

**NIKO SEMICONDUCTOR CO., LTD. AND
SUBSIDIARIES CONSOLIDATED FINANCIAL
STATEMENTS WITH REPORT OF
INDEPENDENT AUDITORS
FOR THE NINE MONTHS
ENDED SEPTEMBER 30, 2020 AND 2019**

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For the convenience of readers and for information purposes only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of two versions, the original Chinese auditors' report and financial statement version shall prevail.

Independent Accountant's Review Report

The Board of Directors and Shareholders

Niko Semiconductor:

Introduction

We have reviewed the accompanying consolidated balance sheets of Niko Semiconductor and its subsidiaries (collectively, the “Company”) as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine months then ended September 30, 2020 and 2019, and the related notes to the consolidated financial statement, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as stated in the basic paragraph of the reserved conclusion, we conducted our reviews in accordance with the SAS No.65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Opinion

As mentioned in note 4 (2) to the consolidated financial report, the non-significant subsidiaries listed in the aforementioned consolidated financial report are based on the financial reports of these invested companies that have not been reviewed by accountants during the same period. The total assets as of September 30, 2020 and 2019 were NT\$ 114,513 thousands and NT\$ 113,167 thousands respectively, accounting for 4.62% and 4.31% of the total consolidated assets respectively. The total liabilities were NT\$ 9,145 thousands and NT\$ 12,955 thousands respectively, accounting for 1.80% and 1.74% of the total consolidated liabilities respectively. The absolute value of the consolidated profit and loss for the three and nine months ended September 30, 2020 and 2019 were NT\$ 633 thousands, NT\$ 1,414 thousands, NT\$ 5,730 thousands and NT\$ 5,350 thousands respectively, accounting for

1.09%, 2.10%, 4.37% and 3.12% of the consolidated profit and loss respectively.

Reserved Conclusion

According to the results of our review, except that the financial reports of these invested companies mentioned in the basic paragraph of the reserved conclusion, if reviewed by us, may affect the consolidated financial reports, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Company as of September 30, 2020 and 2019, and of its consolidated financial performance for the three-month periods then ended September 30, 2020 and 2019, as well as of its consolidated financial performance and its consolidated cash flows for the nine-month periods then ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG Taiwan
Wu, Mei-Pin
Yu, Chi-Lung
November 6, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors’ report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ report and consolidated financial statements shall prevail.

Niko Semiconductor and Subsidiaries

Consolidated Balance Sheet

September 30, 2020, December 31 and September 30, 2019

Unit: NTS thousands

(The consolidated balance sheets as of September 30, 2020 and 2019 are reviewed, not audited)

	September 30, 2020		December 31, 2019		September 30, 2019			September 30, 2020		December 31, 2019		September 30, 2019			
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%		
Assets															
Current assets															
1100 Cash and equivalent cash (Note 6(1))	\$	528,427	21	361,180	15	475,713	18	2120							
1110 Financial assets measured at fair value through profits and losses - Current(Note 6(2))		3,707	-	7,676	-	-	-	2170	Financial liabilities measured at fair value through profits and losses - Current(Note 6(2))						
1170 Net accounts receivable(Note 6(3) and (15))		865,372	35	1,032,597	42	1,001,988	38	2180	305,432	12	336,437	14	460,727	18	
1180 Accounts receivable – Net amount of Related parties(Note 6(3), (15) and 7)		43,112	2	67,099	3	136,271	5	2180	3,672	-	14,780	1	39,589	1	
1200 Other receivables(Note 7)		23,749	1	14,056	-	20,326	1	2200	173,431	7	142,398	6	179,801	7	
130X Inventory (Note 6(4))		538,385	22	495,139	20	503,495	19	2230	11,564	1	47,658	2	49,627	2	
1470 Other current assets		2,628	-	2,397	-	16,639	1	2280	2,899	-	2,680	-	2,676	-	
		<u>2,005,380</u>	<u>81</u>	<u>1,980,144</u>	<u>80</u>	<u>2,154,432</u>	<u>82</u>	2300	2,882	-	4,886	-	1,748	-	
									<u>499,880</u>	<u>20</u>	<u>548,839</u>	<u>23</u>	<u>734,232</u>	<u>28</u>	
Non-current assets:															
1550 Investments by equity method(Note 6(5))		69,585	3	65,276	3	65,286	3	Non-current liabilities:							
1600 Property, plant and equipment (Note 6(6) and 8)		292,500	12	297,371	12	294,918	11	2580	Lease liabilities - Non-current (Note 6(9))						
1755 Use Right assets (Note 6(7))		3,508	-	5,368	-	6,102	-	2600	747	-	2,810	-	3,528	-	
1760 Net Investment property (Note 6(8) and 8)		72,335	3	72,790	3	72,942	3		8,526	1	10,176	-	7,652	-	
1780 Intangible assets		318	-	440	-	496	-	Total liabilities							
1840 Deferred income tax assets		17,582	1	17,582	1	10,171	-		<u>9,273</u>	<u>1</u>	<u>12,986</u>	<u>-</u>	<u>11,180</u>	<u>-</u>	
1900 Other non-current assets(Note 9(4))		15,065	-	20,072	1	20,072	1	Equity attributable to the owner of the parent company:							
		<u>470,893</u>	<u>19</u>	<u>478,899</u>	<u>20</u>	<u>469,987</u>	<u>18</u>	3110	Capital stock of common stock						
								3110	612,515	25	612,515	25	612,515	24	
								3200	Capital reserves						
								3200	630,512	25	630,512	26	630,512	24	
								3310	Legal reserves						
								3310	149,013	6	129,897	5	129,897	5	
								3320	Special reserves						
								3320	3,594	-	1,850	-	1,850	-	
								3350	Undistributed earnings (Note 6(13))						
								3350	575,340	23	526,038	21	506,920	19	
								3410	Exchange differences on the translation of foreign operating organizations						
								3410	(3,854)	-	(3,594)	-	(2,687)	-	
									<u>1,967,120</u>	<u>79</u>	<u>1,897,218</u>	<u>77</u>	<u>1,879,007</u>	<u>72</u>	
									Total equity						
									<u>1,967,120</u>	<u>79</u>	<u>1,897,218</u>	<u>77</u>	<u>1,879,007</u>	<u>72</u>	
Total assets	\$	2,476,273	100	2,459,043	100	2,624,419	100	Total liabilities and equity	\$	2,476,273	100	2,459,043	100	2,624,419	100

The accompanying notes are an integral part of the consolidated financial statements.

Niko Semiconductor and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three and Nine months Ended September 30, 2020 and 2019
(Reviewed, not audited)

