

Eris Technology Corporation and Subsidiaries

Consolidated Financial Statements

With Independent Auditors' Review Report

For the Nine Months Ended

September 30, 2022 and 2021

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The independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To The Board of Directors and Shareholders of Eris Technology Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Eris Technology Corp. and its subsidiaries (the "Group") as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of the consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters) and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months and nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche (Republic of China)

Certified Public Accountant

Hsiu-Chun Huang

Securities and Futures Commission Approval No.

Tai-Cai-Zheng-Sixth No. 0920123784

Certified Public Accountant

Shih-Tsung Wu

Financial Supervisory Commission Approval No.

Jin Guan Zheng Shen Zi No. 1010028123

October 28, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Eris Technology Corporation and Subsidiaries

Consolidated Balance Sheets

As of September 30, 2022, and December 31 and September 30, 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

(Expressed in Thousands of New Taiwan Dollars)

Code	Assets	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets						
1100	Cash (Note 6)	\$ 309,722	10	\$ 334,633	11	\$ 322,226	11
1136	Financial assets at amortized cost - current (Note 8 and 28)	66,455	2	61,852	2	57,904	2
1150	Notes receivable (Note 9 and 20)	1,320	-	3,112	-	1,677	-
1170	Trade receivables, net (Note 9 and 20)	132,339	4	140,416	5	150,889	5
1180	Trade receivables from related parties (Note 9, 20 and 27)	426,887	14	379,719	13	357,313	12
1200	Other receivables	5,711	-	10,908	-	10,099	-
130X	Inventories, net (Note 10)	348,079	11	340,470	11	312,550	11
1470	Prepayments and other current assets	11,205	-	10,189	-	10,859	-
11XX	Total current assets	<u>1,301,718</u>	<u>41</u>	<u>1,281,299</u>	<u>42</u>	<u>1,223,517</u>	<u>41</u>
	Non-current assets						
1535	Financial assets at amortized cost - non-current (Note 8 and 28)	10,005	-	10,004	-	10,003	-
1600	Property, plant and equipment (Note 12, 27 and 28)	1,484,202	47	1,400,289	46	1,385,573	47
1755	Right-of-use assets (Note 13)	11,276	-	10,585	-	8,193	-
1805	Goodwill (Note 14)	24,070	1	24,070	1	24,070	1
1821	Other intangible assets (Note 15)	14,658	1	14,312	1	14,621	1
1840	Deferred tax assets (Note 4 and 22)	156,788	5	130,022	4	122,151	4
1915	Prepayments for equipment (Note 27 and 29)	163,721	5	173,139	6	169,117	6
1920	Refundable deposits	3,787	-	3,778	-	3,876	-
1990	Other non-current assets - other (Note 16)	13,644	-	12,056	-	11,650	-
15XX	Total non-current assets	<u>1,882,151</u>	<u>59</u>	<u>1,778,255</u>	<u>58</u>	<u>1,749,254</u>	<u>59</u>
1XXX	Total assets	<u>\$ 3,183,869</u>	<u>100</u>	<u>\$ 3,059,554</u>	<u>100</u>	<u>\$ 2,972,771</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 17 and 28)	\$ 520,000	17	\$ 500,000	16	\$ 437,197	15
2120	Financial liabilities at fair value through profit or loss - current (Note 7 and 26)	1,559	-	-	-	33	-
2170	Trade payables	228,761	7	260,267	8	262,999	9
2200	Other payables (Note 18)	188,742	6	173,079	6	242,018	8
2230	Current tax liabilities (Note 4 and 22)	26,993	1	25,745	1	20,681	1
2250	Provisions - current	5,477	-	6,700	-	7,137	-
2280	Lease liabilities - current (Note 13)	5,175	-	3,558	-	4,134	-
2320	Long-term liabilities due within one year (Note 17 and 28)	35,677	1	48,549	2	147,049	5
2399	Other current liabilities (Note 20)	5,832	-	984	-	1,281	-
21XX	Total current liabilities	<u>1,018,216</u>	<u>32</u>	<u>1,018,882</u>	<u>33</u>	<u>1,122,529</u>	<u>38</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17 and 28)	766,666	24	777,102	26	689,988	23
2570	Deferred tax liabilities (Note 4 and 22)	9,280	1	8,090	-	7,512	-
2580	Lease liabilities - non-current (Note 13)	6,174	-	7,055	-	4,095	-
25XX	Total non-current liabilities	<u>782,120</u>	<u>25</u>	<u>792,247</u>	<u>26</u>	<u>701,595</u>	<u>23</u>
2XXX	Total liabilities	<u>1,800,336</u>	<u>57</u>	<u>1,811,129</u>	<u>59</u>	<u>1,824,124</u>	<u>61</u>
	Equity attributable to owners of the Company (Note 19)						
3100	Share Capital	444,283	14	444,283	15	444,283	15
3200	Capital surplus	402,511	12	402,511	13	402,511	14
	Retained earnings						
3310	Legal reserve	97,141	3	64,432	2	64,432	2
3320	Special reserve	2,341	-	2,013	-	2,013	-
3350	Unappropriated earnings	438,153	14	337,527	11	238,110	8
3300	Total retained earnings	537,635	17	403,972	13	304,555	10
3400	Other equity	(896)	-	(2,341)	-	(2,702)	-
3XXX	Total equity	<u>1,383,533</u>	<u>43</u>	<u>1,248,425</u>	<u>41</u>	<u>1,148,647</u>	<u>39</u>
	Total liabilities and equity	<u>\$ 3,183,869</u>	<u>100</u>	<u>\$ 3,059,554</u>	<u>100</u>	<u>\$ 2,972,771</u>	<u>100</u>

