENE TECHNOLOGY INC and subsidiaries as of March 31st, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flow for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of above said financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Stands No.65 “Review of Financial Information Performed by the Independent Auditor of the Equity”. A Review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to assure full awareness of all significant matters that might be identified in an audit. Thus, we are not able to express an audit opinion.

Qualified Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly the consolidated financial status of ENE TECHNOLOGY INC. and subsidiaries as of March 31st, 2021 and 2020, and of its

consolidated financial performance and cash flows for the three-month periods then ended in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standards 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

KPMG
Tseng, Mei-Yu
Lu, Chien-Hui

May 4th, 2021

The Balance Sheet as of March 31, 2021 and 2020 are reviewed, not audited
ENE TEHCNOLOGY INC. and Subsidiaries
Consolidated Balance Sheets

Unit: NT\$ thousands

Assets		2021.3.31		2020.12.31		2020.3.31				2021.3.31		2020.12.31		2020.3.31		Liabilities and Equity	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current Assets :										Current Liabilities:							
1100	Cash & cash equivalents (Note 6(1))	\$ 144,887	17	188,059	22	140,216	16	2100	Short term loan (Note6(3)(8) & 8)	\$ 278,168	32	301,449	36	295,141	34		
1170	Notes and accounts receivables	186,133	22	168,414	19	142,101	16	2170	Account payable	69,813	8	69,865	8	63,512	7		
	(note6(3) (15) & 8)							2180	Related parties account payable (note7)	4,979	1	3,932	-	6,953	1		
1180	Accounts receivables from related parties (Note6(3) (15), 7 & 8)	24,081	3	21,180	2	14,084	2	2201	Salary payable	9,821	1	12,998	1	11,366	1		
130X	Inventories (Note6(4))	147,092	17	145,398	17	230,564	26	2280	Lease liabilities – current (note6(10))	6,882	1	6,849	1	1,890	-		
1470	Prepaid expenses & other current assets	20,775	2	17,662	2	16,424	2	2300	Other current liabilities (note6(5))	10,591	1	10,248	1	8,852	1		
1476	Other financial assets – current (Note6(7) & 8)	296,869	35	291,665	33	314,197	36	2322	Long term loan matured within 1 yr (N6(9))	7,273	1	7,273	1	-	-		
		819,837	96	832,378	95	857,586	98			387,527	45	412,614	48	387,714	44		
Non-Current Asset:										Non-current liabilities:							
1600	Property, plant and equipment (note6(5))	11,414	1	12,509	2	7,793	1	2541	Long term loan (N6(9))	9,091	1	10,910	1	-	-		
1755	Right-of-use asset(note6(6))	13,720	2	15,408	2	3,844	-	2570	Deferred income tax liabilities	39	-	39	-	26	-		
1780	Intangible asset	-	-	-	-	-	-	2580	Lease liabilities – non-current (N6(10))	7,354	1	9,057	1	2,020	-		
1840	Deferred tax asset	3,573	-	3,573	-	3,573	-			16,484	2	20,006	2	2,046	-		
	Net defined benefit asset – non-current (N6(11))	5,782	1	5,782	1	5,640	1			404,011	47	432,620	50	389,760	44		
1980	Other financial asset – non-current (note6(7) & 8)	3,323	-	3,323	-	3,191	-			Total Liabilities							
		37,812	4	40,595	5	24,041	2			Equity (Note6(13)) :							
								3110	Ordinary share capital	749,767	87	749,767	86	749,767	85		
								3200	Capital surplus	81,967	10	81,967	9	81,967	9		
								3350	Accumulated loss	(373,252)	(44)	(386,539)	(44)	(334,972)	(38)		
								3400	Other equity	(4,844)	-	(4,842)	(1)	(4,895)	-		
										453,638	53	440,353	50	491,867	56		
										Total Equity							
Total Asset		\$ 857,649	100	872,973	100	881,627	100	Total Liabilities & Equity		\$ 857,649	100	872,973	100	881,627	100		

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Comprehensive Income
as of March 31st 2021 are Reviewed, not Audited
ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Comprehensive Income

Unit: NTD\$ Thousands

		<u>20210101~20210331</u>		<u>20200101~20200331</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4110	Operating revenue (Note6(15) & 7)	\$ 186,409	100	123,189	100
5000	Operating cost (Note6(4) & 7)	<u>136,736</u>	<u>73</u>	<u>94,079</u>	<u>76</u>
	Gross profit	<u>49,673</u>	<u>27</u>	<u>29,110</u>	<u>24</u>
	Operating expenses (note6(3), (10) & 7):				
6100	Selling expenses	12,029	7	10,611	9
6200	General and admin expenses	17,932	10	14,585	12
6300	Research and development expenses	15,201	8	18,271	15
6450	Expected credit loss	<u>214</u>	<u>-</u>	<u>595</u>	<u>-</u>
	Total operating expenses	<u>45,376</u>	<u>25</u>	<u>44,062</u>	<u>36</u>
	Operating loss	<u>4,297</u>	<u>2</u>	<u>(14,952)</u>	<u>(12)</u>
	Non-operating income & expenses:				
7020	Other gains and losses (note6(17))	9,637	5	4,806	4
7100	Interest income	189	-	1,410	1
7510	Interest expense (note6(10))	<u>(836)</u>	<u>(1)</u>	<u>(984)</u>	<u>(1)</u>
		<u>8,990</u>	<u>4</u>	<u>5,232</u>	<u>4</u>
	Loss before income tax	<u>13,287</u>	<u>6</u>	<u>(9,720)</u>	<u>(8)</u>
7590	Income tax expenses (note6(12))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Net loss for the period	<u>13,287</u>	<u>6</u>	<u>(9,720)</u>	<u>(8)</u>
8300	Other comprehensive profit and loss:				
8360	Items may be reclassified to profit or loss				
8361	Cumulative translation differences of foreign operation	(2)	-	(4)	-
8399	Income tax relating to items may be reclassified (Note6(12))	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>
	Total items that be reclassified to profit & loss	<u>(2)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
8300	Other comprehensive profit and loss	<u>(2)</u>	<u>-</u>	<u>(3)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 13,285</u>	<u>6</u>	<u>(9,723)</u>	<u>(8)</u>
	Earnings per share (in dollar) (note6(14))				
9750	Basic earnings per share	<u>\$ 0.18</u>		<u>(0.13)</u>	

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Changes in Equity as of March 31st 2021 and 2020 are Reviewed, not Audited

ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Changes in Equity

Unit: NTD\$ Thousands

	Ordinary Share Capital	Capital Surplus	Accumulated Loss	Cumulative translation differences of foreign operation	Other Equity Items		Total	Total Equity
					Cumulative translation differences of foreign operation	Unrealized P&L From financial assets measured at fair value through comprehensive P&L		
Balance as of 20200101	\$ 749,767	81,967	(325,252)	108		(5,000)	(4,892)	501,590
Net loss of the period	-	-	(9,720)	-		-	-	(9,720)
Other comprehensive income of the period	-	-	-	(3)		-	(3)	(3)
Total comprehensive income	-	-	(9,720)	(3)		-	(3)	(9,723)
Balance as of 20200331	\$ 749,767	81,967	(334,972)	105		(5,000)	(4,895)	491,867
Balance as of 20210101	\$ 749,767	81,967	(386,539)	158		(5,000)	(4,842)	440,353
Net loss of the period	-	-	13,287	-		-	-	13,287
Other comprehensive income of the period	-	-	-	(2)		-	(2)	(2)
Total comprehensive income	-	-	13,287	(2)		-	(2)	13,285
Balance as of 20210331	\$ 749,767	81,967	(373,252)	156		(5,000)	(4,844)	453,638

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows
as of March 31st 2021 and 2020 are Reviewed, Not Audited
ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Cash Flows

Unit: NT\$ Thousands

	<u>20210101~0331</u>	<u>20200101~0331</u>
Cash Flow from operating activities:		
Income before income tax	\$ 13,287	(9,720)
Adjustments:		
Income and expenses/loss items		
Depreciation	2,781	2,668
Expected credit impairment loss	214	595
Allowance for inventory evaluation & obsolesce loss	2,344	419
Interest expense	836	984
Interest income	(189)	(1,410)
Total of income and expense/loss items	<u>5,986</u>	<u>3,256</u>
Changes in operating assets and liabilities:		
Decrease in notes and account receivables	(17,933)	23,441
Decrease (Increase) account receivable from related parties	(2,901)	500
Inventory (increase) decrease	(4,038)	(1,904)
Decrease of other operating asset	(3,113)	3,854
Total changes in operating assets and liabilities	<u>(27,985)</u>	<u>25,891</u>
Increase (decrease) in account payable	(52)	22,018
Decrease in account payable from related parties	1,048	1,329
Decrease in other operating liabilities	(2,590)	(1,202)
Total changes in operating liabilities	<u>(1,594)</u>	<u>22,145</u>
Net changes in operating assets and liabilities	<u>(29,579)</u>	<u>48,036</u>
Cash flows from operating activities	(10,306)	41,572
Interest received	198	1,459
Interest paid	(876)	(837)
Net cash flow from operating activities	<u>(10,984)</u>	<u>42,194</u>

(Continue)

(Please refer to accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows
as of March 31st 2021 and 2020 are Reviewed, Not Audited
ENE TECHNOLOGY INC and Subsidiaries
Consolidated Statements of Cash Flows

Unit: NTD\$ Thousands

	<u>20210101~0331</u>	<u>20200101~0331</u>
Cash flows from investment activities:		
Acquisition of property, plant and equipment	(202)	-
Decrease (increase) in Refundable deposits	-	7
Increase in other financial asset - current	<u>(5,213)</u>	<u>(2,091)</u>
Net Cash flow from investment activities	<u>(5,415)</u>	<u>(2,084)</u>
Cash flows from financing activities:		
Increase in short term loan	18,989	8,483
Decrease in short term loan	(42,270)	(4,491)
Repayment of long term loan	(1,819)	-
Lease liabilities principle repayment	<u>(1,670)</u>	<u>(1,638)</u>
Net cash flows from financing activities	<u>(26,770)</u>	<u>2,354</u>
Effect of exchange rate to cash and cash equivalent	<u>(3)</u>	<u>2</u>
Net decrease in cash and cash equivalent	(43,172)	42,466
Cash and cash equivalent at beginning of period	<u>188,059</u>	<u>97,750</u>
Cash and cash equivalent at end of period	<u>\$ 144,887</u>	<u>140,216</u>

(Please refer to accompanying notes to consolidated financial statements)

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

(REVIEWED, NOT AUDITED)
(All amounts are expressed in Thousands of New Taiwan Dollars,
excepted otherwise indicated)
ENE TECHNOLOGY INC. and Subsidiaries
Notes to the Consolidated Financial Statements
Three-Month Periods Ended March 31st, 2021 and 2020

1. Company History

ENE TECHNOLOGY INC. (the “Company”) was incorporated as a company by shares on May 20th, 1998. The Company was inaugurated in Hsinchu Science Industrial Park on Aug 31st, 2001 with current registered address of 4F, No.21, Lixing Rd, Hsinchu Science Industrial Park. The Company was listed on Taipei Exchange on April 22nd, 2003 and listed on Taiwan Stock Exchange on December 17th, 2009.

The Company is focused on the R&D, design, development, production and sales of electronic components, information software and circuit design services.

The Company was merged with ENE International Investment Inc., a 100% own subsidiary by ENE TECHNOLOGY INC. on March 28th, 2017. ENE TECHNOLOGY INC. was the surviving company and ENE International Investment INC. was dissolved.

2. The date and procedure of authorization for issuance of the consolidated financial statements

These consolidated financial statements were approved and authorized by the Board of Directors on May 4th, 2021.

3. Application of New Standards, Amendments, Principles and Interpretations

(1) Effects of the adoption of new issuances of or amendments to International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC)

The new standards, amendments, principles and interpretations endorsed by the FSC effective from 2021 adopted by the Company are as follows:

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

<u>New Standards / Amendments / Principles and Interpretations</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4 “Extension of the temporary exemption from applying IFRS 9”	2021.Jan.01
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16 “Interest rate benchmark reform-second stage”	2021.Jan.01

After assessing the above standards and interpretations, the Company found no major impact on the consolidated financial report.

(2) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 16 “Covid-19 Related Rent Concessions” after June 30 th , 2021	2021.Apr.01

After assessing the above standards and interpretations, the Company found no major impact on the consolidated financial report.