Unit: NT\$ thousands

	For the Three months Ended September 30,				For the Nine months Ended September 30,				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating income (Note 6(15) and 7)								
	\$	655,242	100	773,848	100	1,801,363	100	2,111,410	100
5000	Operating costs (Note 6(4), (11), (16), 7 and 12)								
		<u>477,429</u>	<u>73</u>	<u>596,983</u>	<u>77</u>	<u>1,342,588</u>	<u>75</u>	<u>1,631,431</u>	<u>77</u>
	Gross operating profits								
		<u>177,813</u>	<u>27</u>	<u>176,865</u>	<u>23</u>	<u>458,775</u>	<u>25</u>	<u>479,979</u>	<u>23</u>
	Operating expenses (Note 6(3), (9), (11), (16), 7 and 12):								
6100	Sales promotion expenses	24,959	4	25,828	4	68,926	3	72,999	4
6200	Management expenses	36,810	5	33,374	4	100,036	6	99,274	5
6300	Research and development expenses	33,210	5	32,583	4	97,469	5	92,039	4
6450	Expected credit impairment loss (Reversal benefit)	(145)	-	(495)	-	(180)	-	314	-
	Total operating expenses	<u>94,834</u>	<u>14</u>	<u>91,290</u>	<u>12</u>	<u>266,251</u>	<u>14</u>	<u>264,626</u>	<u>13</u>
	Net operating profits	<u>82,979</u>	<u>13</u>	<u>85,575</u>	<u>11</u>	<u>192,524</u>	<u>11</u>	<u>215,353</u>	<u>10</u>
	Non-operating income and expenditure :								
7010	Other income (Note 6(17) and 7)	1,554	-	1,178	-	3,654	-	2,829	-
7020	Other profit and loss (Note 6(17))	(14,882)	(2)	(2,892)	-	(28,174)	(2)	(497)	-
7050	Financial costs (Note 6(9), (17))	(48)	-	(82)	-	(168)	-	(270)	-
7060	Share of interests of affiliated enterprises recognized by equity method (Note 6(5))	2,566	-	1,717	-	3,641	-	5,247	-
	Total non-operating income and expenditure	<u>(10,810)</u>	<u>(2)</u>	<u>(79)</u>	<u>-</u>	<u>(21,047)</u>	<u>(2)</u>	<u>7,309</u>	<u>-</u>
	Net profit before tax	72,169	11	85,496	11	171,477	9	222,662	10
7950	Minus: Income tax expenses (Note 6(12))	14,513	2	17,088	2	40,063	2	50,618	2
	Net profit	<u>57,656</u>	<u>9</u>	<u>68,408</u>	<u>9</u>	<u>131,414</u>	<u>7</u>	<u>172,044</u>	<u>8</u>
8300	Other comprehensive income:								
8360	Items that may be reclassified to profit and loss in subsequent periods								
8361	Exchange differences on the translation of financial statements of foreign operating organizations	373	-	(1,142)	-	(260)	-	(837)	-
8399	Income tax related to items that may be reclassified	-	-	-	-	-	-	-	-
	Total items that may be reclassified to profit and loss in subsequent periods	<u>373</u>	<u>-</u>	<u>(1,142)</u>	<u>-</u>	<u>(260)</u>	<u>-</u>	<u>(837)</u>	<u>-</u>
8300	Other comprehensive income	<u>373</u>	<u>-</u>	<u>(1,142)</u>	<u>-</u>	<u>(260)</u>	<u>-</u>	<u>(837)</u>	<u>-</u>
	Total comprehensive income	<u>\$ 58,029</u>	<u>9</u>	<u>67,266</u>	<u>9</u>	<u>131,154</u>	<u>7</u>	<u>171,207</u>	<u>8</u>
	Earnings per share (NTD) (Note 6(14))								
	Basic earnings per share (NTD)	<u>\$ 0.95</u>		<u>1.12</u>		<u>2.15</u>		<u>2.81</u>	
	Diluted earnings per share (NTD)	<u>\$ 0.93</u>		<u>1.11</u>		<u>2.09</u>		<u>2.77</u>	

The accompanying notes are an integral part of the consolidated financial statements.

Niko Semiconductor and Subsidiaries
Consolidated Statements of Changes in Equity
For the Nine months Ended September 30, 2020 and 2019
(Reviewed, not audited)

Unit: NT\$ thousands

	Equity attributable to owners of parent company					Exchange differences on the translation of foreign operating organizations	Total Equity
	Capital stock of common stock	Capital reserves	Retained earnings				
			Legal reserves	Special reserves	Undistributed Earnings		
Balance on January 1, 2019	\$ 612,515	630,512	114,558	1,351	393,590	(1,850)	1,750,676
Net profit	-	-	-	-	172,044	-	172,044
Other comprehensive income	-	-	-	-	-	(837)	(837)
Total comprehensive income	-	-	-	-	172,044	(837)	171,207
Appropriation and distribution of retained earnings:							
Withdrawn legal reserves	-	-	15,339	-	(15,339)	-	-
Withdrawn special reserves	-	-	-	499	(499)	-	-
Cash dividend of common stock	-	-	-	-	(42,876)	-	(42,876)
Balance on September 30, 2019	\$ 612,515	630,512	129,897	1,850	506,920	(2,687)	1,879,007
Balance on January 1, 2020	\$ 612,515	630,512	129,897	1,850	526,038	(3,594)	1,897,218
Net profit	-	-	-	-	131,414	-	131,414
Other comprehensive income	-	-	-	-	-	(260)	(260)
Total comprehensive income	-	-	-	-	131,414	(260)	131,154
Appropriation and distribution of retained earnings:							
Withdrawn legal reserves	-	-	19,116	-	(19,116)	-	-
Withdrawn special reserves	-	-	-	1,744	(1,744)	-	-
Cash dividend of common stock	-	-	-	-	(61,252)	-	(61,252)
Balance on September 30, 2020	\$ 612,515	630,512	149,013	3,594	575,340	(3,854)	1,967,120

The accompanying notes are an integral part of the consolidated financial statements.

Niko Semiconductor and Subsidiaries
Consolidated Statements of Cash Flows
For the Nine months Ended September 30, 2020 and 2019
(Reviewed, not audited)

	Unit: NT\$ thousands	
	For the Nine months	
	Ended September 30,	
	2020	2019
Cash flows of business activities:		
Current net profit before tax	\$ 171,477	222,662
Items of adjustment:		
Income expense loss item		
Depreciation expenses	16,763	12,388
Amortization expenses	152	404
Expected credit impairment loss (Reversal benefit)	(180)	314
Net loss of financial assets by fair value through profit and loss	3,969	556
Interest expenses	168	270
Interest income	(209)	(569)
Share of interests of affiliated enterprises recognized by equity method	(3,641)	(5,247)
Other	7,488	20,010
Total income expense loss item	<u>24,510</u>	<u>28,126</u>
Changes in assets and liabilities related to operating activities:		
Accounts receivable(including related parties)	191,392	(317,691)
Other receivables	(9,693)	(4,575)
Inventory	(50,734)	(7,095)
Other current assets	(231)	(73)
Total net changes in assets related to operating activities	<u>130,734</u>	<u>(329,434)</u>
Notes payable	(25)	(11,798)
Accounts payable(including related parties)	(42,088)	2,238
Expenses payable and other payables	30,820	41,568
Other current liabilities	(2,004)	(95)
Net defined benefit liabilities	(1,650)	(709)
Total net changes in liabilities related to operating activities	<u>(14,947)</u>	<u>31,204</u>
Total net changes in assets and liabilities related to business activities	<u>115,787</u>	<u>(298,230)</u>
Total items of adjustment	<u>140,297</u>	<u>(270,104)</u>
Cash inflow (outflow) from operations	311,774	(47,442)
Collected interest	209	569
Paid interest	(168)	(270)
Paid income tax	(76,156)	(35,109)
Net cash inflow (outflow) from operating activities	<u>235,659</u>	<u>(82,252)</u>
Cash flows of investment activities:		
Property, plant and equipment	(9,397)	(14,975)
Decrease (Increase) in deposit	5,007	(9,997)
Net cash inflow (outflow) from investment activities	<u>(4,390)</u>	<u>(24,972)</u>
Cash flows from financing activities:		
Repayment of lease principal	(2,051)	(2,006)
Distribution of cash dividends	(61,252)	(42,876)
Net cash outflow from financing activities	<u>(63,303)</u>	<u>(44,882)</u>
Impact of exchange rate changes on cash and equivalent cash	(719)	(750)
Current increase (decrease) of cash and equivalent cash	167,247	(152,856)
Balance of cash and equivalent cash at the beginning of the period	361,180	628,569
Ending balance of cash and equivalent cash	<u>\$ 528,427</u>	<u>475,713</u>

The accompanying notes are an integral part of the consolidated financial statements.

Niko Semiconductor and Subsidiaries
Notes to Consolidated Financial Statements
For the Nine months Ended September 30, 2020 and 2019
(Unless otherwise specified, all amounts are in unit of NT\$ thousands)
(Reviewed, not audited)

I. Company evaluation

Niko Semiconductor Co., Ltd. (hereinafter referred to as the Company) was established with the approval of the Ministry of Economy on October 8, 1998. Its original name was Super GEM Co., Ltd. In April 2001, the Company changed its name to the existing name and registered at 12th floor, No.368, Gongjian Road, Xizhi District, Xinbei City. The Company and its subsidiaries' main business are the research, development, design and sales of analog IC that can be applied to communications, computers, computer peripherals, video, power supply and other consumer products. Please refer to Note 14 for details. The Company's shares have been listed and traded on Taiwan OTC since August 2007.

II. Date and Procedure of Adoption of Financial Report

The consolidated financial report was approved and released by the Board of Directors on November 6, 2020.