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

Eris Technology Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months and nine months ended September 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share are stated in NT\$)

Code		For the three months Ended September 30, 2022		For the three months ended September 30, 2021		For the nine months ended September 30, 2022		For the nine months ended September 30, 2021	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Operating revenue (Note 20 and 27)								
4110	Sales	\$ 558,413	101	\$ 540,066	100	\$ 1,667,486	100	\$ 1,514,455	100
4170	Less: Sales return and allowance	(4,174)	(1)	-	-	(6,053)	-	(6,689)	-
4000	Net operating revenue	554,239	100	540,066	100	1,661,433	100	1,507,766	100
5000	Operating costs (Note 10, 21 and 27)	343,672	62	356,305	66	1,050,480	63	1,019,125	67
5900	Gross Profit	210,567	38	183,761	34	610,953	37	488,641	33
	Operating expenses (Note 21 and 27)								
6100	Selling and Marketing expenses	19,227	3	20,758	4	55,763	3	58,539	4
6200	General and Administrative expenses	41,970	8	38,535	7	123,861	8	111,458	8
6300	Research and Development expenses	34,744	6	29,605	6	100,310	6	80,668	5
6450	Expected credit loss (Note 9)	2	-	-	-	641	-	-	-
6000	Total operating expenses	95,943	17	88,898	17	280,575	17	250,665	17
6900	Net operating income	114,624	21	94,863	17	330,378	20	237,976	16
	Non-operating income and expenses								
7100	Interest income	140	-	55	-	341	-	218	-
7190	Other income	9	-	178	-	54	-	229	-
7210	Gains on disposal of property, plant and equipment	(1,140)	-	-	-	(1,140)	-	4,647	-
7230	Foreign currency exchange net profit (Loss) (Note 21)	15,423	3	711	-	36,934	2	(3,603)	-
7235	Net profit (loss) of financial instruments at fair value through profit or loss (Note7)	(2,955)	(1)	125	-	(5,600)	-	178	-
7510	Interest expense	(4,346)	(1)	(2,982)	-	(11,378)	(1)	(9,000)	(1)
7000	Total non-operating income and expenses	7,131	1	(1,913)	-	19,211	1	(7,331)	(1)
7900	Net profit before income tax	121,755	22	92,950	17	349,589	21	230,645	15
7950	Income tax expenses (Notes 4 and 22)	(842)	-	4,932	1	6,215	-	(2,778)	-
8200	Net profit for the period	120,913	22	97,882	18	355,804	21	227,867	15
	Other comprehensive income (loss)								
	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	479	-	(52)	-	1,808	1	(862)	-
8399	Income tax relating to items that may be reclassified subsequently to other comprehensive income (Note 4 and 22)	(97)	-	11	-	(363)	-	173	-
8300	Other comprehensive income (loss) for the period, net of income tax	382	-	(41)	-	1,445	1	(689)	-
8500	Total comprehensive income for the period	\$ 121,295	22	\$ 97,841	18	\$ 357,249	22	\$ 227,178	15
	Net income attributable to:								
8610	Owners of the parent company	\$ 120,913	22	\$ 97,882	18	\$ 355,804	21	\$ 227,671	15
8620	Non-controlling interests (Note 11 and 19)	-	-	-	-	-	-	196	-
8600		\$ 120,913	22	\$ 97,882	18	\$ 355,804	21	\$ 227,867	15
	Total comprehensive income (loss) attributable to:								
8710	Owners of the parent company	\$ 121,295	22	\$ 97,841	18	\$ 357,249	22	\$ 226,982	15
8720	Non-controlling interests (Note 11 and 19)	-	-	-	-	-	-	196	-
8700		\$ 121,295	22	\$ 97,841	18	\$ 357,249	22	\$ 227,178	15
	Earnings per share (Note 23)								
9710	Basic	\$ 2.72		\$ 2.20		\$ 8.01		\$ 5.12	
9810	Diluted	\$ 2.72		\$ 2.20		\$ 8.00		\$ 5.12	

