

Delta Electronics, Inc. ("Company")
Minutes of 2021 Annual General Shareholders' Meeting
(Translation)

Time: 10:00 AM, July 19, 2021

Place: Auditorium, 8F., No.16, Tungyuan Road, Chungli District, Taoyuan City

Quorum: 2,340,111,847 shares were represented by the shareholders and proxies present, which amounted to 90.08% of the Company's 2,597,543,329 issued and outstanding shares.

Board Members Present: Yancey Hai, Bruce CH Cheng (via video conference), Mark Ko (via video conference), Ping Cheng (via video conference), Simon Chang (via video conference), Yung-Chin Chen (Independent Director) (via video conference), Tsong-Pyng Perng (Independent Director) (via video conference) and Ji-Ren Lee (Independent Director) (via video conference). 8 members of the Board of Directors (including 3 Independent Directors) are present.

Attendance: CPA, Ms. Lin, Yu-Kuan, PricewaterhouseCoopers (via video conference), Attorneys-at-Law, Mr. James Chen, Lee and Li (via video conference), Corporate CFO, Ms. Judy Wang (via video conference) and General Counsel, Ms. CP Ting (via video conference)

Chairman: Yancey Hai, Chairman of the Board of Directors

Recorder: Jenny Sun

Commencement: (The aggregate shareholding of the shareholders and proxies present constituted a quorum. The Chairman called the meeting to order.)

Salute according to the etiquette

Chairman's speech: (omitted)

1. Report Items

- (1) 2020 Operation Results (Please refer to Appendix 1)
- (2) 2020 Financial Results (Please refer to Appendix 2 and 3)
- (3) Audit Committee's Review Opinions on 2020 Annual Final Accounting Books and Statements (Please refer to Appendix 4)
- (4) Report on 2020 Employees' and Directors' Compensation
The Company's annual profit in 2020 is NT\$31,001,404,908, of which 7.8% is allocated as the employees' compensation in cash totaling NT\$2,421,096,904 and 0.09% is allocated as the directors' compensation totaling NT\$29,400,000.
- (5) Report on Short-form Merger between Delta Electronics, Inc. and UNICOM SYSTEM ENG. CORP.
In order to streamline Delta group and protect customers' rights, the Company merged with its 100% owned subsidiary UNICOM SYSTEM ENG. CORP. The resolution passed by both Boards of Directors held on October 28, 2020. The effective date of the merger is December 1, 2020. Upon the merger, the Company is the surviving company, while UNICOM SYSTEM ENG. CORP. is the dissolved company.

(Questions raised by the shareholders for the Report Items 1: The registered number of shareholder who raised questions was 398956. The questions and answers were omitted. Regarding the questions and relevant suggestions by the shareholder, the Chairman had fully explained in detail in the meeting. The Company has also kept record of the questions and answers for future reference.)

2. Proposal Items

- (1) Adoption of the 2020 Annual Final Accounting Books and Statements
(Proposed by the Board of Directors)

Explanation:

- a) This Company's 2020 Annual Final Accounting Books and Statements, including the Business Report, Parent Company Only Financial Statements and Consolidated Financial Statements (please refer to Appendix 1~3) had been resolved by the Board and Directors and reviewed by the Company's Audit Committee, of which the Parent Company Only Financial Statements and the Consolidated Financial Statements had been audited by CPA, Lin, Yu-Kuan and CPA, Chou, Chien-Hung from PricewaterhouseCoopers, Taiwan. The Company's

Audit Committee has found no discrepancies after a thorough review and has made a written review report.

- b) It is proposed by the Board of Directors to submit the 2020 Annual Final Accounting Books and Statements to the shareholders' meeting for adoption.

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,340,111,847 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,085,159,566, among which 1,363,966,835 was exercised by electronic transmission, the number of voting rights for rejection is 35,957, the number of invalid votes is 0, the number of voting rights for abstention is 254,916,324, and 89.10% of the total voting rights voted for approval when votes were cast).

- (2) Adoption of the 2020 Earnings Distribution
(Proposed by the Board of Directors)

Explanation:

- a) The 2020 Earnings Distribution Table is compiled as follows in accordance with Company Act and the Company's Articles of Incorporation and has been approved by the Audit Committee and the Board of Directors on February 24, 2021.
- b) The Board of Director proposed to set aside NT\$14,286,488,310 for cash dividends. According to the number of shares issued and entitled to distribution totaling 2,597,543,329, the cash dividends of NT\$5.5 per share will be distributed. The Board of Directors authorized the Chairman subject to the approval of Annual General Shareholders' Meeting to set a record date on which the proposed cash dividend would be distributed according to the shareholding ratio of shareholders appeared in the register of shareholders on the designated record date of distribution. In the event that the proposed earnings distribution approved is affected by an amendment to relevant laws or regulations, a request by the competent authorities, or a change in common shares (such as, buyback of shares for transfer or cancellation, domestic capital increase by cash, and exercise of employee stock options), it is proposed that the Chairman be authorized to adjust the cash dividends to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.
- c) It is proposed by the Board of Directors to submit the 2020 Earnings Distribution to the shareholders' meeting for adoption.

Delta Electronics, Inc.
2020 Earnings Distribution Table

Item	Description	Unit: NT\$ Amount
Net profit after tax for the year 2020		25,485,230,567
Subtract: Setting aside 10% legal reserve		2,355,217,695
Setting aside special reserves		4,921,173,551
Earnings available for distribution by the end of 2020		18,208,839,321
Add: Retained earnings in the beginning of 2020		24,747,862,787
Subtract: Actuarial losses on defined benefit plan in 2020		119,914,156
Loss on disposal of financial assets at fair value through other comprehensive income in 2020		1,754,186,288
Difference between consideration and carrying amount of subsidiaries acquired or disposed		58,953,178
Earnings available for distribution by the end of the fiscal year (Note 1)		41,023,648,486
Distribution Items:		
Shareholders' dividends - Cash	NT\$5.5 per share	14,286,488,310
Undistributed earnings by the end of 2020		26,737,160,176

(Note 1) The principle of 2020 earnings distribution: earnings available for distribution by the end of the fiscal year shall be distributed first.

(Note 2) Cash dividends distributed are rounded up to NT\$1. The total amount of fractional cash dividends less than NT\$1 shall be reversed to undistributed earnings.

Chairman: Yancey Hai

Manager: Ping Cheng

Chief Accounting Officer: Judy Wang

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,340,111,847 shares with voting rights were present when votes were cast; the number of voting rights for approval is 2,083,262,488, among which 1,362,069,757 was exercised by electronic transmission, the number of voting rights for rejection is 2,791,129, the number of invalid votes is 0, the number of voting rights for abstention is 254,058,230, and 89.02% of the total voting rights voted for approval when votes were cast).

3. Election Item

- (1) Election of the Company's Directors
(Proposed by the Board of Directors)

Explanation:

- a) The term of office of the directors (including independent directors) expired. According to the Board's resolution, ten directors (including four independent directors) will be elected at this annual general shareholders' meeting. The term of office of the elected directors will be three years and starts from the actual election date in accordance with the instructions announced by the competent authority; hence, the term of office will start from July 19, 2021 till July 18, 2024 and the elected directors will assume office immediately after this annual general shareholders meeting.
- b) The Company adopted the candidates nomination system for electing the 19th term of directors (including independent directors). After the Board of Directors' examination, the Board has approved ten candidates (including four candidates for independent directors). The relevant information is as follows :

List of Candidates for Directors

Name	Educational Background and Experience	Number of Shares Held
Yancey Hai	Master Degree in International Business Management, the University of Texas at Dallas/ Country Manager, GE Capital Taiwan, Vice-Chairman and CEO, Delta Electronics, Inc.	984,067
Mark Ko	Department of Electrical and Control Engineering, National Chiao Tung University/ President and COO, Delta Electronics, Inc.	807,630
Bruce CH Cheng	Department of Electrical Engineering, National Cheng Kung University, Honorary Doctorate, National Tsing Hua University, Honorary Doctorate, National Central University, Honorary Doctorate, National Cheng Kung University, Honorary Doctorate, National Taiwan University of Science and Technology, Honorary Doctorate, National Taipei University of Technology, Honorary Doctorate, National Chiao Tung University, Honorary Doctor, Asia University, Honorary Doctorate of Social Science, City University of Hong Kong, Honorary Doctorate, Taipei Medical University, Honorary Doctor of Science, National Yang-Ming University, Honorary Doctorate, National Taiwan University/ Chairman of Delta Electronics, Inc.	81,878,039
Ping Cheng	Department of Business Administration, California State University, Hayward/ Senior Vice-President of Delta Electronics, Inc. and President in Greater China Area of Delta Electronics, Inc.	55,640,093