III. Application of newly issued and revised standards and interpretations

- (I) The impact of the newly issued and revised standards and interpretations approved by Financial Supervisory Commission

The merged company has fully adopted the IFRS approved by the Financial Supervisory Commission (hereinafter referred to as the FSC) and effective in 2020 to prepare consolidated financial reports. Relevant newly issued, amended and revised standards and interpretations are listed as follows:

<u>Newly issued/amended/revised standards and interpretations</u>	<u>Effective date of issuance by IASB</u>
IFRS 3 "Definition of business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Changes in interest rate indicators"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of significant"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

The application of the newly approved IFRS will not cause significant changes to the consolidated financial report.

- (II) The impact of the IFRS approved by Financial Supervisory Commission but not yet adopted by the company:

<u>Newly issued/amended/revised standards and interpretations</u>	<u>Effective date of issuance by IASB</u>
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	January 1, 2021

The application of the amended will not cause significant changes to the consolidated financial report.

- (III) Newly issued and revised standards and interpretations not yet recognized by the FSC

The following table summarizes the standards and interpretations issued and revised by the International Accounting Standards Board (hereinafter referred to as IASB) but not yet

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

approved by the FSC:

<u>Newly issued/amended/revised standards and interpretations</u>	<u>Effective date of issuance by IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or investment of assets between investors and their affiliated enterprises or joint ventures”	To be decided by IASB
IFRS 17 “Insurance contracts”	January 1, 2023
Amendments to IAS 1 “Classify liabilities as current or non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment-Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts-Cost of Fulfilling a Contract”	January 1, 2022
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022
Amendments to IFRS 3 “Reference to the conceptual framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”	January 1, 2021

Possible stakeholders of the merged company are as follows:

<u>Issue date</u>	<u>Newly issued or revised standards</u>	<u>Major amendments</u>
January 23, 2020	Amendments to IAS 1 Classify liabilities as current or non-current	<p>The amendment is to improve the consistency of application of the standards to assist enterprises in determining whether debts or other liabilities with uncertain liquidation date should be classified as current (due or likely to fall due within one year) or non-current on the balance sheet.</p> <p>The amendment also clarifies the classification of debts that an enterprise may convert into equity to settle.</p>

The merged company is continuously evaluating the impact of the above standards and interpretations on the financial status and operating results of the merged company, and the related impact will be disclosed when the evaluation is completed.

IV. Summary of Major Accounting Policies

(I) Statement

The consolidated financial report is prepared in accordance with the securities issuer’s financial report preparation standards (hereinafter referred to as Standards) and the IAS No. 34 Interim Financial Report approved and issued by the FSC. This consolidated financial report does not include all necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the IFRS, IAS, and Interpretation and Interpretation Announcement approved and issued by the FSC (hereinafter referred to as IFRS recognized by the FSC).

Except for the following, the major accounting policies adopted in this consolidated financial report are the same as those in the consolidated financial report of 2019. For relevant information, please refer to Note 4 to the consolidated financial report of 2019.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(II) Consolidated basis

Subsidiaries included in consolidated financial report

Subsidiaries included in this consolidated financial report include:

Name of investment company	Name of subsidiary company	Nature of business	Holding equity percentage			Explanation
			September 30, 2020	December 31, 2019	September 30, 2019	
The Company	Jinrong Investment Co., Ltd. (Jinrong Investment)	Holding company	100%	100%	100%	Note
The Company	Power Up Tech Co., Ltd. (Power Up)	Holding company	100%	100%	100%	Note
Power Up	Wuxi Super GEM Microelectronics Co, Ltd. (Wuxi Super GEM)	Metal oxide semiconductor manufacturing, development and sales business, product quality monitoring and testing services; Selling self-produced products	100%	100%	100%	Note

Note: Non-significant subsidiary, and its financial report has not been reviewed by the accountant.

(III) Tax

The merged company measures and discloses the tax expenses for the interim period in accordance with paragraph B12 of IAS No.34 Interim Financial Report.

Tax expense is measured by multiplying the net profit before tax for the reporting period by the management's best estimate of the expected effective tax rate for the whole year and is fully recognized as tax expense for the current period.

Where tax expenses are recognized directly in equity items or other comprehensive profit and loss items, the temporary difference between the carrying amount of related assets and liabilities for financial reporting purposes and their tax basis is measured by the applicable tax rate when expected to be realized or settled.

(IV) Employee benefits

The defined welfare plan pension for the interim period is calculated on the basis of the actuarial determination of the pension cost rate on the reporting date of the previous fiscal year from the beginning of the year to the end of the current period, and adjusted for major market fluctuations, major reductions, liquidations or other major one-off events after the reporting date.

V. Major Sources of Uncertainty in Major Accounting Judgments, Estimates and Assumptions

Management must make judgments, estimates and assumptions when preparing this consolidated financial report in accordance with the preparation standards and IAS No.34 Interim Financial Report recognized by the FSC, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Except for the following, when preparing the consolidated financial report, the major

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

judgment and the main source of estimation uncertainty made by the management when adopting the accounting policies of the merged company are consistent with Note 5 to the consolidated financial report of 2019.

The accounting policies involved major judgments and has major impact on the amounts recognized in this consolidated financial report as followed:

Judgment on whether the invested company has substantial control

The company holds 15.04% of the voting shares of Green Solution Technology Co., Ltd. (hereinafter referred to as "Green Solution Technology"), and is the single largest shareholder. Although the remaining shares of Green Solution Technology are not concentrated in specific shareholders, the company still unable to obtain more than half of the directors of Green Solution Technology, and did not obtain the voting rights of more than half of the shareholders present at the shareholders' meeting. So it has a major influence on Green Solution Technology.

VI. Description of Important Accounting Items

Except for the following, there is no significant difference between the description of important accounting items in this consolidated financial report and the consolidated financial report of 2019. For relevant information, please refer to Note 6 to the consolidated financial report of 2019.

(I) Cash and equivalent cash

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand and petty cash	\$ 326	337	390
Checks and demand deposits	528,101	360,843	475,323
	<u>\$ 528,427</u>	<u>361,180</u>	<u>475,713</u>

(II) Financial assets (liabilities) measured at fair value through profit or loss

	September 30, 2020	December 31, 2019	September 30, 2019
Non-hedging derivative instruments			
Exchange transaction contract	<u>\$ 3,707</u>	<u>7,676</u>	<u>(64)</u>

1. As at September 30, 2020 and December 31 and September 30 of 2019, the details of derivative instruments of financial assets (liabilities) held for trading due to the non-application of hedge accounting are as follows:

September 30, 2020			
<u>Derivative financial commodities</u>	<u>Nominal principal (NT\$ thousands)</u>	<u>Maturity date</u>	<u>Delivery rate</u>
Exchange transaction contract-NT\$ in/US\$ out	US\$ 28,480	October 6, 2020~ November 5, 2020	28.926~29.494
Exchange transaction contract-US\$ in/NT\$ out	US\$ 12,460	October 12, 2020~ October 29, 2020	29.194~29.265

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

December 31, 2019			
Derivative financial commodities	Nominal principal (NT\$ thousands)	Maturity date	Delivery rate
Exchange transaction contract-NT\$ in/US\$ out	US\$ 31,150	January 3, 2020~ January 22, 2020	30.164~30.488
Exchange transaction contract-US\$ in/NT\$ out	US\$ 6,190	January 30, 2020~ January 31, 2020	30.080~30.433

September 30, 2019			
Derivative financial commodities	Nominal principal (NT\$ thousands)	Maturity date	Delivery rate
Exchange transaction contract-NT\$ in/US\$ out	US\$ 15,600	October 4, 2019~ October 25, 2019	30.959~31.283

(III) Accounts receivable (including related parties)

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts receivable	\$ 866,383	1,033,739	1,003,079
Accounts receivable-Related parties	43,198	67,234	136,545
Less: allowance for losses	(1,097)	(1,277)	(1,365)
	<u>\$ 908,484</u>	<u>1,099,696</u>	<u>1,138,259</u>

- The merged company adopts a simplified approach to estimate the expected credit loss for all Accounts receivable, i.e. using the expected credit loss during the duration. For this measurement purpose, these accounts receivable are grouped according to the common credit risk characteristics representing the customer's ability to pay all due amounts in accordance with the terms of the contract, and have incorporated forward-looking information, including overall economic and related industry information. An analysis of the expected credit losses of the merged company's accounts receivable is as follows:

	September 30, 2020		
	Book amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	\$ 908,400	0.1%~0.2%	1,085
1~30 days overdue	1,181	1%~2%	12
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 909,581</u>		<u>1,097</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	December 31, 2019		
	Book amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	\$ 1,096,264	0.1%~0.2%	1,229
1~30 days overdue	4,709	1%~2%	48
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 1,100,973</u>		<u>1,277</u>

	September 30, 2019		
	Book amount of accounts receivable	Weighted average expected credit loss rate	Expected credit loss during allowance duration
Not overdue	\$ 1,138,353	0.1%~0.2%	1,351
1~30 days overdue	1,271	1%~2%	14
31~90 days overdue	-	10%~50%	-
91~180 days overdue	-	50%~70%	-
181~360 days overdue	-	100%	-
	<u>\$ 1,139,624</u>		<u>1,365</u>

2. The statement of changes in allowance losses for Accounts receivable of the merged company is as follows:

	<u>For the Nine months Ended September 30,</u>	
	2020	2019
Balance at beginning of period	\$ 1,277	1,051
Impairment losses recognized (reversed)	(180)	314
Balance at end of period	<u>\$ 1,097</u>	<u>1,365</u>

3. As of September 30, 2020, December 31 and September 30 of 2019, the Accounts receivable of the merged company has not been provided as pledge guarantee.