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

Eris Technology Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the nine months ended September 30, 2022 and 2021
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
(Expressed in Thousands of New Taiwan Dollars)

Code		Share capital (Note 19)		Retained earnings				Other equity	Total equity attributable to owners of the Company	Non-controlling interests (Note 11, 19 and 24)	Total equity	
		Ordinary shares (in thousands)	AMOUNT	Capital surplus (Note 19)	Legal reserve	Special reserve	Unappropriated earnings (Note 19)	Total				Exchange differences on translating the financial statements of foreign operations (Note 19)
A1	Balance as of January 1, 2021	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 108,553	\$ 166,237	(\$ 2,013)	\$ 1,011,018	\$ 1,613	\$ 1,012,631
	Appropriation of 2020 earnings											
B1	Legal reserve	-	-	-	9,334	-	(9,334)	-	-	-	-	-
B3	Special surplus reserve	-	-	-	-	(573)	573	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(88,857)	(88,857)	-	(88,857)	-	(88,857)
		-	-	-	9,334	(573)	(97,618)	(88,857)	-	(88,857)	-	(88,857)
M5	Acquisition of partial equity of subsidiary (Note 24)	-	-	-	-	-	(496)	(496)	-	(496)	(1,809)	(2,305)
D1	Net profit for the nine months ended September 30, 2021	-	-	-	-	-	227,671	227,671	-	227,671	196	227,867
D3	Other comprehensive income/(loss) for the nine months ended September 30, 2021 after tax	-	-	-	-	-	-	-	(689)	(689)	-	(689)
D5	Total comprehensive income/(loss) for the nine months ended September 30, 2021	-	-	-	-	-	227,671	227,671	(689)	226,982	196	227,178
Z1	Balance as of September 30, 2021	44,428	\$ 444,283	\$ 402,511	\$ 64,432	\$ 2,013	\$ 238,110	\$ 304,555	(\$ 2,702)	\$ 1,148,647	\$ -	\$ 1,148,647
A1	Balance as of January 1, 2022	44,428	\$ 444,283	\$ 402,511	\$ 64,432	\$ 2,013	\$ 337,527	\$ 403,972	(\$ 2,341)	\$ 1,248,425	\$ -	\$ 1,248,425
	Appropriation of 2021 earnings											
B1	Legal reserve	-	-	-	32,709	-	(32,709)	-	-	-	-	-
B3	Special surplus reserve	-	-	-	-	328	(328)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(222,141)	(222,141)	-	(222,141)	-	(222,141)
		-	-	-	32,709	328	(255,178)	(222,141)	-	(222,141)	-	(222,141)
D1	Net profit for the nine months ended September 30, 2022	-	-	-	-	-	355,804	355,804	-	355,804	-	355,804
D3	Other comprehensive income/(loss) for the nine months ended September 30, 2022 after tax	-	-	-	-	-	-	-	1,445	1,445	-	1,445
D5	Total comprehensive income/(loss) for the nine months ended September 30, 2022	-	-	-	-	-	355,804	355,804	1,445	357,249	-	357,249
Z1	Balance as of September 30, 2022	44,428	\$ 444,283	\$ 402,511	\$ 97,141	\$ 2,341	\$ 438,153	\$ 537,635	(\$ 896)	\$ 1,383,533	\$ -	\$ 1,383,533