List of Candidates for Directors

Name	Educational Background and Experience	Number of Shares Held
Simon Chang	EMBA, Chung Yuan Christian University/ Senior Vice-President and General Manager, Delta Electronics, Inc.	903,811
Victor Cheng	MS Electrical Engineering, Santa Clara University/ Chairman and President, Delta Networks, Inc.	50,344,764

List of Candidates for Independent Directors

Name	Educational Background and Experience	Number of Shares Held
Ji-Ren Lee	Ph.D in Strategic Management, University of Illinois at Urbana-Champaign/ Associate Dean, College of Management and Executive Director, EMBA Program, National Taiwan University, Director, Creativity and Entrepreneurship Program, National Taiwan University	0
Shyue-Ching Lu	Ph.D in Electric Engineering, University of Hawaii/ Honor Professor, National Yang Ming Chiao Tung University, Chairman and CEO, Chunghwa Telecom Co., Ltd., Director General, Department of Posts and Telecommunications, Ministry of Transportation and Communications Republic of China	0
Rose Tsou	MBA, Northwestern University, J.L. Kellogg Graduate School of Management, MS in Mass Communication, Boston University/ Head of International, Verizon Media, Managing Director of Yahoo Asia Pacific, General Manager of Yahoo Taiwan	0
Jack J. T. Huang	S.J.D., Harvard University/ Attorney-at-Law, Jones Day Taipei Office, Honorary Chairman, Taiwan M&A and Private Equity Council	0

c) Please Vote

Election Result: 10 members of the Board of Directors (including 4 Independent Directors)

Title	Name	Votes Received
Director	Yancey Hai	1,859,423,465
Director	Bruce CH Cheng	1,841,012,838
Director	Mark Ko	1,831,853,024
Director	Ping Cheng	1,826,374,192

Title	Name	Votes Received
Director	Simon Chang	1,824,549,323
Director	Victor Cheng	1,823,636,603
Independent Director	Ji-Ren Lee	1,822,725,463
Independent Director	Shyue-Ching Lu	1,822,689,468
Independent Director	Jack J. T. Huang	1,822,689,334
Independent Director	Rose Tsou	1,822,662,858

4. Other Proposals

- (1) Discussion of the Release from Non-competition Restrictions on Directors
(Proposed by the Board of Directors)

Explanation:

- a) According to Article 209 of the Company Act, a director who conducts business within the business scope of the Company for himself or others shall explain at the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.
- b) As certain directors elected at this annual general shareholders' meeting concurrently work for other companies, which may constitute the act restricted under Article 209 of the Company Act, it is proposed to release the non-competition restrictions on the directors, without prejudice to the interests of the Company.
- c) Please refer to Appendix 5 for the concurrent positions of directors elected by the shareholders' meeting. If there is any change in their concurrent positions after the nomination, please refer to the detailed list disclosed on the spot during this annual general shareholders' meeting.
- d) The proposal is submitted for discussion.

Resolution:

Approved and acknowledged as proposed by the Board of Directors by voting (a total of 2,340,111,847 shares with voting rights were present when votes were cast; the number of voting rights for approval is 1,900,897,857, among which 1,179,892,126 was exercised by electronic transmission, the number of voting rights for rejection is 883,560, the number of invalid votes is 0, the number of voting rights for abstention is 438,330,430, and 81.23% of the total voting rights voted for approval when votes were cast).

5. Extemporany Motions: None

Meeting Adjourned: 10:59 AM, July 19, 2021

Chairman: Yancey Hai

Recorder: Jenny Sun

Appendix 1

Business Report

The year 2020 has been a turbulent time and a year of uncertainty for global economic activities and social events. Due to the global impact of COVID-19, many cities and borders have been closed, and governments have imposed strict crowd-control measures. At present, companies are facing challenges in production, logistics, warehousing and retailing. There is also a steep decline in consumption as both regional economies and personal livelihood activities have been significantly affected. It has been an extraordinarily volatile year for everyone, including governments and companies.

As the virus began to spread, Delta set up a global anti-epidemic command center to closely monitor developments amid the epidemic and established anti-epidemic prevention teams to track operating conditions at its global factories and branches. At the same time, it also built its own mask production line to provide protective equipment such as masks for front-line employees. In times of emergency, Delta's first priority is to take care of employees and to ensure their safety and health.

Fortunately, Delta has continued to achieve growth in terms of annual revenue and gross profit, thanks to all of its team's collective efforts. Delta's consolidated revenue in 2020 was NT\$282.6 billion, a 5% increase from the previous year; gross profit was NT\$87.2 billion, and gross profit margin grew from 27.8% in the previous year to 30.9%. Net operating profit was NT\$31.4 billion, with an increase in the net operating profit margin from 7.2% in the previous year to 11.1%. Net income after tax was NT\$25.5 billion, with an increase in the net after-tax profit margin from 8.6% to 9.0%. In 2020, Delta's earnings per share (EPS) was NT\$9.80 and return on equity (ROE) ratio was 17.8%.

Here is a summary of Delta's performance in various business fields in 2020, and future prospects:

Power Electronics

As the world's leading manufacturer of power supplies and brushless DC fans, Delta has contributed significantly to further improvements in the information industry. Due to the severity of the COVID-19 epidemic in 2020, many cities and companies around the world have implemented work-from-home protocols, and schools have adopted remote teaching, which has led to a surge in demand for information equipment. Delta's power supplies and fans for laptops, desktops, servers, and other related equipment have brought forth a new social norm in the COVID-19 era.

In 2020, Delta announced a strategic cooperation with GKN Automotive, the world's largest automotive transmission system supplier, to develop eDrive, which is an integrated electric drive system for next-generation electric vehicles. This three-in-one system combines Delta's motor drive with GKN Automotive's drive motor and gear box, and is expected to reduce system weight and size, as well as effectively streamline the assembly process, improve quality, and further solidify both parties' leading position in the global market.

With its corporate mission "To provide innovative, clean, and energy-efficient solutions for a better tomorrow," Delta has continued to strive over the years to improve its product efficiency and create value for its shareholders, while contributing to environmental sustainability. Delta was recognized by the U.S. Environmental Protection Agency (EPA) as an ENERGY STAR® Partner of the Year for a fifth consecutive year in 2020 and received the Sustained Excellence Award for three consecutive years.

The Sustained Excellence Award is ENERGY STAR's highest honor, recognizing outstanding companies whose product energy efficiency and energy conservation promotion have surpassed assessment standards. Delta has received this award three times, demonstrating its continuous implementation of a sustainable business philosophy based on extensive power electronics and control technology.

Automation

As a result of the COVID-19 outbreak, Delta plant employees were restricted from returning to work after the Chinese New Year in 2020. Although Delta's plant resumed work on February 10th in accordance with local government provisions, some employees were affected and could not return to work due to quarantine requirements in dormitories and travel restrictions in many cities.

Fortunately, Delta has been actively involved in the field of smart manufacturing for many years and is committed to enhancing the automation of its production lines. In exceptional times when the return-to-work rate was less than 40%, Delta was able to maintain the basic operation of its production lines. Delta's in-house automation team quickly set up a mask production line and started production the following day with only the purchase of raw materials required. At the most critical moment in the epidemic, there were two driving factors that helped increase the return-to-work rate and production capacity: highly automated production lines and automation teams that could respond to emergencies and help factories start making their own masks in the shortest possible time. This achievement once again highlights the importance of the Delta's ability to respond quickly and to flexibly adjust production lines for resilient manufacturing under any circumstances. Delta believes that in the post COVID-19 era, this will accelerate the manufacturing industry's pace of investment and transformation to smart manufacturing.

To strengthen the integrity of its smart manufacturing systems, in 2020 Delta acquired 100% of Trihedral Engineering Limited, a Canadian SCADA graphical control and industrial Internet of Things (IoT) software company. Trihedral has been developing SCADA graphical control software systems for more than 30 years, with major customers from the power, water treatment, and oil and gas industries. In recent years, it has been actively expanding its applications to new areas such as smart manufacturing. This acquisition integrates the experience and expertise of both companies in the automation business, which will help further enhance Delta's long-term competitiveness in the global automation market.