(3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture”
IFRS 17 “Insurance Contracts” and Amendments to IFRS 17
Amendments to IAS 1 “To classify debt as current or non-current”
Amendments to IAS 16 “Property, Plant and Equipment-Proceeds before Intended Use”
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”
Annual Improvements to IFRS Standards 2018-2020
Amendments to IFRS 3, “Reference to the conceptual framework”
Amendments to IAS 1 “Disclosure of Accounting Policy”
Amendments to IAS 8 “Definition of Accounting Estimates”

ENE TECHNOLOGY INC and Subsidiaries

Notes to Consolidated Financial Statements

The Company has evaluated the standards and interpretations and concluded that these shall not have any material impact on financial position and results of operations of the Company.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations) and IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC.

Other than the below described, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended Dec 31st, 2020, and have been applied consistently to all periods presented in the consolidated financial statements. Please refer to Note 4 of the consolidated financial statements dated Dec.31st 2020 for details.

(2) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiaries	Business	Percentage of Ownership		
			2021.3.31	2020.12.31	2020.3.31
ENE	Janus Power Electronics Pty Ltd. (Janus Power)	Electronic components	100%	100%	100%
ENE	ENE Touch Technology Co., Ltd (ENE Touch)	Electronic materials distributor	100%	100%	100%

2. List of subsidiaries which are not included in the consolidated financial statement: None.

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the reporting date of the prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(4) Income tax

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, Interim Financial Reporting

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a

ENE TECHNOLOGY INC and Subsidiaries

Notes to Consolidated Financial Statements

projected annual effective tax rate, and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the rates that are expected to be applied in the year in which the asset is realized or the liability is settled. °

5. Major Sources of Accounting Judgements, Estimations and Assumptions of Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC requires management to make judgements estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of the consolidated financial statements, critical accounting judgements and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements dated December 31st, 2020.

6. Descriptions on Significant Accounts

Other than items described below, the descriptions of significant accounts in the accompanying consolidated financial statement is not materially different from those described in Note 6 of the consolidated financial statement dated December 31st, 2020.

(1) Cash and Cash Equivalent

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Cash	\$ 188	56	74
Cash in Bank and Cheque	118,299	161,603	113,742
Term Deposit	<u>26,400</u>	<u>26,400</u>	<u>26,400</u>
	<u><u>\$ 144,887</u></u>	<u><u>188,059</u></u>	<u><u>140,216</u></u>

(2) Financial Assets

1. Financial assets at fair value through profit and loss- non-current:

On the basis of long term strategic goals instead of trading purposes, the fair value of the shareholdings of Touchsens Ltd have been evaluated through other comprehensive income. The Company holds Touchsens shares at the equivalent of NT5,000 thousands have been recognized as loss in prior year.

The Company has not sold any strategic investment for the period ending March 31st 2020

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

and 2019, thus there was no transfer of equity gain or loss during the period.

2. Please refer to note 6(18) for information on the credit risks and market risks.
 3. The above said financial assets were not pledged for collateral.
- (3) Notes and account receivable (including related parties)

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Notes receivable	\$ 134	10	-
Account receivable	189,039	171,230	144,841
Receivables from related parties	<u>24,081</u>	<u>21,180</u>	<u>14,084</u>
	213,254	192,420	158,925
Less: allowance for doubtful accounts	<u>(3,040)</u>	<u>(2,826)</u>	<u>(2,740)</u>
	<u><u>\$ 210,214</u></u>	<u><u>189,594</u></u>	<u><u>156,185</u></u>

The Company applies the simplified approach to provide for its loss allowance used for ECL, which permit the use of lifetime expected loss provision for notes and accounts receivables. The ECL on notes and accounts receivable by reference to past default experience of the customers and credit risk characteristics, as well as forward looking information.

1. Loss allowances for customers with credit rating A (including related parties) are as following:

	<u>2021.3.31</u>		
	<u>Notes & account receivables carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss Allowance</u>
Not past due	\$ 170,224	0.00%	-
Past due 0~30 days	27	0.00%	-
Past due over 121 days	<u>-</u>	100.00%	<u>-</u>
Total	<u><u>\$ 170,251</u></u>		<u><u>-</u></u>

	<u>2020.12.31</u>		
	<u>Notes & account receivables carrying amount</u>	<u>Weighted average loss rate</u>	<u>Loss Allowance</u>
Not past due	\$ 174,076	0.00%	-
Past due 0~30 days	786	0.00%	-
Past due over 121 days	<u>-</u>	100.00%	<u>-</u>
Total	<u><u>\$ 174,862</u></u>		<u><u>-</u></u>

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

	2021.3.31		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 145,282	0.00%	-
Past due 0~30 days	7	0.00%	-
Past due 31-60 days	6	0.00%	-
Past due over 121 days	-	100.00%	-
Total	<u>\$ 145,295</u>		<u>-</u>

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

2. Loss allowances for customers with credit rating B are as following:

	2020.3.31		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 36,134	0.49%	177
Past due 0~30 days	4,967	21.26%	1,056
Past due 31~60 days	89	68.07%	61
Past due 61~90 days	301	83.39%	251
Past due 91~120 days	131	86.90%	114
Past due over 121 days	1,381	100.00%	1,381
Total	\$ 43,003		3,040

	2020.3.31		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 14,575	1.57%	228
Past due 0~30 days	449	21.16%	95
Past due 61~90 days	86	83.72%	72
Past due 91~120 days	123	86.16%	106
Past due over 121 days	2,325	100.00%	2,325
Total	\$ 17,558		2,826

	2021.3.31		
	Notes & account receivables carrying amount	Weighted average loss rate	Loss Allowance
Not past due	\$ 10,756	2.55%	274
Past due 0~30 days	477	27.46%	130
Past due 31~60 days	389	84.27%	328
Past due over 121 days	2,008	100.00%	2,008
Total	\$ 13,630		2,740

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

Changes for loss allowances:

	2021	2020
	0101~0331	0101~0331
Balance of January 1 st	\$ 2,826	2,145
Recognized loss	214	595
Balance of March 31 st	<u>\$ 3,040</u>	<u>2,740</u>

Please refer to Note 6(18) for details on other credit risks.

3. The company entered separate factoring agreement with financial institutions to sell its account receivables. Under the agreement, the company is liable for the losses incurred on any business dispute and has the responsibility to assume the default risk of the transferred account receivables. Therefore, these financial assets is not qualified for derecognition.