(IV) Inventory

	September 30, 2020	December 31, 2019	September 30, 2019
Raw materials	\$ 56,560	57,685	67,816
In-process and semi-finished products	252,686	254,750	238,960
Finished products and goods	229,139	182,704	196,719
	<u>\$ 538,385</u>	<u>495,139</u>	<u>503,495</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

1. In addition to the cost of inventory sold, the composition of inventory-related expenses and losses recognized as cost of goods sold by the Company is as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Inventory depreciation and obsolescence loss	\$ <u>1,345</u>	<u>10,342</u>	<u>7,488</u>	<u>20,002</u>

2. As of September 30, 2020, December 31 and September 30 of 2019, the inventory of the merged company has not been provided as pledge guarantee.

(V) Investments using equity method

The investments of the merged company using the equity method on the reporting date are listed as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Associated enterprise	\$ <u>69,585</u>	<u>65,276</u>	<u>65,286</u>

1. The profits and losses of affiliated enterprises enjoyed by the merged company are listed as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Share of profit of related venture using equity method	\$ <u>2,566</u>	<u>1,717</u>	<u>3,641</u>	<u>5,247</u>

2. As of September 30, 2020, December 31 and September 30 of 2019, the investment of the merged company using the equity method has not been provided as pledge guarantee.

(VI) Property, plant and equipment

Details of changes in costs and depreciation of the merged company's property, plant and equipment are as follows:

	Land	Houses and building	Office equipment and other	Equipment to be inspected	Total
Costs:					
Balance on January 1, 2020	\$ 161,823	126,765	72,172	100	360,860
Increase	-	1,216	5,684	2,497	9,397
Reclassified into (out)	-	-	100	(100)	-
Disposal	-	(7,920)	(996)	-	(8,916)
Impact of exchange rate changes	-	(23)	(142)	-	(165)
Balance on September 30, 2020	\$ <u>161,823</u>	<u>120,038</u>	<u>76,818</u>	<u>2,497</u>	<u>361,176</u>
Balance on January 1, 2019	\$ 193,743	144,910	46,475	10,460	395,588
Increase	-	521	6,343	8,111	14,975
Reclassified into (out)	-	2,223	15,778	(18,027)	(26)
Reclassified from investing property	(31,920)	(20,547)	-	-	(52,467)
Disposal	-	(348)	(2,330)	-	(2,678)

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Impact of exchange rate changes	-	(77)	(486)	-	(563)
Balance on September 30, 2019	\$ 161,823	126,682	65,780	544	354,829
Accumulated depreciation:					
Balance on January 1, 2020	\$ -	35,538	27,951	-	63,489
Depreciation this year	-	4,879	9,361	-	14,240
Disposal	-	(7,920)	(996)	-	(8,916)
Impact of exchange rate changes	-	(22)	(115)	-	(137)
Balance on September 30, 2020	\$ -	32,475	36,201	-	68,676
Balance on January 1, 2019	\$ -	33,864	23,107	-	56,971
Depreciation this year	-	4,330	5,485	-	9,815
Reclassified from investing property	-	(3,728)	-	-	(3,728)
Disposal	-	(348)	(2,330)	-	(2,678)
Impact of exchange rate changes	-	(72)	(397)	-	(469)
Balance on September 30, 2019	\$ -	34,046	25,865	-	59,911
Book amount:					
January 1, 2020	\$ 161,823	91,227	44,221	100	297,371
September 30, 2020	\$ 161,823	87,563	40,617	2,497	292,500
January 1, 2019	\$ 193,743	111,046	23,368	10,460	338,617
September 30, 2019	\$ 161,823	92,636	39,915	544	294,918

- The merged company reclassified the property into investing property based on the book value at the time of change of use due to the increase in the number of leased office space in the first quarter of 2019. Please refer to Note 6 (8).
- As of September 30, 2020, December 31 and September 30 of 2019, the property, plant and equipment of the merged company have been used as bank loan and financing limit guarantees. Please refer to Note 8 for details.

(VII) Right-of-use assets

Details of the cost and depreciation of the leased offices, staff quarters and the recognized right-of-use assets of the merged company are as follows:

	<u>Houses and buildings</u>
Costs:	
Balance on January 1, 2020	\$ 7,967
Increase	136
lease modification	120
Impact of exchange rate changes	(66)
Balance on September 30, 2020	\$ 8,157
Balance on January 1, 2019	\$ 8,313
Increase	447
Disposal	(483)

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Impact of exchange rate changes	<u>(227)</u>
Balance on September 30, 2019	<u>\$ 8,050</u>
Accumulated depreciation:	
Balance on January 1, 2020	\$ 2,599
Depreciation in current period	2,068
Impact of exchange rate changes	<u>(18)</u>
Balance on September 30, 2020	<u>\$ 4,649</u>
Balance on January 1, 2019	\$ -
Depreciation in current period	2,119
Disposal	(94)
Impact of exchange rate changes	<u>(77)</u>
Balance on September 30, 2019	<u>\$ 1,948</u>
Book value:	
September 30, 2020	<u>\$ 3,508</u>
September 30, 2019	<u>\$ 6,102</u>

(VIII) Investing property

Investing property is an office building leased to a third party by a merged company under operating lease. The original irrevocable period for leased investing property is one to three years. Rental income of leased investing property is a fixed amount. Please refer to Note 6 (10) for relevant information.

	<u>Land</u>	<u>Houses and building</u>	<u>Total</u>
Costs:			
Balance on January 1, 2020	\$ 48,068	30,941	79,009
Balance on September 30, 2020	<u>\$ 48,068</u>	<u>30,941</u>	<u>79,009</u>
Balance on January 1, 2019	\$ 16,148	10,393	26,541
Transfer from property, plant and equipment	<u>31,920</u>	<u>20,547</u>	<u>52,467</u>
Balance on September 30, 2019	<u>\$ 48,068</u>	<u>30,940</u>	<u>79,008</u>
Accumulated depreciation:			
Balance on January 1, 2020	\$ -	6,219	6,219
Depreciation this year	<u>-</u>	<u>455</u>	<u>455</u>
Balance on September 30, 2020	<u>\$ -</u>	<u>6,674</u>	<u>6,674</u>
Balance on January 1, 2019	\$ -	1,884	1,884
Depreciation this year	<u>-</u>	<u>454</u>	<u>454</u>
Transfer from property, plant and equipment	<u>-</u>	<u>3,728</u>	<u>3,728</u>
Balance on September 30, 2019	<u>\$ -</u>	<u>6,066</u>	<u>6,066</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Book amount:

Balance on January 1, 2020	<u>\$ 48,068</u>	<u>24,722</u>	<u>72,790</u>
Balance on September 30, 2020	<u>\$ 48,068</u>	<u>24,267</u>	<u>72,335</u>
Balance on January 1, 2019	<u>\$ 16,148</u>	<u>8,509</u>	<u>24,657</u>
Balance on September 30, 2019	<u>\$ 48,068</u>	<u>24,874</u>	<u>72,942</u>

Fair value:

Balance on September 30, 2020	<u>\$ 130,112</u>
Balance on September 30, 2019	<u>\$ 131,255</u>

- Investing property is owned assets held by the merged company.
- Please refer to Note 6 (6) for instructions on the transfer of property, plant and equipment into investing property of the merged company in the first quarter of 2019.
- As of September 30, 2020, December 31 and September 30 of 2019, the investing property of the merged company has been used as a guarantee for the financing amount. Please refer to Note 8 for details.
- There is no significant difference between the fair value of the investing property of the merged company and the information disclosed in Note 6 (8) of the consolidated financial report of 2019.