Although in the short-term there is a temporary slowdown in market demand due to the epidemic, Delta hasn't stopped developing its building automation business. Following the launch of its global strategic alliance with Microsoft in 2019, Delta further combined its Azure cloud and IoT technologies in 2020 to jointly develop two major smart building solutions -- the "Chiller System Anomaly Detection" and the "Bluetooth Intelligent Control".

The Chiller System Anomaly Detection is one of Delta energy online monitoring solutions. It is set up in Microsoft's real-time cloud monitoring system, that is used to detect and monitor conditions in real-time through running big data analysis, as well as handle abnormalities and reduce damage at the earliest possible times, thus helping improve operational efficiency and reduce costs. The Bluetooth Intelligent Control combines data analysis and AI applications to create a personalized lighting environment according to customer requirements with matching the changes of light in day and night. Through a comprehensive strategic cooperation and execute sales plans with Microsoft, both companies can further enhance their competitiveness in the global market by leveraging their respective strengths.

Infrastructure

To help promote the transition to low-carbon transportation and address climate change, Delta announced its membership in the International Electric Vehicle Initiative EV100 in 2018 and became not only the first member in Taiwan, but also the first electronics vehicle charging solutions provider member in the world. In 2020, Delta installed more than 100 electric vehicle chargers at its major operating locations, providing employees and customers with incentives to use low-carbon transportation. Due to the impact of the epidemic, many infrastructure projects around the world, such as 5G networks and electric vehicle charging facilities, have fallen behind schedule. However, as many social and business activities move online, companies are accelerating their digitalization and increasing their reliance on data centers in various industries. The importance of data centers is becoming increasingly apparent as these centers become a new type of public utility.

In 2020, Delta also made significant achievements in data center business development. Delta's data center POD solution (Point of Delivery) has been certified by the Uptime Institute TIER III, a prominent advisory organization which entails rigorous uptime requirements and long-term viability for IT equipment. Delta developed its POD solution by leveraging pre-engineering designs of in-house IT racks, aisle air containment, in-row precision cooling, modular UPS systems, a monitoring system and redundant distribution with high flexibility and fast implementation. With the doubling of global data traffic, the demand for modular data center solutions continues to grow, and the birth of Delta's POD system is the best solution to meet the trend of this digital wave.

Stable power supplies play a vital role in the development of industries. With the growth of population and industries, the demand for electricity is bound to increase in the future. However, conventional fossil fuel power generation has many negative impacts on the environment and ecology. In response to the global consensus on carbon reduction, Delta has been actively developing smart grids in recent years, hoping to contribute to the transformation of the energy through energy storage and control.

To achieve the smart grid vision, Delta and the Taiwan Power Company jointly built and announced completion of the largest energy storage system in Taiwan in 2020, which was the first to be integrated into the grid and actually receive real-time dispatching. The system is located at the Xia Xing of Kinmen's Tashan Power Plant, and includes a 1MWh lithium-ion Power Station battery energy storage system, a 2MW capacity power conditioning system, energy management system, and environmental management system. The total solution was designed, manufactured, and built by Delta to specialize in one-stop integrated services that can quickly supply backup power within 200 ms after an unplanned generator outage takes place and provide a 30-minute buffer time to the power plant to help stabilize the grid. Delta chose Kinmen as a demonstration island for smart grid, and plans to apply the successful experience of the system to future smart grid installations on the main island. Delta is taking practical steps to help Taiwan's smart grid evolve further.

In the face of climate change and global sustainable development, Delta has seriously responded with concrete actions to ESG (Environmental, Social, Governance) issues. In 2020, Delta was selected to the Dow Jones Sustainability Indices (DJSI) World Index for the tenth consecutive year and was distinguished from other benchmark companies by being honored as an Industry Leader for the fifth time. In addition, Delta received the top "A" leadership award in the 2020 CDP's "climate change" and "water security" ratings, making it one of the first companies in Taiwan to receive a double "A" in recognition of Delta's concrete actions.

After setting a scientific carbon intensity reduction target of 56.6% in 2017, Delta has achieved its milestone carbon intensity targets for three consecutive years. In 2018, Delta actively engaged the Task Force on Climate-related Financial Disclosures (TCFD) to regularly assess the risks and opportunities brought by climate change. Delta discloses information in its annual report and CSR report in accordance with the TCFD framework as a basis for improving climate readiness. It is worth mentioning that Delta was selected as the best international brand in Taiwan for the tenth consecutive year in 2020, and its brand value has grown for eight consecutive years, reaching US\$331 million, an 11% increase from 2019.

In recent years, international affairs, technology development, the natural environment, and even social patterns have all changed rapidly. As a company, the only way to stand firm in an ever-changing business environment is to keep an eye on external changes and remain flexible at all times. In 2021, our 50th anniversary, Delta would like to thank our customers, shareholders and partners for their support over the past half-century. With the world still experiencing turmoil due to the epidemic we have taken determined steps to bring our employees through the fog. Looking to the future, we are committed to sustainable development as our core value and will continue to guide our colleagues amid new challenges as we create new opportunities.

Chairman	Yancey Hai
Manager	Ping Cheng
Chief Account Officer	Judy Wang

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Delta Electronics, Inc. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Assessment of the reasonableness of the purchase price allocation for business combination

Description

In June 2019, the subsidiary of the Company acquired 100% of Amerlux, LLC. Such business acquisition was recognized as investment accounted for under the equity method in the balance sheet. The allocation of the acquisition price was completed in the second quarter of 2020.

As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management's estimation and involve accounting estimations and assumptions, we consider this equity price allocation transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of the purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Company. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and operating margin with historical data, economic and industry forecasts; and
- C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rate of return of similar assets.

Impairment assessment of investments accounted for under equity method

Description

As at December 31, 2020, the recognised goodwill as a result of the investments in Cyntec Co., Ltd., Eltek AS, Delta Controls Inc., Loy Tec electronics GmbH, Delta Greentech (China) Co., Ltd. and Amerlux, LLC is material. Refer to Note 5 for accounting estimates of impairment assessment of investments accounted for under the equity method and the uncertainty of assumptions.

As the balance of investments accounted for under equity method is material, the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment assessment of investments accounted for under equity method a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of investments accounted for under the equity method, obtained an understanding of the process in determining the expected future cash flows based on each cash generating unit, and performed the following audit procedures:

- A. Assessed whether the valuation models adopted by the Company are reasonable for the industry, environment and the valued assets of the Company;
- B. Confirmed whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessed the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate and operating margin with historical data, economic and industrial forecast documents; and
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rates of return of similar assets.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method and information on investees disclosed in Note 13. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. These investments accounted for under the equity method amounted to NT\$26,749,245 thousand and NT\$24,269,195 thousand, constituting 11.87% and 12.03% of total assets as at December 31, 2020 and 2019, respectively, and the share of profit of associates and joint ventures accounted for under the equity method and share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under the equity method was NT\$4,491,467 thousand and NT\$1,677,887 thousand, constituting 24.03% and 7.57% of total comprehensive income for the years

then ended, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The parent company only financial statements of Delta Electronics, Inc. as at and for the year ended December 31, 2020 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$28.095 to US\$1.00 at December 31, 2020. This basis of translation is not in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2019
Current assets				
Cash and cash equivalents	6(1)	\$ 54,324	\$ 1,526,220	\$ 645,136
Financial assets at fair value through other comprehensive income - current	6(3)	-	-	319,823
Contract assets - current	6(16)	82,659	2,322,301	735,763
Notes receivable, net	6(4)	1,215	34,132	63,493
Accounts receivable, net	6(4)	242,627	6,816,593	4,447,348
Accounts receivable - related parties	7	261,374	7,343,305	4,959,305
Other receivables		2,523	70,900	97,967
Other receivables - related parties	7	22,102	620,947	456,383
Inventories	6(5)	157,167	4,415,599	3,578,871
Prepayments		29,568	830,709	1,070,916
Other current assets	8	4,454	125,165	170,407
Total current assets		<u>858,013</u>	<u>24,105,871</u>	<u>16,545,412</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	33,724	947,464	43,198
Financial assets at fair value through other comprehensive income - non-current	6(3)	49,980	1,404,189	1,259,966
Contract assets - non-current	6(16)	23,845	669,926	-
Investments accounted for under the equity method	6(6)	6,115,810	171,823,674	161,276,288
Property, plant and equipment	6(7)	825,815	23,201,266	19,793,789
Right-of-use assets	6(8)	17,348	487,399	525,718
Intangible assets	6(9)	47,650	1,338,725	1,008,581
Deferred income tax assets	6(23)	24,068	676,203	582,385
Other non-current assets	6(4)(10) and 8	23,856	670,244	768,814
Total non-current assets		<u>7,162,096</u>	<u>201,219,090</u>	<u>185,258,739</u>
Total assets		<u>\$ 8,020,109</u>	<u>\$ 225,324,961</u>	<u>\$ 201,804,151</u>