Relevant information on account receivables and notes factored but not yet derecognized as of March 31, 2021 were as follows:

2021.3.31

Purchaser	Amount transferred	Quota	Amount advanced (recognized in short term loan)	Interest rate collar	Collateral
CTBC Bank	\$ 27,202 (USD951 Thousands)	80,000	20,868 (USD729 Thousands)	1.5%~ 1.55%	Account receivables and Bank note \$80,000

2020.12.31

Purchaser	Amount transferred	Quota	Amount advanced (recognized in short term loan)	Interest rate collar	Collateral
CTBC Bank	\$ 56,819 (USD2,022 K)	80,000	42,149 (USD1,500 K)	1.45%~ 1.55%	Account receivables and Bank note \$80,000

109.3.31

Purchaser	Amount transferred	Quota	Amount advanced (recognized in short term loan)	Interest rate collar	Collateral
CTBC Bank	\$ 30,361 (USD1,002K)	70,000	24,141 (USD797K)	2.99%~ 3.25%	Account receivables and Bank note \$70,000

ENE TECHNOLOGY INC and Subsidiaries
Notes to Consolidated Financial Statements

Please refer to Note (8) for details on notes receivables and account receivables (including related parties) for the period ending March 31st, 2021, December 31st and March 31st of 2020.

(4) Inventory

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Raw materials	\$ 9,322	14,599	22,648
Work in Process	114,463	106,566	158,699
Finished product	<u>23,307</u>	<u>24,233</u>	<u>49,217</u>
	<u>\$ 147,092</u>	<u>145,398</u>	<u>230,564</u>

Details of operating cost are :

	<u>2021 0101~0331</u>	<u>2020 0101~0331</u>
Cost of goods sold	\$ 134,392	93,660
Allowance for inventory valuation loss	<u>2,344</u>	<u>419</u>
	<u>\$ 136,736</u>	<u>94,079</u>

For the period ending 2021.March.31st, 2020 December 31st and 2020 March 31st, the inventories were not pledged for collateral.

(5) Property, plant and equipment

- Information on cost and amortization of the real estate, plant and equipment of the Company is:

	<u>R&D equipment</u>	<u>Improvement on lease</u>	<u>Office and other equipment</u>	<u>Total</u>
Carrying amount:				
January 1 st 2021	<u>\$ -</u>	<u>1,699</u>	<u>10,810</u>	<u>12,509</u>
March 31 st 2021	<u>\$ -</u>	<u>1,624</u>	<u>9,790</u>	<u>11,414</u>
January 1 st 2020	<u>\$ 34</u>	<u>1,997</u>	<u>6,823</u>	<u>8,854</u>
March 31 st 2020	<u>\$ -</u>	<u>1,923</u>	<u>5,870</u>	<u>7,793</u>

Please refer to Note 12 for details on amortizations. Please refer to Note 6(5) for other information.

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2. Due to acquisition of property, plant and equipment for the period 01.01 to 03.31 in 2021 and 2020, changes to the related account payables for equipment (listed as other current liabilities) are NT\$202 thousands and 0 thousands.
3. Property, plant and equipment of the Company dated on March 31st of 2021 and 2020 were not pledged for collateral.

(6) Right-of-use asset

Changes in cost and depreciation of rent and building, transportation vehicles and other equipment of the Company are:

	<u>Buildings</u>	<u>Transportation Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Carrying amount:				
Balance at 2021.01.01	\$ 12,697	2,711	-	15,408
Balance of 2021.03.31	\$ 11,309	2,411	-	13,720
Balance at 2020.01.01	\$ 2,007	3,409	35	5,451
Balance of 2020.03.31	\$ 739	3,105	-	3,844

There is no significant addition, disposal, allowance for loss or reversal during the period of 2021.01.01~2021.03.31 and 2020.01.01~2020.03.31. Please refer to Note 12(1) for details. Please refer to Note 6(6) of the 2020 Consolidated Financial Report for other related information.

(7) Other financial assets - current and non-current

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Current:			
Restricted cash in bank	\$ 291,846	286,633	309,034
Term deposit (> 3 months)	5,000	5,000	5,000
Others	23	32	163
	<u>\$ 296,869</u>	<u>291,665</u>	<u>314,197</u>
Non-Current			
Refundable deposit	\$ 2,291	2,291	2,166
Restricted cash in bank	1,032	1,032	1,025
	<u>\$ 3,323</u>	<u>3,323</u>	<u>3,191</u>

There is no loss in other financial assets – current and non-current (excluding other receivables) for the period ended 2021.03.31, 2020.12.31 and 2020.03.31.

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Other receivables and allowances for loss of the Company for the period ended 2021.03.31, 2020.12.31 and 2020.03.31.:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Other receivables	\$ -	-	22,269
Less: allowances for loss	-	-	(22,269)
	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Restricted cash in bank is deemed as a guarantee for short term loan, purchase and tariff. Please see Note (8) for details.

Please refer to Note 6(18) for other credit risks.

(8) Short term loan

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Guarantee bank loan	\$ 257,300	259,300	271,000
Financing on AR	20,868	42,149	24,141
	<u><u>\$ 278,168</u></u>	<u><u>301,449</u></u>	<u><u>295,141</u></u>
Unused quota	<u><u>\$ 211,949</u></u>	<u><u>187,577</u></u>	<u><u>115,144</u></u>
Range of interests	<u><u>0.89%~</u></u>	<u><u>0.89%~</u></u>	<u><u>1.105%~</u></u>
	<u><u>1.55%</u></u>	<u><u>1.55%</u></u>	<u><u>3.25%</u></u>

For the period ending March 31st 2021 and 2020, new loan amount is NT\$18,989 thousands and NT\$8,483 thousands. Interest rate ranges from 0.89%~1.55% and 1.105%~3.25%. Due dates are 2021 May to June and 2020 April. Amounts due are NT\$42,270 thousands and NT\$4,491 thousands.

Please refer to Note (8) for details on assets set as bank loan guarantee.

(9) Long Term Liabilities

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Guarantee bank loan	\$ 13,909	15,456	-
Non-guarantee bank loan	2,455	2,727	-
	16,364	18,183	-
less : maturity within one year	(7,273)	(7,273)	-
Total	<u><u>\$ 9,091</u></u>	<u><u>10,910</u></u>	<u><u>-</u></u>
Unused quota	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Range of interests	<u><u>1.2685%~</u></u>	<u><u>1.2685%~</u></u>	<u><u>-</u></u>
	<u><u>2.1617%</u></u>	<u><u>2.1617%</u></u>	<u><u>-</u></u>

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The long term loan is guaranteed by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG).