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

Eris Technology Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the nine months ended September 30, 2022 and 2021
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
(Expressed in Thousands of New Taiwan Dollars)

Code		For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
	Cash flows from operating activities		
A10000	Net Profit before tax for the period	\$ 349,589	\$ 230,645
A20010	Adjustments for:		
A20100	Depreciation expenses	92,957	89,186
A20200	Amortization expenses	8,355	9,510
A20300	Expected credit loss	641	-
A20400	Net gain on financial instruments at fair value through profit or loss	1,559	(1,244)
A20900	Interest expense	11,378	9,000
A21200	Interest income	(341)	(218)
A22500	Gain on the Disposal and scrapping of real property, plant and equipment	1,140	(4,647)
A23800	Write-downs of inventories	(5,000)	-
A24100	Unrealized gain on foreign currency exchange	(8,590)	(3,217)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	1,792	(136)
A31150	Trade receivables	10,585	(43,930)
A31160	Trade receivables from related parties	(38,376)	(98,241)
A31200	Inventories	(2,609)	(5,978)
A31180	Other receivables	5,197	(66,894)
A31240	Prepayments and other current assets	(856)	1,649
A32150	Trade payables	(37,480)	98,562
A32160	Trade payables from related parties	-	(97)
A32180	Other payables	19,245	16,920
A32200	Provisions	(1,223)	2,767
A32230	Other current liabilities	4,848	501
A33000	Cash generated from operations	412,811	234,138
A33100	Interest received	304	216
A33300	Interest paid	(11,357)	(8,942)
A33500	Income tax paid	(18,479)	(12,732)
AAAA	Net cash generated from operating activities	<u>383,279</u>	<u>212,680</u>

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Code		For the nine months ended September 30, 2022	For the nine months ended September 30, 2021
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 12,007)	(\$ 22,283)
B00050	Disposal of financial assets measured at amortized cost	10,000	-
B02700	Acquisition of property, plant and equipment	(39,895)	(59,656)
B02800	Proceeds from disposal of property, plant and equipment	1,076	70,134
B03700	Decrease in refundable deposits	-	1,557
B04500	Payments for intangible assets	(2,385)	(448)
B06700	Increase in other non-current assets	(8,027)	(7,030)
B07100	Increase in prepayments for equipment	(<u>128,766</u>)	(<u>156,695</u>)
BBBB	Net cash used in investing activities	(<u>180,004</u>)	(<u>174,421</u>)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	20,000	87,258
C01600	Proceeds from long-term borrowings	50,000	50,000
C01700	Repayments of long-term borrowings	(73,308)	(67,276)
C04020	Repayments of principal portion of lease liabilities	(4,563)	(6,571)
C04500	Dividends paid to owners of the Company	(222,141)	-
C05400	Acquisition of subsidiaries	<u>-</u>	(<u>2,305</u>)
CCCC	Net cash generated from/(used in) financing activities	(<u>230,012</u>)	<u>61,106</u>
DDDD	Effect of exchange rate changes on cash	<u>1,826</u>	(<u>949</u>)
EEEE	Increase (decrease) in cash	(24,911)	98,416
E00100	Cash at the beginning of the period	<u>334,633</u>	<u>223,810</u>
E00200	Cash at the ending of the period	<u>\$ 309,722</u>	<u>\$ 322,226</u>