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2019
Current liabilities				
Contract liabilities - current	6(16)	\$ 85,235	\$ 2,394,670	\$ 464,306
Accounts payable		103,895	2,918,923	2,409,962
Accounts payable - related parties	7	308,651	8,671,549	7,725,925
Other payables		419,837	11,795,315	10,564,812
Other payables - related parties	7	6,693	188,041	288,794
Current income tax liabilities		30,256	850,053	519,822
Other current liabilities		15,904	446,817	615,625
Total current liabilities		<u>970,471</u>	<u>27,265,368</u>	<u>22,589,246</u>
Non-current liabilities				
Contract liabilities - non-current	6(16)	13,303	373,758	-
Long-term borrowings	6(11)	1,374,566	38,618,445	26,995,000
Deferred income tax liabilities	6(23)	383,158	10,764,819	9,481,142
Lease liabilities - non-current		15,225	427,745	457,795
Other non-current liabilities	6(12)	70,315	1,975,488	2,124,091
Total non-current liabilities		<u>1,856,567</u>	<u>52,160,255</u>	<u>39,058,028</u>
Total liabilities		<u>2,827,038</u>	<u>79,425,623</u>	<u>61,647,274</u>
Equity				
Share capital				
Common stock	6(13)	924,557	25,975,433	25,975,433
Capital surplus	6(14)			
Capital surplus		1,751,290	49,202,505	49,103,331
Retained earnings	6(15)			
Legal reserve		973,217	27,342,534	25,030,754
Special reserve		271,295	7,622,034	7,561,032
Unappropriated retained earnings		1,719,169	48,300,040	40,108,361
Other equity interest				
Other equity interest		(446,457)	(12,543,208)	(7,622,034)
Total equity		<u>5,193,071</u>	<u>145,899,338</u>	<u>140,156,877</u>
Significant contingent liabilities and unrecorded contract commitments	9			
Significant subsequent events	11			
Total liabilities and equity		<u>\$ 8,020,109</u>	<u>\$ 225,324,961</u>	<u>\$ 201,804,151</u>

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
Operating revenue	6(16) and 7	\$ 2,070,978	\$ 58,184,137	\$ 47,945,673	
Operating costs	6(5)(21) (22)and 7	(1,289,762)	(36,235,864)	(31,595,117)	
Gross Profit		<u>781,216</u>	<u>21,948,273</u>	<u>16,350,556</u>	
Operating expenses	6(21)(22)				
Selling expenses		(39,242)	(1,102,518)	(1,109,232)	
General and administrative expenses		(97,422)	(2,737,068)	(2,706,854)	
Research and development expenses		(442,058)	(12,419,620)	(10,910,222)	
Expected credit impairment loss	12(2)	(597)	(16,770)	(14,602)	
Total operating expenses		<u>(579,319)</u>	<u>(16,275,976)</u>	<u>(14,740,910)</u>	
Operating profit		<u>201,897</u>	<u>5,672,297</u>	<u>1,609,646</u>	
Non-operating income and expenses					
Interest income	6(17)	241	6,772	17,125	
Other income	6(18)	35,911	1,008,901	891,711	
Other gains and losses	6(19)	(3,425)	(96,221)	2,054,748	
Finance costs	6(20)	(6,610)	(185,695)	(132,833)	
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	788,213	22,144,854	20,755,540	
Total non-operating income and expenses		<u>814,330</u>	<u>22,878,611</u>	<u>23,586,291</u>	
Profit before income tax		<u>1,016,227</u>	<u>28,550,908</u>	<u>25,195,937</u>	
Income tax expense	6(23)	(109,118)	(3,065,677)	(2,078,140)	
Profit for the year		<u>\$ 907,109</u>	<u>\$ 25,485,231</u>	<u>\$ 23,117,797</u>	
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Gain (loss) on remeasurements of defined benefit plans	6(12)	(\$ 2,463)	(\$ 69,191)	(\$ 30,435)	
Unrealised gain (loss) on valuation of equity investment at fair value through other comprehensive income	6(3)	11,613	326,268	185,277	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		(2,298)	(64,561)	(216,636)	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	493	13,838	6,088	
Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>7,345</u>	<u>206,354</u>	<u>(55,706)</u>	
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(295,037)	(8,289,061)	(2,861,873)	
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss		28,876	811,276	2,492,140	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(23)	16,948	476,157	(527,130)	
Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(249,213)</u>	<u>(7,001,628)</u>	<u>(896,863)</u>	
Other comprehensive income (loss) for the year		<u>(\$ 241,868)</u>	<u>(\$ 6,795,274)</u>	<u>(\$ 952,569)</u>	
Total comprehensive income for the year		<u>\$ 665,241</u>	<u>\$ 18,689,957</u>	<u>\$ 22,165,228</u>	
Earnings per share					
Basic earnings per share	6(24)	\$ 0.35	\$ 9.81	\$ 8.90	
Diluted earnings per share	6(24)	\$ 0.35	\$ 9.77	\$ 8.85	

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	Retained earnings				Other equity interest				Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
<u>2019 New Taiwan Dollars</u>										
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	(\$ 3,270,159)	\$ 131,152	\$ 130,271,159
Effects of retrospective application and retrospective restatement		-	-	-	-	1,943	-	-	-	1,943
Balance after retrospective restatement at January 1, 2019		<u>25,975,433</u>	<u>48,397,067</u>	<u>23,211,444</u>	<u>7,088,143</u>	<u>33,162,047</u>	<u>(4,422,025)</u>	<u>(3,270,159)</u>	<u>131,152</u>	<u>130,273,102</u>
Profit for the year		-	-	-	-	23,117,797	-	-	-	-
Other comprehensive income (loss) for the year		-	-	-	-	(255,785)	(912,967)	200,079	16,104	(952,569)
Comprehensive income (loss) for the year		-	-	-	-	<u>22,862,012</u>	<u>(912,967)</u>	<u>200,079</u>	<u>16,104</u>	<u>22,165,228</u>
Distribution of 2018 earnings	6(15)									
Legal reserve		-	-	1,819,310	-	(1,819,310)	-	-	-	-
Special reserve		-	-	-	472,889	(472,889)	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	671,323	-	-	-	-	-	-	671,323
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(635,782)	-	635,782	-	-
Balance at December 31, 2019		<u>\$ 25,975,433</u>	<u>\$ 49,103,331</u>	<u>\$ 25,030,754</u>	<u>\$ 7,561,032</u>	<u>\$ 40,108,361</u>	<u>(\$ 5,334,992)</u>	<u>(\$ 2,434,298)</u>	<u>\$ 147,256</u>	<u>\$ 140,156,877</u>
<u>2020 New Taiwan Dollars</u>										
Balance at January 1, 2020		<u>\$ 25,975,433</u>	<u>\$ 49,103,331</u>	<u>\$ 25,030,754</u>	<u>\$ 7,561,032</u>	<u>\$ 40,108,361</u>	<u>(\$ 5,334,992)</u>	<u>(\$ 2,434,298)</u>	<u>\$ 147,256</u>	<u>\$ 140,156,877</u>
Profit for the year		-	-	-	-	25,485,231	-	-	-	25,485,231
Other comprehensive income (loss) for the year		-	-	-	-	(119,914)	(6,984,988)	326,268	(16,640)	(6,795,274)
Comprehensive income (loss) for the year		-	-	-	-	<u>25,365,317</u>	<u>(6,984,988)</u>	<u>326,268</u>	<u>(16,640)</u>	<u>18,689,957</u>
Distribution of 2019 earnings	6(15)									
Legal reserve		-	-	2,311,780	-	(2,311,780)	-	-	-	-
Special reserve		-	-	-	61,002	(61,002)	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	195,879	-	-	-	-	-	-	195,879
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	(96,705)	-	-	(58,953)	-	-	-	(155,658)
Disposal of equity investment at fair value through other comprehensive income	6(3)	-	-	-	-	(1,754,186)	-	1,754,186	-	-
Balance at December 31, 2020		<u>\$ 25,975,433</u>	<u>\$ 49,202,505</u>	<u>\$ 27,342,534</u>	<u>\$ 7,622,034</u>	<u>\$ 48,300,040</u>	<u>(\$ 12,319,980)</u>	<u>(\$ 353,844)</u>	<u>\$ 130,616</u>	<u>\$ 145,899,338</u>