(10) Lease Liabilities

	2021.3.31	2020.12.31	2020.3.31
Current	<u>\$ 6,882</u>	<u>6,849</u>	<u>1,890</u>
Non-current	<u>\$ 7,354</u>	<u>9,057</u>	<u>2,020</u>

Please refer to Note 6(18) for maturity analysis.

Amount recognized in comprehensive income statement:

	2021 Jan-Mar	2020 Jan-Mar
Interest expenses from lease liabilities	<u>\$ 67</u>	<u>20</u>
Expenses of short term lease	<u>\$ 34</u>	<u>155</u>
Expenses of low-value lease liabilities (excluding short term low value lease)	<u>\$ 25</u>	<u>32</u>

Amount recognized in cash flow statement:

	2021 Jan-Mar	2020 Jan-Mar
Total cash outflow for lease	<u>\$ 1,796</u>	<u>1,845</u>

1. Housing and building leases

The office lease contract is normally 2 to 3 years.

2. Other lease

Lease contracts for transportation vehicles and other equipment are 2 to 5 years.

Some of the transportation vehicle and equipment contracts are 1 to 2 years. These contracts are recognized as short-term or low-value lease, the Company decide to exempt the related right-to-use assets and lease liabilities.

(11) Employee benefits

There was no significant market fluctuations, significant curtailments, settlements or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31st, 2020 and 2019.

Please refer to Note 12(1) for information related to the Company pension costs for the period

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ending March 31st, 2021 and 2020.

(12) Income tax

1. The amount of income tax expenses was:

	<u>2021</u> <u>Jan-Mar</u>	<u>2020</u> <u>Jan-Mar</u>
Current income tax expense	<u>\$ -</u>	<u>-</u>

2. The amount of income tax expense (benefit) recognized in other comprehensive income

	<u>2021</u> <u>Jan-Mar</u>	<u>2020</u> <u>Jan-Mar</u>
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of foreign affiliates	<u>\$ -</u>	<u>(1)</u>

3. Approval of income tax return

The company's tax returns for the years through 2019 were examined and approved by the Taiwan National Tax Administration.

(13) Capital and other equity interest

Other than items described in the following, there were no significant changes in the Company capital and other equity interest for the three months ended March 31st, 2021 and 2020. Please refer to Note 6(14) of the consolidated financial statements for the year ended December 31st, 2020 for related information about the shareholder's equity.

1. Capital reservation

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Issue stock premium	\$ 68,283	68,283	68,283
Treasury stock trading	11,534	11,534	11,534
Long term investment	<u>2,150</u>	<u>2,150</u>	<u>2,150</u>
	<u>\$ 81,967</u>	<u>81,967</u>	<u>81,967</u>

2. Retained earnings

According to the Articles of Incorporation of the Company, when the Company has profit as a result of the accounting year the Company shall pay taxes first, then offset its losses in previous years and set aside a legal reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, followed by setting aside special capital reserve in accordance with relevant laws or regulations or as requested by business. Any remaining balance added together to the accumulated undistributed earnings in previous years, shall be allocated by the Board of Directors and be

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approved in shareholders meeting.

The dividends policy of the Company is stipulated in accordance with the Company Law and the Articles of Incorporations of the Company, and take into account of the capital and financial structure, business performance, earnings and related industrial elements. The amount of dividends distributed to shareholders shall be no less than 50% of the distributable earnings of the year and no less than 50% of the shareholder's dividends shall be in the form of cash.

The calculation basis for the share dividends is depending on the closing price one day prior to the shareholder meeting and take into account of the impact of dividends effects. If there is any differences between the actual dividend amount and the estimation, it will be regarded as accounting estimation change and recognized as loss of the year.

There were no differences between the 2018 and 2017 Loss Appropriation Statement proposed by the Board of the Directors and the ones approved in the shareholder meeting on 2020.06.13th and 2018.06.13th. Related details can be viewed in MOPS website.

The Board of the Company has prepared the Loss Appropriation Statement of 2020 on March 11th, 2021. The Loss Appropriation Statement of 2020 is to be approved in the Shareholder Meeting. Related details can be viewed in MOPS website after the Statement is approved.

3. Other equity interest (earnings after tax)

	Exchange differences on translation of financial statements of foreign affiliates	Unrealized profit and loss through other complicated profit and loss through fair value of financial assets	Total
Balance on 2021.01.01	\$ 158	(5,000)	(4,842)
Exchange differences on translation of financial statements of foreign affiliates	(2)	-	(2)
Balance on 2021.03.31	<u>\$ 156</u>	<u>(5,000)</u>	<u>(4,844)</u>
Balance on 2020.01.01	\$ 108	(5,000)	(4,892)
Exchange differences on translation of financial statements of foreign affiliates	(3)	-	(3)
Balance on 2020.03.31	<u>\$ 105</u>	<u>(5,000)</u>	<u>(4,895)</u>

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(14) Earnings per share

The calculation of basic earnings per share was as following:

	2021	2020
	Jan-Mar	Jan-Mar
Basic earnings per share:		
Net income for the period	\$ 13,287	(9,720)
Weighted average number of ordinary shares outstanding during the year (in thousands)	74,977	74,977
Basic earnings per share (NT dollars)	\$ 0.18	(0.13)

(15) Revenue from Contracts with Customers

1. Segmentation of revenue

	2021	2020
	Jan-Mar	Jan-Mar
Major regional markets		
China	\$ 99,268	72,033
Taiwan	85,069	50,012
Others	2,072	1,144
	\$ 186,409	123,189
Major products		
NB computer and peripheral consumer related ICs	\$ 174,061	110,521
Others	12,348	12,668
	\$ 186,409	123,189

2. Contract Balance

	2021.3.31	2020.12.31	2020.3.31
Notes and account receivables (including related parties)	\$ 213,254	192,420	158,925
Less: allowances for loss	(3,040)	(2,826)	(2,740)
Total	\$ 210,214	189,594	156,185

Please refer to Note 6(3) for details.

(16) Remuneration to employee, directors and supervisors

According to the Articles of Incorporations of the Company, the allocation for employee remuneration shall be no less than 20% of distributable profit of the current year.

Remuneration of directors and supervisors shall be no more than 3% of distributable profit of

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the current year. However, the Company shall firstly compensate the accumulated loss.

The Company has not allocated any remuneration to employees, directors and supervisors as the Company was at loss for the period January 1st - March 31st 2021 and 2020. If there is any differences between the estimation and actual amount, it will be regarded as accounting estimation change and recognized as loss of the year.