(IX) Lease liabilities

The book amount of leasing liabilities of the merged company are as follows:

	<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>
Current	<u>\$ 2,899</u>	<u>2,680</u>	<u>2,676</u>
Non-current	<u>\$ 747</u>	<u>2,810</u>	<u>3,528</u>

- For maturity analysis, please refer to Note 6 (18) Financial Instruments.
- The amounts recognized in profit or loss are as follows:

	<u>For the Three months Ended September 30,</u>		<u>For the Nine months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Interest expense on lease liabilities	<u>\$ 48</u>	<u>82</u>	<u>168</u>	<u>270</u>
Rental charges for short-term leases and low-value assets	<u>\$ 229</u>	<u>195</u>	<u>600</u>	<u>481</u>

- The amounts recognized in the consolidated statement of cash flows are as follows:

	<u>For the Nine months Ended September 30,</u>	
	<u>2020</u>	<u>2019</u>
Rental payments for business activities	\$ (600)	(481)
Interest payments on lease liabilities for business activities	(168)	(270)
Repayment of lease principal for financing activities	<u>(2,051)</u>	<u>(2,006)</u>
Total cash outflow from leases	<u>\$ (2,819)</u>	<u>(2,757)</u>

- Lease of houses and buildings

The merged company leased the houses and buildings as office space and staff quarters with a lease period of normally three years.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

2. Other leases

The lease period of office equipment and parking space leased by the merged company is one to five years, and these leases are short-term or low-value target leases. The merged company chooses to apply the exemption provisions instead of recognizing its related right-of-use assets and lease liabilities.

(X) Operating lease

The merged company leases its investing property. Since almost all risks and rewards attached to the ownership of the underlying assets have not been transferred, these lease contracts are classified as operating leases. Please refer to Note 6 (8) for details of investing property.

An analysis of the expiration of lease payments to report the total amount of undiscounted lease payments received in the future is shown in the following table:

	September 30, 2020	December 31, 2019	September 30, 2019
Less than 1 year	\$ 2,869	2,888	1,202
1 to 2 years	4,048	6,190	-
2 to 3 years	-	-	-
3 to 4 years	-	-	-
4 to 5 years	-	-	-
More than 5 years	-	-	-
Total undiscounted payments	<u>\$ 6,917</u>	<u>9,078</u>	<u>1,202</u>

(XI) Employee benefits

1. Determine the welfare plan

Since there were no major market fluctuations, major reductions, liquidations or other major one-off events after the end of the previous fiscal year, the merged company adopted the pension costs determined by actuarial calculations on December 31, 2019 and 2018 to measure and disclose the pension costs during the interim period.

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Operating costs	\$ 11	9	33	27
Selling expenses	8	6	24	19
Administrative expenses	90	73	268	219
Research and development expenses	11	9	33	27
	<u>\$ 120</u>	<u>97</u>	<u>358</u>	<u>292</u>

2. Determine the allocation plan

The merged company's pension expenses have been transferred to the Labor Insurance Bureau under the confirmed pension transfer method. Other overseas subsidiaries included in the consolidated financial report are allocated and recognized as pension funds in accordance with local laws and regulations.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Operating costs	\$ 410	482	1,247	1,502
Selling expenses	192	396	611	1,160
Administrative expenses	411	528	1,253	1,582
Research and development expenses	469	843	1,595	2,752
	<u>\$ 1,482</u>	<u>2,249</u>	<u>4,706</u>	<u>6,996</u>

(XII) Tax

- Details of tax expenses of the merged company are as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Current tax expense	\$ 14,513	17,088	40,063	50,618

- The merged Company's tax expenses of equity have not been recognized in January 1 to September 30 of 2020 and 2019 directly.
- The merged Company's tax (expenses) benefits under other comprehensive profit and loss have not been recognized in January 1 to September 30 of 2020 and 2019.
- The merged Company's profit-making enterprise tax settlement declaration has been approved by the tax collection authority until 2018 as follow.

	Approved Year
The Company	Has been approved to 2018
Jinrong Investment	Has been approved to 2018

(XIII) Capital and other rights and interests

Except for the following, there was no significant change in the capital and other rights and interests of the merged company between January 1 to September 30 of 2020 and 2019. For relevant information, please refer to Note 6 (13) of the consolidated financial report of 2019.

- Retained earnings

According to the Articles of Association of the Company, if there is any surplus in the Company's annual total final accounts, taxes shall be paid first to make up for the accumulated losses. The next 10% shall be the legal reserve (but the legal reserve shall not be paid when it reaches the paid-in capital of the Company) and the rest shall be listed or reversed according to law. If there is any surplus, and the surplus shall be distributed cumulatively with the previous year, the Board of Directors shall draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute dividends and bonuses.

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

2. Distribution of earnings

On June 10, 2020 and June 12 2019, the Board of Shareholders decided on the surplus distribution plan for 2019 and 2018. The dividends distributed to the owners are as follows:

	2019		2018	
	Share allotment rate (yuan)	Amount	Share allotment rate (yuan)	Amount
Dividends to ordinary owners:				
Cash	\$ 1.0	<u>61,252</u>	0.7	<u>42,876</u>

(XIV) Earnings per share

The calculation of the merged company's basic earnings per share and diluted earnings per share is as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Basic earnings per share:				
Current net profit attributable to the Company	\$ <u>57,656</u>	<u>68,408</u>	<u>131,414</u>	<u>172,044</u>
Weighted average number of ordinary shares in circulation(thousand shares)	<u>61,252</u>	<u>61,252</u>	<u>61,252</u>	<u>61,252</u>
Earnings per share (yuan)	\$ <u>0.95</u>	<u>1.12</u>	<u>2.15</u>	<u>2.81</u>
Dilute earnings per share:				
Current net profit attributable to the Company	\$ <u>57,656</u>	<u>68,408</u>	<u>131,414</u>	<u>172,044</u>
Weighted average number of ordinary shares in circulation(thousand shares)(dilution)	<u>62,120</u>	<u>61,843</u>	<u>62,741</u>	<u>62,195</u>
Earnings per share (yuan)	\$ <u>0.93</u>	<u>1.11</u>	<u>2.09</u>	<u>2.77</u>
Weighted average number of ordinary shares in circulation (thousand shares)(dilution):				
Weighted average number of ordinary shares in circulation (basic)	61,252	61,252	61,252	61,252
Impact of employee stock remuneration	<u>868</u>	<u>591</u>	<u>1,489</u>	<u>943</u>
Weighted average number of ordinary shares in circulation (dilution)	<u>62,120</u>	<u>61,843</u>	<u>62,741</u>	<u>62,195</u>

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(XV) Revenue from customer contracts

1. Breakdown of income

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Major regional markets:				
Taiwan	\$ 206,279	343,611	591,312	928,408
Mainland China	320,493	338,009	906,892	961,821
Other countries	<u>128,470</u>	<u>92,228</u>	<u>303,159</u>	<u>221,181</u>
	<u>\$ 655,242</u>	<u>773,848</u>	<u>1,801,363</u>	<u>2,111,410</u>
Main products:				
Power MOSFET	\$ 593,204	648,171	1,655,501	1,746,084
Power Management IC	19,520	72,967	50,037	191,939
Other	<u>42,518</u>	<u>52,710</u>	<u>95,825</u>	<u>173,387</u>
	<u>\$ 655,242</u>	<u>773,848</u>	<u>1,801,363</u>	<u>2,111,410</u>

2. Contract balance

	September 30, 2020	December 31, 2019	September 30, 2019
Accounts receivable (including related parties)	\$ 909,581	1,100,973	1,139,624
Less: allowance for losses	<u>(1,097)</u>	<u>(1,277)</u>	<u>(1,365)</u>
Total	<u>\$ 908,484</u>	<u>1,099,696</u>	<u>1,138,259</u>

Please refer to Note 6 (3) for details of disclosure of Accounts receivable (including related parties) and their impairment.