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	Retained earnings				Other equity interest				Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Gains (losses) on hedging instruments	
<u>2020 US Dollars</u>										
Balance at January 1, 2020		\$ 924,557	\$ 1,747,760	\$ 890,933	\$ 269,124	\$ 1,427,598	(\$ 189,891)	(\$ 86,645)	\$ 5,241	\$ 4,988,677
Profit for the year		-	-	-	-	907,109	-	-	-	907,109
Other comprehensive income (loss) for the year		-	-	-	-	(4,269)	(248,620)	11,613	(592)	(241,868)
Comprehensive income (loss) for the year		-	-	-	-	902,840	(248,620)	11,613	(592)	665,241
Distribution of 2019 earnings	6(15)	-	-	82,284	-	(82,284)	-	-	-	-
Legal reserve		-	-	82,284	-	(82,284)	-	-	-	-
Special reserve		-	-	-	2,171	(2,171)	-	-	-	-
Cash dividends		-	-	-	-	(462,279)	-	-	-	(462,279)
Changes in ownership interests in subsidiaries		-	6,972	-	-	-	-	-	-	6,972
Difference between consideration and carrying amount of subsidiaries acquired or disposed		-	(3,442)	-	-	(2,098)	-	-	-	(5,540)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(62,437)	-	62,437	-	-
Balance at December 31, 2020		\$ 924,557	\$ 1,751,290	\$ 973,217	\$ 271,295	\$ 1,719,169	(\$ 438,511)	(\$ 12,595)	\$ 4,649	\$ 5,193,071

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax for the year		\$ 1,016,227	\$ 28,550,908	\$ 25,195,937	
Adjustments					
Income and expenses having no effect on cash flows					
Depreciation	6(7)(8)(21)	66,890	1,879,266	1,411,957	
Amortisation	6(9)(21)	15,927	447,457	448,662	
Expected credit impairment loss	12(2)	597	16,770	14,602	
Interest expense	6(20)	6,610	185,695	132,833	
Interest income	6(17)	(241)	(6,772)	(17,125)	
Dividend income	6(18)	(1,581)	(44,420)	(55,722)	
Share of profit of subsidiaries, associates and joint ventures accounted for under the equity method	6(6)	(788,213)	(22,144,854)	(20,755,540)	
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(19)	(35)	(993)	4,241	
(Gain) loss on disposal of property, plant and equipment	6(19)	(68)	(1,908)	1,361	
Loss (gain) on disposal of investments	6(19)	781	21,946	(2,113,283)	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		-	-	27,152	
Contract assets		(79,631)	(2,237,232)	144,791	
Notes receivable		1,045	29,361	6,146	
Accounts receivable		(84,512)	(2,374,353)	2,547,349	
Accounts receivable - related parties		(84,855)	(2,384,000)	(2,170,142)	
Other receivables		194	5,441	255,243	
Other receivables - related parties		(5,857)	(164,564)	180,693	
Inventories		(29,782)	(836,728)	(505,188)	
Prepayments		8,550	240,207	(238,464)	
Other current assets		1,613	45,326	(74,976)	
Other non-current assets		2,479	69,656	(64,930)	
Net changes in liabilities relating to operating activities					
Contract liabilities		81,760	2,297,050	8,303	
Accounts payable		18,048	507,054	(175,745)	
Accounts payable - related parties		33,658	945,624	83,303	
Other payables		43,433	1,220,256	694,436	
Other payables - related parties		(3,586)	(100,753)	(36,740)	
Other current liabilities		(5,748)	(161,461)	(373,450)	
Other non-current liabilities		(10,405)	(292,320)	228,549	
Cash inflow generated from operations		203,298	5,711,659	4,804,253	
Interest received		236	6,624	16,979	
Dividends received		131,203	3,686,138	6,200,189	
Interest paid		(6,252)	(175,648)	(126,667)	
Income taxes paid		(37,299)	(1,047,904)	(1,011,371)	
Net cash flows from operating activities		291,186	8,180,869	9,883,383	

(Continued)

DELTA ELECTRONICS, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars 2020	New Taiwan Dollars 2020	New Taiwan Dollars 2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through profit or loss		(\$ 32,034)	(\$ 900,000)	\$ -
Acquisition of financial assets at fair value through other comprehensive income		-	-	(11,190)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	17,863	501,867	402,780
Acquisition of investments accounted for under the equity method		(6,303)	(177,078)	(309,510)
Proceeds from capital reduction of investments accounted for under the equity method		8,309	233,452	46,642
Acquisition of property, plant and equipment	6(7)	(185,663)	(5,216,193)	(6,110,524)
Proceeds from disposal of property, plant and equipment		476	13,364	27,859
Acquisition of intangible assets	6(9)	(12,890)	(362,139)	(506,394)
Decrease (increase) in prepayments for business facilities		984	27,642	(133,758)
Decrease in cash surrender value of life insurance		372	10,441	6,827
Increase in refundable deposits		(326)	(9,169)	(2,066)
Cash inflow due to business combinations	6(25)	832	23,384	445,267
Net cash flows used in investing activities		(208,380)	(5,854,429)	(6,144,067)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Proceeds from long-term debt	6(26)	2,347,089	65,941,443	9,597,000
Repayment of long-term debt	6(26)	(1,933,369)	(54,317,998)	-
Increase in guarantee deposit received		-	-	122,570
Lease principal repayment		(2,886)	(81,084)	(65,941)
Cash dividends paid	6(15)	(462,279)	(12,987,717)	(12,987,717)
Net cash flows used in financing activities		(51,445)	(1,445,356)	(3,334,088)
Net increase in cash and cash equivalents		31,361	881,084	405,228
Cash and cash equivalents at beginning of year		22,963	645,136	239,908
Cash and cash equivalents at end of year		<u>\$ 54,324</u>	<u>\$ 1,526,220</u>	<u>\$ 645,136</u>

The notes in the parent company only financial statements and report of independent accountants are an integral part of these parent company only financial statements, please refer to the accompanying notes in the parent company only financial statements and report of independent accountants.

Appendix 3

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Delta Electronics, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Delta Electronics, Inc. and subsidiaries (the “Group”) as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the audit reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2020 consolidated financial statements are stated as follows:

Assessment of the reasonableness of the purchase price allocation for business combination

Description

In June 2019, the Group acquired 100% of Amerlux, LLC. The allocation of the acquisition price was completed in the second quarter of 2020. The value of intangible assets, inclusive of goodwill and identifiable intangible assets-premium on customer relationship, etc., acquired from the merger is significant. The merger was accounted for in accordance with IFRS 3, “Business Combination”. For details of purchase price allocation, refer to Note 6(31).

As the net fair value of identifiable assets and liabilities and the allocation of goodwill are based on management’s estimation and involve accounting estimations and assumptions, we consider this equity price allocation transaction a key audit matter.

How our audit addressed the matter

We obtained an understanding of the basis and process of the purchase price allocation which was estimated by management. We reviewed the reasonableness of the fair value assessment for assets acquired and liabilities assumed, projected cash flow, and the fair value calculation model as indicated in the purchase price allocation reports prepared by the appraisers appointed by the Group. Our procedures also included the following:

- A. Assessing the setting of parameters of valuation models and calculation formulas;
- B. Comparing expected growth rates and operating margin with historical data, economic and industry forecasts; and
- C. Comparing the discount rate with the cost of capital assumptions of cash generating units and rate of return of similar assets.

Impairment assessment of goodwill

Description

As at December 31, 2020, the recognised goodwill as a result of the acquisitions of Cyntec Co., Ltd., Eltek AS, Delta Controls Inc., Delta Greentech (China) Co., Ltd., Amerlux, LLC and Loy Tec electronics GmbH amounted to NT\$15,532,478 thousand, constituting 4.62% of the consolidated total assets. Refer to Notes 5(2) and 6(12) for details.

As the balance of goodwill acquired from the merger is material, the valuation model adopted in the impairment assessment has an impact in determining the recoverable amount which involves the significant accounting estimates and prediction of future cash flows. Thus, we consider the impairment

assessment of goodwill a key audit matter.