(17) Non-operating income and expenses

The details of other gains and losses were as follows:

	2021	2020
	Jan to Mar	Jan to Mar
Foreign exchange gains (losses)	\$ 9,641	4,781
Miscellaneous income and expenses	(4)	25
	<u>\$ 9,637</u>	<u>4,806</u>

(18) Financial instruments

1. Credit risk

(1) Concentration of credit risk

The customer base is concentrated in NB industry. The credit risk is relatively high as 5 customers are taking up 88%, 90% and 78% of the balance for account receivables (including related parties) on March 31st, 2021, December 31st, 2020 and March 31st, 2020 respectively. To decrease the credit risk, the Company continuously evaluate financial status of customers and conduct periodical review on the recovery possibility of A/R. Currently, the recovery of account receivables has been successful and has no concern for major loss.

(2) Credit risks on account receivables and debt securities

A. Please refer to Note 6(3) for details on credit risk exposure of notes and trade receivables.

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B. Other financial assets at amortized cost include other receivables and term deposits.

2021.3.31			
Evaluation after amortized cost			
Credit Rating	12 months expected loss	Impairment provision during the period— not impaired	Impairment provision during the period— impaired
BBB ~ AAA	\$ 300,192	-	-
Carrying amount	\$ 300,192	-	-

2020.12.31			
Evaluation after amortized cost			
Credit Rating	12 months expected loss	Impairment provision during the period— not impaired	Impairment provision during the period— impaired
BBB ~ AAA	\$ 294,988	-	-
Carrying amount	\$ 294,988	-	-

2020.3.31			
Evaluation after amortized cost			
Credit Rating	12 months expected loss	Impairment provision during the period— not impaired	Impairment provision during the period— impaired
BBB ~ AAA	\$ 317,388	-	-
D	-	-	22,269
Total carrying amount	317,388	-	22,269
Allowance for loss	-	-	(22,269)
Cost after amortization	\$ 317,388	-	-
Carrying amount	\$ 317,388	-	-

There is no impairment provision or reversal after amortized cost of financial assets for the period January 1st to March 31st, 2021 and 2020.

2. Liquidity risk

Other than account payables (including related parties) and other current liabilities will be paid within one year, the following table shows the contractual maturities of financial liabilities:

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	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>Over 1 year</u>
2021.03.31				
Non-derivative financial liabilities				
Bank Loan	\$ (283,279)	(283,279)	-	-
Lease liabilities (current and non-current)	(14,494)	(3,533)	(3,534)	(7,427)
Long term loan (including maturity within 1 yr)	(16,736)	(3,760)	(3,756)	(9,220)
	<u>\$ (314,509)</u>	<u>(290,572)</u>	<u>(7,290)</u>	<u>(16,647)</u>

	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>Over 1 year</u>
2020.12.31				
Non-derivative financial liabilities				
Bank Loan	\$ (303,231)	(303,231)	-	-
Lease liabilities (current and non-current)	(16,230)	(3,534)	(3,534)	(9,162)
Long term loan (including maturity within 1 yr)	(18,615)	(3,742)	(3,777)	(11,096)
	<u>\$ (338,076)</u>	<u>(310,507)</u>	<u>(7,311)</u>	<u>(20,258)</u>

2020.03.31				
Non-derivative financial liabilities				
Bank Loan	\$ (297,372)	(297,372)	-	-
Lease liabilities (current and non-current)	(3,985)	(966)	(966)	(2,053)
	<u>\$ (301,357)</u>	<u>(298,338)</u>	<u>(966)</u>	<u>(2,053)</u>

There is no expectation that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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3. Market risk

(1) Exposure to currency risk

The Company financial assets and liabilities exposed to exchange rate risk were as following:

		2021.3.31			2020.12.31			Unit: FX in thousands 2020.3.31		
		FX	Ex. rate	NTD	FX	Ex. rate	NTD	FX	Ex. rate	NTD
<u>Financial assets</u>										
Monetary items										
USD	\$	20,847	28.610	596,442	22,200	28.099	623,808	18,377	30.295	556,721
RMD		465	4.377	2,036	1,648	4.320	7,119	434	4.259	1,847
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		2,284	28.610	65,346	3,310	28.099	93,077	2,405	30.295	72,863

(2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, account receivables (including related parties, other financial assets (current and non-current), account payables and other current liabilities that are denominated in foreign currency.

A strengthening (weakening) 5 % of the TWD against the USN and the RMB as of March 31, 2021 and 2020, would change the net profit after tax by NTD\$26,657 thousands and NTD\$24,285 thousands respectively. The analysis assumes that all other variables remain constant.

(3) Foreign exchange gain (losses) on monetary items

The Company foreign exchange gains (losses), including realized and unrealized, on monetary items are:

	202101~202103		202001~202003	
	FX gain/loss	Ave FX rate	FX gain/loss	Ave FX rate
USD	\$ 9,585	28.361	4,799	30.078
RMB	56	4.378	(18)	4.308

(4) Interest risk

Please refer to the note on Liquidity Risk management for details on the financial asset and financial liability risk of the Company.

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The sensitivity analysis was determined by the interest risk of the non-derivative on the reporting date. When reporting to the management, the interest rate has a range plus or minus 0.25%, which also represents the evaluation made by the management for the possible interest rate fluctuation.

If the interest rate changes by 0.25%, with other factors remain constant, the net profit/loss after tax would change by NTD\$360 thousands or NTD\$373 thousands respectively for the period January 1st to March 31st 2021 and 2020. This is due to the cash and cash equivalent, short term loan and other current financial assets (current & non-current) and long term loan (including maturity within 1 year).