(XVI) Remuneration of employees, directors and supervisors

According to the Articles of Association of the Company, if there is any profit in the year, no less than 10% shall be allocated as employee remuneration and no more than 5% as supervisor remuneration. The remuneration of employees is decided by the Board of Directors to be distributed in stock or cash, and the target of distribution includes employees of subordinate companies who meet certain conditions. However, if the Company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate the employee remuneration and the supervisor remuneration according to the proportion mentioned in the preceding paragraph.

The estimation of employee remuneration and supervisor remuneration for the three and nine months ended September 30, 2020 and 2019 is as follows:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Employee remuneration	\$ 13,538	9,823	32,038	25,423
Supervisor remuneration	4,512	2,947	10,679	7,627
Total	<u>\$ 18,050</u>	<u>12,770</u>	<u>42,717</u>	<u>33,050</u>

Employee remuneration and supervisor remuneration are based on the net profit before tax of the Company for the period before deducting the remuneration of employees, directors and supervisors multiplied by the remuneration of employees and directors and supervisors as stipulated in the Articles of Association of the Company. This is also reported as the operating cost or operating expenses for the period. If there is any difference between the actual distribution and the estimated amount for the next year, the change shall be treated according to the accounting estimation and recognized as the profit and loss for the next year.

The Company's estimated compensation for employees in 2019 and 2018 were NT\$ 46,622 thousands and NT\$ 36,111 thousands respectively, while the estimated compensation for directors and supervisors were NT\$ 15,541 thousands and NT\$ 12,037 thousands respectively, which was no difference from the actual distribution. Relevant information can be found at the Public Information Platform.

(XVII) Non-operating income and expenditure

1. Other income

Details of other income of the merged company are as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Other income	<u>\$ 1,554</u>	<u>1,178</u>	<u>3,654</u>	<u>2,829</u>

2. Other gains and losses

Details of other gains and losses of the merged company are as follows:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Foreign currency exchange profit (loss), net	\$ (13,959)	(1,021)	(31,058)	302
Net profits (loss) of financial assets / liabilities at fair value through profit or loss	(739)	(1,606)	3,707	(64)
Other gains and losses	<u>(184)</u>	<u>(265)</u>	<u>(823)</u>	<u>(735)</u>
	<u>\$ (14,882)</u>	<u>(2,892)</u>	<u>(28,174)</u>	<u>(497)</u>

3. Finance costs

Details of the finance costs of the merged company are as follows:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Interest expense	\$ 48	82	168	270

(XVIII) Financial instruments

Except for the following, there is no significant change in the fair value of financial instruments of the merged company and the exposure to credit risk, liquidity risk and market risk due to financial instruments. Please refer to the note 6 (18) and (19) to the consolidated financial report for 2019 for relevant information.

1. Credit risk

Credit risk is the risk of financial losses incurred by the merged company due to the failure of customers or counterparties of financial instruments to fulfill their contractual obligations. It mainly comes from the accounts receivable from customers of the merged company.

On September 30, 2020 and December 31 and September 30 of 2019, the merged company received 39%, 50% and 54% of the total Accounts receivable from the top five sales customers respectively, thus causing the merged company to have a concentration of credit risks. In order to reduce credit risks, the merged company regularly and continuously evaluates the financial status of each of these customers and the recovery possibility of their accounts receivable. These customers have good profits and credit records in the past, and the merged company has not suffered any significant credit risk losses due to these customers during the reporting period.

2. Liquidity risk

The following table shows the contractual maturity of financial liabilities, including estimated interest but excluding the impact of net agreements.

	Book amount	Contracted cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
September 30, 2020							
Non-derivative financial liabilities							
Notes payable and accounts payable _ (including related parties)	\$ 309,104	309,104	309,104	-	-	-	-
Expenses payable and other accounts payable	42,581	42,581	42,581	-	-	-	-
Lease liabilities	3,646	3,762	1,505	1,505	752	-	-
	<u>\$ 355,331</u>	<u>355,447</u>	<u>353,190</u>	<u>1,505</u>	<u>752</u>	-	-
December 31, 2019							
Non-derivative financial liabilities							
Notes payable and accounts payable _ (including related parties)	\$ 351,217	351,217	351,217	-	-	-	-
Expenses payable and other accounts payable	48,799	48,799	48,799	-	-	-	-
Lease liabilities	5,490	5,765	1,441	1,441	2,883	-	-
	<u>\$ 405,506</u>	<u>405,781</u>	<u>401,457</u>	<u>1,441</u>	<u>2,883</u>	-	-
September 30, 2019							
Non-derivative financial liabilities							

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Notes payable and accounts payable _ (including related parties)	\$	500,316	500,316	500,316	-	-	-	-
Expenses payable and other accounts payable		72,080	72,080	72,080	-	-	-	-
Lease liabilities		6,204	6,555	1,457	1,457	2,913	728	-
Derivative financial liabilities		64	-	-	-	-	-	-
Outflow		-	484,224	484,224	-	-	-	-
Inflow		-	(483,480)	(483,480)	-	-	-	-
	\$	578,664	579,695	574,597	1,457	2,913	728	-

3. Market risk

(1) Exchange rate risk

The financial assets and liabilities of the merged company exposed to significant foreign currency exchange rate risks are as follows:

	September 30, 2020			December 31, 2019			September 30, 2019			
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	36,246	29.100	1,054,772	39,259	29.980	1,176,973	47,437	31.040	1,472,447
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		10,808	29.100	314,503	12,112	29.980	363,117	16,541	31.040	513,421

The exchange rate risk of the merged company mainly comes from cash denominated in foreign currency and equivalent cash, accounts receivable and other receivables, loans, accounts payable, expenses payable and other payables, etc. Foreign currency exchange gains and losses are generated during conversion. On September 30, 2020 and 2019, when NT\$ depreciates or appreciates by 1% relative to US\$, while all other factors remain unchanged, the net profit before tax for January 1 to September 30 of 2020 and 2019 will increase or decrease by NT\$ 7,403 thousands and NT\$ 9,590 thousands respectively. The two phases of analysis adopt the same basis.

The exchange rate information for the conversion gains and losses (including realized and unrealized) of the monetary items of the merged company into the amount of functional currency and into the functional currency NT\$ (i.e. the expressive currency by the merged company) is as follows:

<u>Functional currency</u>	For the Three months Ended September 30,				For the Nine months Ended September 30,			
	2020		2019		2020		2019	
	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate	Exchange gains and losses	Average exchange rate
NTD	\$ (13,513)	1	(1,677)	1	(31,464)	1	(233)	1
RMB	(446)	4.257	656	4.441	406	4.259	535	4.520
	\$ (13,959)		(1,021)		(31,058)		302	

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(2) Interest rate risk

The merged company has not undertaken the debt with floating interest rate, while the financial assets with floating interest rate are bank deposits. The cash flow risk arising from changes in market interest rate is not significant after assessment, so sensitivity analysis has not been conducted.

4. Fair value information

(1) Types and fair value of financial instruments

The book amount and fair value of the financial assets and financial liabilities of the merged company (including fair value grade information, but if the book amount of financial instruments not measured by fair value is a reasonable approximation of fair value and Lease liabilities, fair value information need not be disclosed according to regulations) are shown as follows:

		September 30, 2020			
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - Current	\$ 3,707	-	-	3,707	3,707
Financial assets at amortized cost :					
Cash and equivalent cash	\$ 528,427				
Accounts receivable _ (including related parties)	908,484				
Other accounts receivable	23,749				
Refundable deposits	15,065				
Total	\$ 1,475,725				
Financial liabilities at amortized cost :					
Notes payable and accounts payable _ (including related parties)	\$ 309,104				
Expenses payable and other accounts payable	42,581				
Lease liabilities	3,646				
Total	\$ 355,331				
		December 31, 2019			
		Fair value			
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss - Current	\$ 7,676	-	-	7,676	7,676
Financial assets at amortized cost :					
Cash and equivalent cash	\$ 361,180				
Accounts receivable _ (including related parties)	1,099,696				
Other accounts receivable	14,056				
Refundable deposits	20,072				
Total	\$ 1,495,004				
Financial liabilities at amortized cost :					
Notes payable and accounts payable _ (including related parties)	\$ 351,217				
Expenses payable and other accounts payable	48,799				

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Lease liabilities	<u>5,490</u>				
Total	<u>\$ 405,506</u>				
		September 30, 2019			
			Fair value		
	Book amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost :					
Cash and equivalent cash	\$ 475,713				
Accounts receivable _ (including related parties)	1,138,259				
Other accounts receivable	20,326				
Refundable deposits	<u>20,072</u>				
Total	<u>\$ 1,654,370</u>				
Financial liabilities at fair value through profit or loss - Current	<u>\$ 64</u>	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
Financial liabilities at amortized cost :					
Notes payable and accounts payable _ (including related parties)	\$ 500,316				
Expenses payable and other accounts payable	72,080				
Lease liabilities	<u>6,204</u>				
Total	<u>\$ 578,600</u>				

(2) Fair value evaluation technology for measuring financial instruments by fair value
Derivative financial instruments

The fair value of derivatives is calculated by public quotation. When a public quotation cannot be obtained, the fair value of the contract is calculated based on the spot exchange rate and the exchange points respectively on the respective expiration dates of the contract.