How our audit addressed the matter

We obtained management's impairment assessment of goodwill, obtained an understanding of the process in determining the expected future cash flows based on each cash generating unit, and performed the following audit procedures:

- A. Assessing whether the valuation models adopted by the Group are reasonable for the industry, environment and the valued assets of the Group;
- B. Confirming whether the expected future cash flows adopted in the valuation model are in agreement with the budget provided by the business units; and
- C. Assessing the reasonableness of material assumptions, such as expected growth rates, operating margin and discount rates, by:
 - (a) Checking the setting of parameters of valuation models and calculation formulas;
 - (b) Comparing the expected growth rate and operating margin with historical data, economic and industrial forecast documents; and
 - (c) Comparing the discount rate with cost of capital assumptions of cash generating units and rate of returns of similar assets.

Other matter – Reference to the audits of other auditors

We did not audit the consolidated financial statements of certain subsidiaries and investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$64,807,490 thousand and NT\$56,952,036 thousand, constituting 19.26% and 18.31% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and the operating revenue amounted to NT\$63,667,883 thousand and NT\$45,582,501 thousand, constituting 22.53% and 17.00% of the consolidated total operating revenue for the years then ended, respectively. The balance of investments accounted for under the equity method amounted to NT\$0, constituting 0% of the consolidated total assets as at December 31, 2020 and 2019, and the comprehensive income recognized from associates and joint ventures accounted for under the equity method amounted to NT\$0 and NT\$429,060 thousand, constituting 0% and 1.80% of the consolidated total comprehensive income for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Delta Electronics, Inc. as at and for the years ended December 31,

2020 and 2019.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors’ responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the generally accepted auditing standards in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk

of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or

regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The consolidated financial statements of Delta Electronics, Inc. and subsidiaries as at and for the year ended December 31, 2020 expressed in US dollars are presented solely for the convenience of the reader and were translated from the financial statements expressed in New Taiwan dollars using the exchange rate of \$28.095 to US\$1.00 at December 31, 2020. This basis of translation is not in accordance with International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins that are ratified by the FSC.

Lin, Yu-Kuan Chou, Chien-Hung

for and on behalf of PricewaterhouseCoopers, Taiwan

February 24, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Assets	Notes	US Dollars	New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2019
Current assets				
Cash and cash equivalents	6(1)	\$ 2,089,766	\$ 58,711,985	\$ 43,960,001
Financial assets at fair value through profit or loss - current	6(2)	37,777	1,061,343	1,122,458
Financial assets at fair value through other comprehensive income - current	6(3)	-	-	319,823
Contract assets - current	6(21)	77,261	2,170,634	1,087,489
Notes receivable, net	6(5)	132,892	3,733,595	3,816,628
Accounts receivable, net	6(5)	2,106,333	59,177,433	52,955,106
Accounts receivable - related parties	7	1,505	42,284	263,644
Other receivables	7	64,193	1,803,498	1,480,157
Current income tax assets		12,980	364,666	372,654
Inventories	6(7)	1,597,773	44,889,429	39,316,423
Prepayments		77,281	2,171,217	2,400,734
Other current assets	8	27,078	760,771	463,074
Total current assets		<u>6,224,839</u>	<u>174,886,855</u>	<u>147,558,191</u>
Non-current assets				
Financial assets at fair value through profit or loss - non-current	6(2)	104,723	2,942,196	2,225,239
Financial assets at fair value through other comprehensive income - non-current	6(3)	68,613	1,927,683	1,797,301
Contract assets - non-current	6(21)	18,749	526,766	304,338
Investments accounted for under the equity method	6(8)	27,941	785,002	1,138,920
Property, plant and equipment	6(9) and 8	2,436,091	68,441,975	63,590,981
Right-of-use assets	6(10)	107,519	3,020,746	3,113,833
Investment property, net	6(11)	501	14,070	14,070
Intangible assets	6(12)	2,685,874	75,459,630	82,432,653
Deferred income tax assets	6(28)	230,351	6,471,705	6,679,405
Other non-current assets	6(5)(13) and 8	69,037	1,939,587	2,182,359
Total non-current assets		<u>5,749,399</u>	<u>161,529,360</u>	<u>163,479,099</u>
Total assets		<u>\$ 11,974,238</u>	<u>\$ 336,416,215</u>	<u>\$ 311,037,290</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Liabilities and Equity	Notes	US Dollars		New Taiwan Dollars	
		December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2019
Current liabilities					
Short-term borrowings	6(14)	\$ 71,242	\$ 2,001,532	\$ 7,575,932	
Financial liabilities at fair value	6(2)				
through profit or loss - current		2,138	60,060	15,929	
Contract liabilities - current	6(21)	178,416	5,012,589	3,352,208	
Notes payable		99	2,770	21,669	
Accounts payable		1,661,773	46,687,510	39,478,462	
Accounts payable - related parties	7	1,055	29,641	32,197	
Other payables		1,170,465	32,884,221	28,829,379	
Current income tax liabilities		109,823	3,085,472	2,187,076	
Other current liabilities	6(15)	151,617	4,259,706	4,233,308	
Total current liabilities		3,346,628	94,023,501	85,726,160	
Non-current liabilities					
Long-term borrowings	6(15)	1,399,323	39,313,990	27,748,839	
Deferred income tax liabilities	6(28)	549,924	15,450,119	14,008,861	
Lease liabilities - non-current		50,234	1,411,312	1,421,265	
Other non-current liabilities		271,495	7,627,652	7,777,723	
Total non-current liabilities		2,270,976	63,803,073	50,956,688	
Total liabilities		5,617,604	157,826,574	136,682,848	
Equity					
Share capital					
Common stock	6(17)	924,557	25,975,433	25,975,433	
Capital surplus	6(18)				
Capital surplus		1,751,290	49,202,505	49,103,331	
Retained earnings	6(19)				
Legal reserve		973,217	27,342,534	25,030,754	
Special reserve		271,295	7,622,034	7,561,032	
Unappropriated retained earnings		1,719,169	48,300,040	40,108,361	
Other equity interest					
Other equity interest		(446,457)	(12,543,208)	(7,622,034)	
Equity attributable to owners of the parent		5,193,071	145,899,338	140,156,877	
Non-controlling interest	4(3) and 6(20)	1,163,563	32,690,303	34,197,565	
Total equity		6,356,634	178,589,641	174,354,442	
Significant contingent liabilities and unrecorded contract commitments	9				
Significant subsequent events	11				
Total liabilities and equity		\$ 11,974,238	\$ 336,416,215	\$ 311,037,290	

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
Operating revenue	6(21) and 7	\$ 10,058,925	\$ 282,605,493	\$ 268,131,397	
Operating costs	6(7)(26) (27) and 7	(6,954,729)	(195,393,115)	(193,635,252)	
Gross profit		<u>3,104,196</u>	<u>87,212,378</u>	<u>74,496,145</u>	
Operating expenses	6(26)(27)				
Selling expenses		(655,989)	(18,430,010)	(19,837,224)	
General and administrative expenses		(427,861)	(12,020,761)	(11,418,313)	
Research and development expenses		(906,918)	(25,479,870)	(23,887,886)	
Expected credit impairment gain	12(2)	<u>5,127</u>	<u>144,067</u>	<u>56,068</u>	
Total operating expenses		(1,985,641)	(55,786,574)	(55,087,355)	
Operating profit		<u>1,118,555</u>	<u>31,425,804</u>	<u>19,408,790</u>	
Non-operating income and expenses					
Interest income	6(22)	19,368	544,147	886,537	
Other income	6(23)	140,232	3,939,821	3,150,629	
Other gains and losses	6(12)(24)	(42,679)	(1,199,056)	(6,304,445)	
Finance costs	6(25)	(13,377)	(375,837)	(737,869)	
Share of (loss) profit of associates and joint ventures accounted for under the equity method	6(8)	(2,121)	(59,596)	(141,877)	
Total non-operating income and expenses		<u>101,423</u>	<u>2,849,479</u>	<u>9,745,619</u>	
Profit before income tax		<u>1,219,978</u>	<u>34,275,283</u>	<u>29,154,409</u>	
Income tax expense	6(28)	(245,273)	(6,890,944)	(5,226,653)	
Profit for the year		<u>\$ 974,705</u>	<u>\$ 27,384,339</u>	<u>\$ 23,927,756</u>	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
Other comprehensive income (loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
Loss on remeasurements of defined benefit plans		(\$ 5,580)	(\$ 156,768)	(\$ 336,375)	
Unrealised gain on valuation of equity investment at fair value through other comprehensive income	6(3)	11,613	326,268	200,079	
Share of other comprehensive income of associates and joint ventures accounted for under the equity method that will not be reclassified to profit or loss		-	-	16,500	
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	493	13,838	6,088	
Other comprehensive income (loss) that will not be reclassified to profit or loss		6,526	183,338	(113,708)	
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations		(341,408)	(9,591,864)	(2,958,933)	
(Loss) gain on hedging instrument		(658)	(18,489)	2,700	
Share of other comprehensive income of associates and joint ventures accounted for under the equity method that will be reclassified to profit or loss		29	819	3,535,054	
Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(28)	16,948	476,157	(527,130)	
Other comprehensive (loss) income that will be reclassified to profit or loss		(325,089)	(9,133,377)	51,691	
Other comprehensive loss for the year		(\$ 318,563)	(\$ 8,950,039)	(\$ 62,017)	
Total comprehensive income for the year		\$ 656,142	\$ 18,434,300	\$ 23,865,739	
Profit attributable to:					
Owners of the parent		\$ 907,109	\$ 25,485,231	\$ 23,117,797	
Non-controlling interest		\$ 67,596	\$ 1,899,108	\$ 809,959	
Comprehensive income (loss) attributable to:					
Owners of the parent		\$ 665,241	\$ 18,689,957	\$ 22,165,228	
Non-controlling interest		(\$ 9,099)	(\$ 255,657)	\$ 1,700,511	
Earnings per share					
Basic earnings per share	6(29)	\$ 0.35	\$ 9.81	\$ 8.90	
Diluted earnings per share	6(29)	\$ 0.35	\$ 9.77	\$ 8.85	