4. Fair value of financial instruments

(1) Categories of financial instruments and fair value

The fair value of financial assets and liabilities at fair value through profit or loss and fair value through other comprehensive income is measured on a recurring basis. The carrying amount and the fair value of financial assets and liabilities (including information for fair value rating scale, but excluding financial instrument with fair value close to the carrying amounts and equity investments which cannot be estimated reliably in an active market) are:

		2021.3.31				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cashequivalent	\$	144,887	-	-	-	-
Net accountreceivables (including related parties)		210,214	-	-	-	-
Other financial assets (current and non-current)		300,192	-	-	-	-
Sub-total	\$	655,293	-	-	-	-
Financial liabilities measured at amortized cost						
Short termloan	\$	278,168	-	-	-	-
Account payable (including related parties)		74,792	-	-	-	-
Lease liabilities (current and non-current)		14,236	-	-	-	-
Long term loan (including maturity within 1 yr)		16,364	-	-	-	-
Sub-total	\$	383,560	-	-	-	-

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		2020.12.31				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalent	\$	188,059	-	-	-	-
Net account receivables (including related parties)		189,594	-	-	-	-
Other financial assets (current and non-current)		294,988	-	-	-	-
Sub-total	\$	672,641	-	-	-	-
Financial liabilities measured at amortized cost						
Short term loan	\$	301,449	-	-	-	-
Account payable (including related parties)		73,797	-	-	-	-
Lease liabilities (current and non-current)		15,906	-	-	-	-
Long term loan (including maturity within 1 yr)		18,183	-	-	-	-
Sub-total	\$	409,335	-	-	-	-

		2020.3.31				
		Carrying Amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
Cash and cash equivalent	\$	140,216	-	-	-	-
Net account receivables (including related parties)		156,185	-	-	-	-
Other financial assets (current and non-current)		317,388	-	-	-	-
Sub-total	\$	613,789	-	-	-	-
Financial liabilities measured at amortized cost						
Short term loan	\$	295,141	-	-	-	-
Account payable (including related parties)		70,465	-	-	-	-
Lease liabilities (current and non-current)		3,910	-	-	-	-
Sub-total	\$	369,516	-	-	-	-

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When the Company is evaluating assets and liabilities, observable market information/inputs are preferable. Hierarchy of inputs used to measure fair value are:

- A. Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- B. Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability (directly or indirectly).
- C. Level 3: Assets or liabilities that are not observable market information (unobservable parameters).

(2) Valuation techniques for financial instruments measured at fair value

If financial instrument has quoted prices available in the active market, the quote in the active market shall be used as fair value. Both the market prices announced by significant exchanges and those of Central Government bonds determined as popular securities announced by the TPEx are basis of fair value for equity instruments booked in the Exchange (Taipei Exchange).

If public quoted prices can be timely obtained from the exchanges, brokers, underwriters or the competent authority, and the prices can represent actual and frequent transactions in the market, the financial instruments are considered to have public quoted prices in the active market. If the above condition is not met, the market is considered inactive. Generally speaking, if there is great differences between the sales price and purchase price, or there is significant increase in such difference or the transactions are not frequent, there is indication that the market is not active.

Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained through evaluation techniques or with reference to the quotations of counterparties. The fair value obtained through evaluation technology can be calculated by referring to the current fair value of other financial instruments with similar substantive conditions and characteristics, discounted cash flow method or other evaluation technology, including the use of market information available on the reporting date. (For example, the counter buying center refers to the yield curve, the average quotation of the Reuters commercial promissory note interest rate).

If the financial instruments held by the consolidated company are in the non-active market, they are deemed as equity instruments without public quotation, the fair value will be booked as its net asset value.

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- (3) There was no transfer of levels during January 1st to March 31st 2021 and 2020.
- (4) Quantitative information on the fair value measurement of significant unobservable inputs (Level 3)

The fair value measurement of the consolidated company classified as Level 3 are mainly equity investment, financial assets measured at fair value through other comprehensive gain or loss.

The significance of the consolidated company's fair value classified as Level 3 has only a single significant unobservable input value, and only an equity instrument investment without an active market has multiple significant unobservable inputs.

The significant unobservable inputs of equity instrument investments in an inactive market are independent of each other and therefore are not interrelated. The list of quantitative information for significant unobservable inputs is as follows:

Item	Valuation techniques	Significant unobservable inputs	Relationship between inputs and fair value measurement
Financial assets at FVOCI- equity investments without an active market	Net Asset Value Method	Net Asset Value	Not applicable

(19) Financial risk management

There were no significant changes in the objectives and policies in the financial risk management from Note 6(20) outlined in the consolidated financial statement for the year ended December 31st 2020.

(20) Capital management

The objective, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31st 2020. There were no significant changes in quantified factors of capital management from information disclosed in the consolidated financial statement for the year ended December 31st 2020. Please refer to Note 6(21) of the consolidated financial statement dated December 31st 2020 for details.

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(21) Financing activities not affecting current cash flow

The financing activities not affecting current cash flow in the 3 months ended March 31st 2021 and 2020 were:

1. Please refer to Note 6(5) for recognized related liabilities on real estate, plant and equipment.
2. Please refer to Note 6(6) for Acquisition of right-of-use assets at leases.

Reconciliation of liabilities arising from financing activities were as follows:

	<u>Short term loan</u>	<u>Lease liabilities</u>
Balancing at January 1 st 2021	\$ 301,449	15,906
Changes in cash flow from financing activities		
New loan	18,989	-
Loan repayments	(42,270)	-
Payment on lease liabilities	-	(1,670)
Sub-total cash flow from financing activities	<u>(23,281)</u>	<u>(1,670)</u>
Other changes in liabilities related items		
Interest expense	-	67
Interest paid	-	(67)
Balance at March 31 st 2021	<u>\$ 278,168</u>	<u>14,236</u>
Balance at January 1 st 2020	\$ 291,149	5,547
Changes in cash flow from financing activities		
New loan	8,483	-
Loan repayment	(4,491)	-
Repayments on lease liabilities	-	(1,638)
Sub-total cash flow from financing activities	<u>3,992</u>	<u>(1,638)</u>
Other changes in liabilities related items		
Interest expenses	-	20
Interest paid	-	(20)
Effects on foreign exchanges	-	1
Sub-total other changes in liabilities related items	<u>-</u>	<u>1</u>
Balance at March 31 st 2020	<u>\$ 295,141</u>	<u>3,910</u>

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7. Related-Party Transactions

(1) Names and relationship

Related parties had transactions with the Company during the period covered:

<u>Names</u>	<u>Relationship</u>
ASUSTek Computer Inc.	Key personnel of the Company (Institutional Director)
Siguard Microelectronic Corp. (Siguard)	Key personnel of the Company (Institutional Director)

(2) Significant transactions with related parties

1. Sales

The amounts of significant sales were:

	<u>Sales</u>	
	<u>2021</u>	<u>2020</u>
	<u>0101~0331</u>	<u>0101~0331</u>
Key personnel of the Company-Asus	<u>\$ 24,427</u>	<u>13,729</u>

	<u>Related parties account receivables</u>		
	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Key personnel of the Company-Asus	<u>\$ 24,081</u>	<u>21,180</u>	<u>14,084</u>

Product prices quoted to the related parties were determined by the product specification. Some discounts were given depending on the total sales quantity. Therefore, prices quoted to the related parties were of no big difference to other customers. Payment term for the related parties were 60 days while the payment terms for other customers can be varied from advance payment, T/T on demand, or 30 to 90 days on open account depending on the experiences and the result from the credit valuation.