- (3) There was no transfer of fair value hierarchy from January 1 to September 30 of 2020 and 2019.
- (4) Schedule of Level 3 changes

	<u>Financial assets/ liabilities at fair value through profit or loss</u>
January 1, 2020	\$ 7,676
Purchase/disposal/settlement	(7,676)
Recognized in profit or loss	<u>3,707</u>
September 30, 2020	<u>\$ 3,707</u>
January 1, 2019	\$ 492
Purchase/disposal/settlement	(492)
Recognized in profit or loss	<u>(64)</u>
September 30, 2019	<u>\$ (64)</u>

The above total profits or losses are reported in series as Other profits and losses. Among them, the assets or liabilities held as at September 30, 2020 and 2019 are as follows:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total profits or losses		
Recognized in profit or loss (reported in Other profits and losses)	<u>\$ 3,707</u>	<u>(64)</u>

(5) Quantitative information on fair value measurement of significant unobservable input values (Level 3)

The fair value measurement of the merged company is classified into level 3 of financial assets and liabilities at fair value through profit or loss - derivative financial instruments. This source of fair value is a third party quotation, so it is not intended to disclose sensitivity analysis of significant unobservable input values.

(XIX) Financial risk management

The financial risk management objectives and policies of the merged company have not changed significantly from those disclosed in Note 6 (19) of the consolidated financial report of 2019.

(XX) Capital management

The capital management objectives, policies and procedures of the merged company are consistent with those disclosed in the consolidated financial report of 2019. In addition, there is no significant change in the aggregate quantitative data of capital management items and those disclosed in the consolidated financial report of 2019. Please refer to note 6(20) to consolidated financial report of 2019 for relevant information.

(XXI) Changes in liabilities from financial activities

Adjustments to changes in liabilities from financial activities are shown in the following table:

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Changes of non-cash</u>	<u>September 30, 2020</u>
Lease liabilities	\$ 5,490	(2,051)	207	3,646
Total liabilities from financial activities	<u>\$ 5,490</u>	<u>(2,051)</u>	<u>207</u>	<u>3,646</u>

	<u>January 1, 2019</u>	<u>Cash flows</u>	<u>Changes of non-cash</u>	<u>September 30, 2019</u>
Lease liabilities	\$ 8,313	(2,006)	(103)	6,204
Total liabilities from financial activities	<u>\$ 8,313</u>	<u>(2,006)</u>	<u>(103)</u>	<u>6,204</u>

VII. Related Party Transactions

(I) Name and relationship of related parties

During the period covered by this consolidated financial report, the following related parties had transactions with the merged company:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

Name of related party	Relations with merged company
Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	Substantive parties
Cai Feng Investments Co., Ltd. (Cai Feng Investments)	"
Green Solution Technology Co., Ltd. (Green Solution Technology)	Associated enterprise
Wuxi U-NIKC Semiconductor Co., Ltd. (Wuxi U-NIKC Semiconductor)	"
Wuxi U-NIKC Semiconductor (Hong Kong) Co., Ltd. (Wuxi U-NIKC Semiconductor (Hong Kong))	"

(II) Main management personnel transactions

Remuneration for main management personnel includes:

	For the Three months Ended September 30,		For the Nine months Ended September 30,	
	2020	2019	2020	2019
Short-term employee welfare	\$ 6,409	5,406	17,406	15,494
Post-retirement welfare	119	98	358	293
Resignation welfare	-	-	-	-
Other long-term welfare	-	-	-	-
Share-based payment	-	-	-	-
	<u>\$ 6,528</u>	<u>5,504</u>	<u>17,764</u>	<u>15,787</u>

(III) Major transactions with related parties

1. Sale to related parties

The merged company's sales amount to related parties and its outstanding balance are as follows:

	Sales				Accounts receivable from related parties		
	For the Three months Ended September 30,		For the Nine months Ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associated enterprises:							
Other associated enterprises	\$ 51,519	100,788	116,242	334,530	43,198	67,234	136,544
Less: allowance for losses			-	-	(86)	(135)	(273)
	<u>\$ 51,519</u>	<u>100,788</u>	<u>116,242</u>	<u>334,530</u>	<u>43,112</u>	<u>67,099</u>	<u>136,271</u>

There is no significant difference between the terms of sale of the merged company to its related parties and the general selling price. The payment terms for January 1 to September 30 of 2020 and 2019 are 90 days, while the average customer is about 30 days to 150 days .

2. Purchase from related parties

The purchase amount and outstanding balance of the merged company from related

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

parties are as follows:

	Purchase				Notes and accounts payable		
	For the Three months Ended September 30,		For the Nine months Ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associated enterprises:							
Green Solution Technology	\$ 14,402	53,085	38,115	151,710	3,672	14,436	39,589
Other associated enterprises	-	-	-	-	-	344	-
	<u>\$ 14,402</u>	<u>53,085</u>	<u>38,115</u>	<u>151,710</u>	<u>3,672</u>	<u>14,780</u>	<u>39,589</u>

In order to provide customers with a complete power management plan, the merged company purchases customized products from related parties. There is no competitive purchase price of the products from the ordinary manufactures. The terms of payment for January 1 to September 30 of 2020 and 2019 are 30 days, while the terms of payment for ordinary manufacturers are about 30 to 90 days.

3. Purchase labor services from related parties

	Transaction amount				Expenses payable and other accounts payable		
	For the Three months Ended September 30,		For the Nine months Ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associated enterprises:							
Green Solution Technology - Product development project fees	\$ -	-	-	1,810	-	-	-
Green Solution Technology - Material fees	-	-	-	431	-	-	-
Other related parties:							
Super Group Semiconductor - Product development project fees	3,900	4,400	12,800	11,800	3,900	4,300	4,400
Super Group Semiconductor - Product maintenance fees	414	392	1,300	1,549	123	179	235
Super Group Semiconductor - Product royalty fees	<u>13,649</u>	<u>15,926</u>	<u>41,709</u>	<u>47,477</u>	<u>4,719</u>	<u>5,651</u>	<u>10,215</u>
	<u>\$ 17,963</u>	<u>20,718</u>	<u>55,809</u>	<u>63,067</u>	<u>8,742</u>	<u>10,130</u>	<u>14,850</u>

As of September 30, 2020 and 2019, the new product development contracts and outsourcing design contracts signed by the merged company and its related parties have not yet been recognized due to the failure to reach the agreed development and design stage. Please refer to Note 9 for details.

4. Rental income

Rental income of the merged company arising from leasing offices to related parties is as follows:

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

	Transaction amount				Other accounts receivable		
	For the Three months Ended September 30,		For the Nine months Ended September 30,		September 30, 2020	December 31, 2019	September 30, 2019
	2020	2019	2020	2019			
Associated enterprises:							
Green Solution Technology\$	715	714	2,143	1,857	250	250	500
Other related parties:							
Other related parties	4	4	13	13	6	11	6
	<u>\$ 719</u>	<u>718</u>	<u>2,156</u>	<u>1,870</u>	<u>256</u>	<u>261</u>	<u>506</u>

VIII. Pledged Assets

Details of the book value of the assets provided by the merged company as collateral are as follows:

Assets name	Pledge object	September 30, 2020	December 31, 2019	September 30, 2019
Property, plant and equipment				
- Land	Bank loan	\$ 144,182	144,182	144,182
- Houses and buildings	"	72,656	74,021	74,476
Investing property - Land	"	48,068	48,068	48,068
- Houses and buildings	"	24,267	24,722	24,874
		<u>\$ 289,173</u>	<u>290,993</u>	<u>291,600</u>

IX. Major Contingent Liabilities and Unrecognized Contractual Commitments

(1) The amount of guarantee notes issued by the merged company to the supplier as guarantee for payment of the goods is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Guaranteed bill	<u>\$ 10,000</u>	<u>10,000</u>	<u>10,000</u>

(II) The amount of guaranteed promissory notes issued by the merged company as a result of signing loan quotas and financial commodity trading quotas with financial institutions is as follows.