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Equity attributable to owners of the parent												
	Notes	Retained earnings					Other equity interest					
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total	Non-controlling interest	Total equity
2019 New Taiwan Dollars												
Balance at January 1, 2019		\$ 25,975,433	\$ 48,397,067	\$ 23,211,444	\$ 7,088,143	\$ 33,160,104	(\$ 4,422,025)	(\$ 3,270,159)	\$ 131,152	\$ 130,271,159	\$ 9,189,749	\$ 139,460,908
Effects of retrospective application and retrospective restatement		-	-	-	-	1,943	-	-	-	1,943	-	1,943
Balance after retrospective restatement at January 1, 2019		<u>25,975,433</u>	<u>48,397,067</u>	<u>23,211,444</u>	<u>7,088,143</u>	<u>33,162,047</u>	<u>(4,422,025)</u>	<u>(3,270,159)</u>	<u>131,152</u>	<u>130,273,102</u>	<u>9,189,749</u>	<u>139,462,851</u>
Profit for the year		-	-	-	-	23,117,797	-	-	-	23,117,797	809,959	23,927,756
Other comprehensive income (loss) for the year		-	-	-	-	(255,785)	(912,967)	200,079	16,104	(952,569)	890,552	(62,017)
Comprehensive income (loss) for the year		-	-	-	-	<u>22,862,012</u>	<u>(912,967)</u>	<u>200,079</u>	<u>16,104</u>	<u>22,165,228</u>	<u>1,700,511</u>	<u>23,865,739</u>
Distribution of 2018 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	1,819,310	-	(1,819,310)	-	-	-	-	-	-
Special reserve		-	-	-	472,889	(472,889)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
Change in ownership interests in subsidiaries		-	34,941	-	-	-	-	-	-	34,941	-	34,941
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	671,323	-	-	-	-	-	-	671,323	(4,947,661)	(4,276,338)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	28,254,966	28,254,966
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(635,782)	-	635,782	-	-	-	-
Balance at December 31, 2019		<u>\$ 25,975,433</u>	<u>\$ 49,103,331</u>	<u>\$ 25,030,754</u>	<u>\$ 7,561,032</u>	<u>\$ 40,108,361</u>	<u>(\$ 5,334,992)</u>	<u>(\$ 2,434,298)</u>	<u>\$ 147,256</u>	<u>\$ 140,156,877</u>	<u>\$ 34,197,565</u>	<u>\$ 174,354,442</u>
2020 New Taiwan Dollars												
Balance at January 1, 2020		\$ 25,975,433	\$ 49,103,331	\$ 25,030,754	\$ 7,561,032	\$ 40,108,361	(\$ 5,334,992)	(\$ 2,434,298)	\$ 147,256	\$ 140,156,877	\$ 34,197,565	\$ 174,354,442
Profit for the year		-	-	-	-	25,485,231	-	-	-	25,485,231	1,899,108	27,384,339
Other comprehensive income (loss) for the year		-	-	-	-	(119,914)	(6,984,988)	326,268	(16,640)	(6,795,274)	(2,154,765)	(8,950,039)
Comprehensive income (loss) for the year		-	-	-	-	<u>25,365,317</u>	<u>(6,984,988)</u>	<u>326,268</u>	<u>(16,640)</u>	<u>18,689,957</u>	<u>(255,657)</u>	<u>18,434,300</u>
Distribution of 2019 earnings	6(19)	-	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	2,311,780	-	(2,311,780)	-	-	-	-	-	-
Special reserve		-	-	-	61,002	(61,002)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(12,987,717)	-	-	-	(12,987,717)	-	(12,987,717)
Changes in ownership interests in subsidiaries		-	195,879	-	-	-	-	-	-	195,879	-	195,879
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	-	(96,705)	-	-	(58,953)	-	-	-	(155,658)	(243,181)	(398,839)
Changes in non-controlling interests		-	-	-	-	-	-	-	-	-	(1,008,424)	(1,008,424)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	-	(1,754,186)	-	1,754,186	-	-	-	-
Balance at December 31, 2020		<u>\$ 25,975,433</u>	<u>\$ 49,202,505</u>	<u>\$ 27,342,534</u>	<u>\$ 7,622,034</u>	<u>\$ 48,300,040</u>	<u>(\$ 12,319,980)</u>	<u>(\$ 353,844)</u>	<u>\$ 130,616</u>	<u>\$ 145,899,338</u>	<u>\$ 32,690,303</u>	<u>\$ 178,589,641</u>

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

Equity attributable to owners of the parent											
	Retained earnings					Other equity interest					
Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain (loss) on financial assets measured at fair value through other comprehensive income	Gain (loss) on hedging instruments	Total	Non-controlling interest	Total equity
2020 US Dollars											
Balance at January 1, 2020	\$ 924,557	\$ 1,747,760	\$ 890,933	\$ 269,124	\$ 1,427,598	(\$ 189,891)	(\$ 86,645)	\$ 5,241	\$ 4,988,677	\$ 1,217,212	\$ 6,205,889
Profit for the year	-	-	-	-	907,109	-	-	-	907,109	67,596	974,705
Other comprehensive income (loss) for the year	-	-	-	-	(4,269)	(248,620)	11,613	(592)	(241,868)	(76,695)	(318,563)
Comprehensive income (loss) for the year	-	-	-	-	902,840	(248,620)	11,613	(592)	665,241	(9,099)	656,142
Distribution of 2019 earnings	6(19)										
Legal reserve	-	-	82,284	-	(82,284)	-	-	-	-	-	-
Special reserve	-	-	-	2,171	(2,171)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(462,279)	-	-	-	(462,279)	-	(462,279)
Changes in ownership interests in subsidiaries	-	6,972	-	-	-	-	-	-	6,972	-	6,972
Difference between consideration and carrying amount of subsidiaries acquired or disposed	6(32)	(3,442)	-	-	(2,098)	-	-	-	(5,540)	(8,656)	(14,196)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(35,894)	(35,894)
Disposal of equity investments at fair value through other comprehensive income	6(3)	-	-	-	(62,437)	-	62,437	-	-	-	-
Balance at December 31, 2020	\$ 924,557	\$ 1,751,290	\$ 973,217	\$ 271,295	\$ 1,719,169	(\$ 438,511)	(\$ 12,595)	\$ 4,649	\$ 5,193,071	\$ 1,163,563	\$ 6,356,634