2. Purchasing and OEM

Amounts relating to purchase and OEM from the related parties were:

	<u>Purchase and OEM</u>	
	<u>2021</u>	<u>2020</u>
	<u>0101~0331</u>	<u>0101~0331</u>
Key personnel of the Company—Siguard	<u>\$ 6,881</u>	<u>9,113</u>

	<u>Related parties account payables</u>		
	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Key personnel of the Company—Siguard	<u>\$ 4,979</u>	<u>3,932</u>	<u>6,317</u>

The trading conditions between the Company and related parties are no different to those with general suppliers.

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3. Other transactions

The Company signed technical contracts and paid royalties to related parties accordingly.
Amounts to be balanced were:

		Amount	
		2021	2020
		0101~0331	0101~0331
	Trading items		
Key personnel of the Company	Machines rentals	\$ 1	103
Key personnel of the Company	Miscellaneous	-	68
Key personnel of the Company	Program development	-	538
		\$ 1	709

Related parties account payables		
	2021.3.31	2020.12.31
	2020.3.31	
Key personnel of the Company	\$ -	636

(3) Transactions with key personnel

Compensation of the key personnel were:

	2021	2020
	0101~0331	0101~0331
Short term employee benefits	\$ 6,051	4,423
Post-employment benefits	159	157
	\$ 6,210	4,580

8. Pledged Assets

Assets	Purpose	20210331	20201231	20200331
Term deposit (other financial assets - non-current)	Purchase and Guarantee deposits of customs duty – non-current)	\$ 1,032	1,032	1,025
Term deposit (other financial assets - current)	Guarantee for short term loan	291,846	286,633	309,034
Account Receivables	Guarantee for short term loan	27,202	56,819	30,361
		\$ 320,080	344,484	340,420

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9. Significant Commitments and Contingencies

Other than items described in Note 6(10) and Note 7, the significant commitments of the Company for the period ending March 31st, 2021 and 2020 were as following:

- (1) According to the technical authorization contracts signed with other companies, the Company pays technical royalties and royalties by designated production quantity.
- (2) The Company has signed agreements with Taipei Fubon Commercial Bank Co Ltd, Cathay United Bank and CTBC Bank Co Ltd to provide promised note as guarantee for account receivables:

	<u>2021.3.31</u>	<u>2020.12.31</u>	<u>2020.3.31</u>
Guarantee Notes	<u>\$ 538,610</u>	<u>538,099</u>	<u>460,285</u>

10. Losses due to major disasters: None

11. Significant subsequent events: None

12. Other

Current summary statement of employee benefits, depreciation and amortization expenses by functions:

By Function Classification	20210101~20210331			20200101~20200331		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salaries	-	21,992	21,992	-	20,636	20,636
Labor and health insurance	-	1,695	1,695	-	1,575	1,575
Pension	-	1,900	1,900	-	1,032	1,032
Others	-	501	501	-	483	483
Depreciations	-	2,781	2,781	-	2,668	2,668
Amortizations	-	-	-	-	-	-

13. Other disclosures

(1) Information on significant transactions

Information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the period ending March 31st,

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2021:

1. Loans to other parties: none
2. Guarantees and endorsements for other parties: none
3. Securities held as of March 31st 2021 (other than investments in subsidiaries, associates and JVs):

Unit: NTDS\$ thousands/ thousand shares

Name of Holder	Category & Name of Security	Relationship with The Company	Account title	Ending balance				Note
				Shares	Book Value	Ownership %	Fair Value	
The Company	Shares of Touchsens Ltd	-	Financial assets measured at fair value through other comprehensive profit and loss – non-current	250	-	7.59%	Note	

Note1: the shares are not traded in open market. The evaluation was made by Net Asset Valuation Method. Please refer to note 6(18) for details.

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
5. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
6. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: none
7. Related party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: none
8. Receivables from related parties with amount exceeding the lower of NT\$100 million or 20% of capital stock: none
9. Trading in derivative instruments: none
10. Business relationship and significant intercompany transactions: none

(2) Investment

Investment information for the period 20210101~20210331 (excluding investees in China)

Investor Company	Investee Company	Location	Business scope and products	Original Investment amount		Balance as of 20210331		Net income (loss) of investee	Share of P/L of investee	Note
				20210331	20201231	Shares	Ownership %			
The Company	Janus Power	New Taipei City	Electronic components	105,542	105,542	700	100.00%	2,655	-	Subsidiary of the Company

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Notes to Consolidated Financial Statements

(3) Investment in China

1. Information on investment in Mainland China :

Unit: NTD\$ thousands

Investee	Business Scope	Capital Surplus	Method	Accumulated outflow from TW as of 20210101	Investment Flow		Accumulated outflow from TW As of 2021331	Net Income/loss %	Ownership %	Gain/loss (Note4)	Book Value	Accumulated remittance of Earnings
					Outflow	Inflow						
ENE Touch Technology Inc	Distribution of electronic parts	9,047 (USD300)	(Note1)	9,047 (USD300)	-	-	9,047 (USD300)	(39)	100.00%	(39)	3,578	-

2. Limitation on investment in Mainland China :

Accumulated Investment in Mainland China as of 20200331 (Note2)	Investment amount Authorized by MOEA (Note2)	Maximum limit on Investment (Note3)
9,047 (USD300 Thousands)	8,583 (USD300 Thousands)	272,183

Note1 : Direct investment in China

Note2 : Accumulated investment in Mainland China were calculated in NTD using exchange rate on the remitting date. Investment amounts authorized by Investment Commission MOEA are calculated in NTD using exchange rate on the reporting date.

Note3 : According to “Principles of investment or Technical Cooperation in Mainland China”, the accumulated investment in mainland China of the Company does not exceed the maximum limit.

Note4 : Financial statements were reviewed by the certificated auditors of the Company.

3. Significant transactions between investees in China:

Please refer to “Information on significant transactions” for details.

(4) Major shareholders: no single shareholding exceeding 5%.

14. Segment Information

The Company is focus on the research and development, design, manufacture and sales of NB related application ICs. The Company operates as a single operation entity. The segment financial information is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for sales and income before income tax. Please refer to the consolidated balance sheets for information on assets.