	September 30, 2020	December 31, 2019	September 30, 2019
Loan limit and financial commodities trading limit	<u>\$ 1,035,305</u>	<u>1,031,726</u>	<u>1,046,248</u>

(III) As of September 30, 2020 and December 31 and September 30 of 2019, the amounts of new product development contracts and outsourcing design contracts signed by the merged company that have not yet reached the agreed development and design stage and have not yet applied to the merged company are NT\$ 36,100 thousands, NT\$ 33,900 thousands and NT\$ 31,200 thousands respectively; In addition, the merged company agreed in the new product development contract that when the product enters the mass production stage, it shall pay the

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

royalty fee according to the relevant wafer purchase quantity and the agreed price.

(IV) The merged company signed a capacity guarantee purchase contract with the supplier on May 30, 2018, and due to the agreement on the minimum purchase amount, the deposit amount shall be paid. As of September 30, 2020 and December 31 and September 30 of 2019, the deposit amount has been NT\$ 15,000 thousands, NT\$ 20,000 thousands and NT\$ 20,000 thousands respectively.

X. Major disaster losses: None.

XI. Major post-date events: None.

XII. Other

The functions of employee benefits, depreciation, depletion and amortization expenses are summarized as follows:

Function	For the Three months Ended September 30, 2020			For the Three months Ended September 30, 2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Quality						
Staff welfare expenses						
Salary expense	10,629	44,775	55,404	9,871	41,757	51,628
Labor and health	801	1,966	2,767	822	2,087	2,909
insurance expenses						
Pension expenses	421	1,181	1,602	491	1,855	2,346
Other employee	590	1,570	2,160	656	1,809	2,465
welfare expenses						
Depreciation expense	1,911	3,773	5,684	1,523	2,902	4,425
Amortization expense	-	46	46	-	78	78

Function	For the Nine months Ended September 30, 2020			For the Nine months Ended September 30, 2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Quality						
Staff welfare expenses						
Salary expense	31,100	127,335	158,435	29,252	123,073	152,325
Labor and health	2,487	6,010	8,497	2,583	6,451	9,034
insurance expenses						
Pension expenses	1,280	3,784	5,064	1,529	5,759	7,288
Other employee	1,707	4,372	6,079	1,850	4,871	6,721
welfare expenses						
Depreciation expense	5,696	11,067	16,763	4,341	7,593	11,934
Amortization expense	-	152	152	-	404	404

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

XIII. Note to disclosure

(I) Information on major transactions

Relevant information on major transactions to be disclosed by the merged company from January 1 to September 30 of 2020 in accordance with the preparation standards is as follows:

1. Loan of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Holding of securities at the end of the period (excluding investment subsidiaries, affiliated enterprises and equity joint ventures): None.
4. Cumulative purchase or sale of the same securities amounts to NT\$ 300 million or more than 20% of the paid-in capital: None.
5. The amount of property acquired amounts to NT\$ 300 million or more than 20% of the paid-in capital: None.
6. The amount of property disposed of amounts to NT\$ 300 million or more than 20% of the paid-in capital: None.
7. Where the amount of purchases and sales to related parties amounts to NT\$100 million or more than 20% of the paid-in capital: None.
8. Receivables from related parties amount to NT\$ 100 million or more than 20% of paid-in capital: None.
9. Engaging in derivative transactions: Please refer to note 6 (2) for details.

10. Business relations and important transactions between parent and subsidiary companies:

No.	Name of trader	Transaction object	Relations with traders	Transaction For the Nine months Ended September 30, 2020			
				Item	Amount	Transaction condition	Ratio to consolidated total operating income or total assets
0	The Company	Power Up Tech Co., Ltd.	Transactions between parent company and subsidiary	Operating costs	11,539	Before the 25th of the following month	0.64%
0	"	"	Transactions between parent company and subsidiary	Operating expenses	19,329	"	1.07%
0	"	"	Transactions between parent company and subsidiary	Expenses payable	1,100	"	0.04%
1	Power Up Tech Co. Ltd.	Wuxi Super GEM Microelectronics Co., Ltd.	Inter-subsidiary transactions	Operating costs	30,331	"	1.68%
1	"	"	Inter-subsidiary transactions	Expenses payable	1,071	"	0.04%

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

(II) Information related to reinvestment:

Information on the Company's reinvestments from January 1 to September 30 of 2020 is as follows (excluding mainland China invested companies):

Unit: NT\$ thousands/share

Investing company Name	Invested company Name	Area	Major business Item	Original investment amount		Final holding			Invested company Current profit and loss	Current recognized Investment profit and loss	Note
				At end of current period	End of last year	Shares	Ratio	Book amount			
The Company	Jimrong Investment Co., Ltd.	Taiwan	Holding company	51,000	51,000	5,100,000	100.00%	70,115	3,228	3,228	Note
"	Power Up Tech Co., Ltd.	Samoa	Holding company	30,744	30,744	1,930,000	100.00%	35,807	2,762	2,762	"
Jimrong Investment Co., Ltd.	Green Solution Technology Co., Ltd.	Taiwan	Manufacturing and Product Design of Electronic Components	48,875	48,875	4,511,514	15.04%	70,101	30,173	3,474	

Note: It has been written off when preparing the consolidated financial report.

(III) Information on Mainland China Investment:

1. Relevant information such as the name and main business items of the invested company in mainland China:

Unit: NT\$ thousands

Name of mainland Invested Company	Major business items	Paid-in capital	Investing mode	Accumulated investment amount remitted from Taiwan at beginning of current period	Amount of investment remitted or recovered in current period		Accumulated investment amount remitted from Taiwan at end of current period	Invested company Current profit and loss	Shareholding ratio of Company's direct or indirect investment	Investment profits and losses recognized for current period	Book value of final investment	Remitted back investment income as of end of current period
					remitted	recovered						
Wuxi Super GEM Microelectronics Co., Ltd.	Metal oxide semiconductor manufacturing, development and sales business, product quality monitoring and testing services; Selling self-produced products	46,906	Note	61,463	-	-	61,463	3,399	100.00%	3,399	18,719	-

Note: Indirect investment through third place Power Up Tech Co., Ltd.

2. Limit of investment in mainland region:

Accumulated investment remitted from Taiwan to mainland region at end of current period	Investment amount approved by MOEAIC	Investment limit in mainland regulated by MOEAIC
61,463	61,463	1,180,272

3. Major transactions with mainland invested companies:

Through Power Up Tech Co., Ltd, the Company entrusted Wuxi Super GEM Microelectronics to handle the after-sales service, quality control and storage management of the products on its behalf. The related expenditures from January 1 to September 30 of 2020 and 2019 were NT\$ 30,331 thousands and NT\$ 39,749 thousands.

The above transactions are written off in the preparation of consolidated financial reports.

(IV) Information on Major Shareholders:

Name of major shareholder	Shares	Holding share	Holding proportion
Liangjia Investments Co., Ltd.		3,220,257	5.25%

Notes to Niko Semiconductor and Subsidiaries Consolidated Financial Statements (Continued)

XIV. Department Information

(I) General information

The main revenue of the merged company comes from the sales of power MOSFET. The main operating decision makers of the merged company use the overall operating results as the basis for evaluating performance. According to this, the merged company is a single operating department, and the operating department information of January 1 to September 30 of 2020 and 2019 is consistent with the consolidated financial report information.

(II) Information on department profits and losses, department assets, and their measurement basis and reconciliation shall be reported.

Information on department profit and loss, department assets and department liabilities of the merged company is consistent with the consolidated financial report. Please refer to the consolidated balance sheet and consolidated income statement for details.