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars		New Taiwan Dollars	
		2020	2020	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Consolidated profit before tax for the year		\$ 1,219,978	\$ 34,275,283	\$ 29,154,409	
Adjustments					
Income and expenses having no effect on cash flows					
Depreciation	6(9)(10)(26)	427,980	12,024,107	10,912,594	
Amortisation	6(12)(26)	136,894	3,846,049	3,072,851	
Expected credit impairment gain	12(2)	(5,128)	(144,067)	(56,068)	
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)(24)	(2,545)	(71,489)	(365,965)	
Interest expense	6(25)	13,377	375,837	731,745	
Interest income	6(22)	(19,368)	(544,147)	(886,537)	
Dividend income	6(23)	(6,769)	(190,171)	(282,302)	
(Reversal of) share-based payments	6(30)	(32)	(900)	(41,176)	
Share of loss (profit) of associates accounted for under the equity method	6(8)	2,121	59,596	(141,877)	
Loss on disposal of property, plant and equipment	6(24)	2,404	67,529	56,441	
Loss (gain) on disposal of investments	6(24)	3,405	95,654	(6,001,894)	
(Reversal of) impairment loss on non-financial assets	6(24)	28,536	801,712	(90,215)	
Changes in assets/liabilities relating to operating activities					
Net changes in assets relating to operating activities					
Financial assets mandatorily measured at fair value through profit or loss		(20,380)	(572,564)	283,898	
Contract assets		(46,283)	(1,300,311)	812,339	
Notes receivable		2,955	83,033	274,603	
Accounts receivable		(210,033)	(5,900,888)	8,306,424	
Accounts receivable - related parties		7,879	221,360	2,833,432	
Other receivables		(11,205)	(314,845)	(7,740)	
Inventories		(191,962)	(5,393,170)	5,641,877	
Prepayments		8,270	232,351	(321,976)	
Other current assets		3,619	101,682	(328)	
Other non-current assets		2,542	71,407	130,389	
Net changes in liabilities relating to operating activities					
Contract liabilities		58,862	1,653,725	708,890	
Notes payable		(673)	(18,899)	13,714	
Accounts payable		238,833	6,710,023	(6,723,132)	
Accounts payable - related parties		(91)	(2,556)	(2,381,143)	
Other payables		144,361	4,055,801	(127,974)	
Other current liabilities		1,097	30,801	(679,602)	
Other non-current liabilities		70	1,974	682,490	
Cash inflow generated from operations		1,788,714	50,253,917	45,590,519	
Interest received		19,125	537,327	942,187	
Dividends received		6,709	188,495	282,302	
Interest paid		(13,411)	(376,796)	(729,218)	
Income taxes paid		(133,579)	(3,752,891)	(4,175,022)	
Net cash flows from operating activities		1,667,558	46,850,052	41,910,768	

(Continued)

DELTA ELECTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF DOLLARS)

	Notes	US Dollars	New Taiwan Dollars	
		2020	2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through other comprehensive income		\$ -	\$ -	(\$ 11,190)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	17,863	501,867	1,114,871
Proceeds from capital withdrawal liquidation of financial asset at fair value through profit or loss		158	4,444	-
Acquisition of investments accounted for under the equity method		-	-	(12,154)
Proceeds from disposal of investments accounted for under the equity method		258	7,240	-
Net cash flow from acquisition of subsidiaries (net of cash acquired)	6(31)	(38,730)	(1,088,115)	(24,018,015)
Acquisition of property, plant and equipment	6(9)	(634,933)	(17,838,456)	(16,866,186)
Proceeds from disposal of property, plant and equipment		7,029	197,480	472,561
Acquisition of intangible assets	6(12)	(24,373)	(684,761)	(666,967)
Increase in other financial assets		(19,118)	(537,131)	(51,359)
Decrease (increase) in other non-current assets		11,840	332,660	(489,479)
Net cash flows used in investing activities		(680,006)	(19,104,772)	(40,527,918)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
(Decrease) increase in short-term borrowings	6(33)	(198,412)	(5,574,400)	1,316,870
Proceeds from long-term debt	6(33)	2,389,898	67,144,183	2,407,888
Repayment of long-term debt	6(33)	(1,978,874)	(55,596,451)	-
Lease principal repayment		(18,404)	(517,080)	(586,249)
Cash dividends paid	6(19)	(462,279)	(12,987,717)	(12,987,717)
Cash dividends paid to minority share interests	6(20)	(31,868)	(895,326)	(2,320,171)
Acquisition of ownership interests in subsidiaries	6(32)	(14,196)	(398,839)	(4,276,338)
Net cash flows used in financing activities		(314,135)	(8,825,630)	(16,445,717)
Effects due to changes in exchange rate		(148,342)	(4,167,666)	(595,829)
Net increase (decrease) in cash and cash equivalents		525,075	14,751,984	(15,658,696)
Cash and cash equivalents at beginning of year		1,564,691	43,960,001	59,618,697
Cash and cash equivalents at end of year		<u>\$ 2,089,766</u>	<u>\$ 58,711,985</u>	<u>\$ 43,960,001</u>

The notes in the consolidated financial statements and report of independent accountants are an integral part of these consolidated financial statements, please refer to the accompanying notes in the consolidated financial statements and report of independent accountants..

Appendix 4

Audit Committee's Review Report

To : The 2021 Annual General Shareholders' Meeting of Delta Electronics, Inc.

We, the Audit Committee of the Company have reviewed the business report, parent company only financial statements, consolidated financial statements and proposal for earnings distribution of the Company for the year 2020 in accordance with applicable laws and regulations and found the same have been complied with. We hereby report to the shareholders as described above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

The Audit Committee of Delta Electronics, Inc.

Convenor of the Audit Committee: Yung-Chin Chen

Date : February 24, 2021

Appendix 5

Delta Electronics, Inc.

List of positions of the candidates for Directors in other companies

Name	Positions in Other Companies (Note)	
Yancey Hai	CTCI Corporation	Director
	USI CORPORATION	Independent Director
	Taiwan Semiconductor Manufacturing Co., Ltd.	Independent Director and Compensation Committee Member
Mark Ko	Delta Greentech (China) Co., Ltd.	Director
	Delta Electronics (Thailand) Public Company Limited	Director
Bruce CH Cheng	Finestar International Limited	Director
	Hua-Chih Investment Co., Ltd. (translation)	Chairman
Ping Cheng	Delta Greentech (China) Co., Ltd.	Chairman
	Delta Energy Technology (Shanghai) Co., Ltd.	Chairman
	Delta Energy Technology Puhuan (Shanghai) Co., Ltd.	Executive Director
	Delta Electronics (Thailand) Public Company Limited	Director
Simon Chang	BETACERA INC.	Director
	Delta Greentech (China) Co., Ltd.	Vice-Chairman
	VIVOTEK INC.	Director
Victor Cheng	Lanner Electronics Inc.	Director
	Delta Networks (Xiamen) Ltd.	Vice-Chairman

Note : Excluding subsidiaries that are 100% owned by the Company.

Delta Electronics, Inc.

List of positions of the candidates for Independent Directors in other companies

Name	Positions in Other Companies (Note)	
Ji-Ren Lee	ACER Incorporated	Independent Director and Compensation Committee Member
	VIVOTEK INC.	Independent Director and Compensation Committee Member
	MediaTek Inc.	Compensation Committee Member
	Longchen Paper & Packaging Co., Ltd.	Director
	B Current Impact Investment Fund 3	Chairman
	Wesync Startup Service and Consulting Corporation Limited	Chairman
	AXR Entrepreneurship and Business Consulting Co., Ltd.	Chairman
	CommonWealth Education Media and Publishing Co., Ltd.	Director
	Social Enterprise Insights	Director
Shyue-Ching Lu	Sercomm Corp.	Director
	Radium Life Tech Co., Ltd.	Independent Director
	MiTAC Holdings Corporation	Independent Director
	CTCI Advanced Systems Inc.	Director
	XRSPACE CO., LTD.	Director
Rose Tsou	FNCapital Co., Ltd.	Chairman
	Verizon Media	Strategy Advisor
	HK Television Entertainment Company Limited	Director
	Sercomm Corp.	Independent Director and Compensation Committee Member

Delta Electronics, Inc.

List of positions of the candidates for Independent Directors in other companies

Name	Positions in Other Companies (Note)	
Jack J. T. Huang	Wpg Holdings Limited	Independent Director
	System Corporation	Independent Director
	CTCI Corporation	Independent Director
	Yulon Motor Co., Ltd.	Director
	Taiwania Capital Buffalo Fund Co., Ltd.	Director
	Taiwania Capital Biotechnology Corporation	Director
	Taiwan Mobile Co., Ltd.	Advisor
	Yulon Group	Special Adviser Special Advisor to the CEO
	Catcher Technology Co., Ltd. Group	Special Advisor to the Chairman

Note : Excluding subsidiaries that are 100% owned by the Company.