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

Eris Technology Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the nine months ended September 30, 2022 and 2021

(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)

(Unless otherwise stated, in thousands of New Taiwan Dollars)

1. Company History

Eris Technology Corporation (the “Company”) was incorporated with the approval of the Ministry of Economic Affairs on August 16, 1995, and it mainly manufactures, sells and services for testing of components, such as rectifier diode, wafer, light-emitting diode, and related products.

The Securities and Futures Bureau of Financial Supervisory Commission approved the Company for the public offering of its stocks on August 13, 2009, and the shares have been listed on the Taipei Exchange (“TPEX”) Mainboard on June 29, 2012 with approval.

In August 2012, Diodes International B.V. (Diodes B.V.) became the parent company of the Company with a shareholding ratio of more than 50%. Diodes Holding B.V. has merged and assumed all the rights and obligations of Diodes B.V. in January 2019, and the relevant operation was completed in August 2019. Diodes Holding B.V. was acquired by Diodes Holdings UK Limited in January 2021, and it assumed all the rights and obligations of Diodes Holding B.V.

As of September 30, 2022, Diodes Holdings UK Limited held 51.07% of the Company’s shares. The ultimate parent of the Company is Diodes Incorporated (Diodes), and the ultimate parent and its subsidiaries are hereinafter referred to as the Diodes Group.

The consolidated financial statements are presented in the New Taiwan dollar as the Company's functional currency.

2. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Company's Board of Directors on October 28, 2022.

3. Application of New and Revised Standards, Amended and Interpretations

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (“FSC”).

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group accounting policies.

- b. FSC approved IFRSs issued by the International Accounting Standards Board (“IASB”) and applicable in 2023.

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "With the assets and liabilities arising from a single transaction Related deferred income tax"	January 1, 2023 (Note 3)

Note 1: This amendment applies to annual reporting periods beginning after January 1, 2023.

Note 2: This amendment applies to the changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning after 1 January 2023.

Note 3: This amendment is applicable to transactions that occur after January 1, 2022.

As of the date of authorization of the consolidated financial statements, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. IFRSs issued by the International Accounting Standards Board ("IASB") and yet to be endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	To be determined
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024(Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023

Note 1: Unless otherwise specified, the above-mentioned newly released/amended/revised standards and interpretation documents are valid within the annual reporting period after the specified date.

Note 2: The seller and lessee shall retrospectively apply the amendments to IFRS 16 to the sale and leaseback transactions signed after the initial application of IFRS 16.

As of the date of authorization of the consolidated financial statements, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of Significant Accounting Policies

- a. Statement of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs.

- b. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for financial instruments at fair value.

The fair value measurement is classified into Levels 1 to 3 based on the observability and importance of the related inputs:

- 1) Level 1 inputs refer to the quoted prices (unadjusted) in active markets for identical assets or liabilities on the measurement date;
- 2) Level 2 inputs refer to the inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs refer to the unobservable inputs for an asset or liability.

- c. Basis of Consolidation

The Consolidated Financial Statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The financial statements of the subsidiaries have been adjusted to bring their accounting policies in line with those used by the Group. All intergroup transactions, balances, income and expenses are eliminated in full as preparing the consolidated financial statements. A subsidiary's total comprehensive income is attributed to the owners of the Company and non-controlling interests, even if non-controlling interests become having deficit balances in the process.

When a change in the Group's ownership interests in a subsidiary does not cause a loss of control over the subsidiary, it shall be treated as an equity transaction. The carrying amounts of the Group and its non-controlling interests have been adjusted to reflect the relative changes in the interest in the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or collected shall be directly recognized in equity attributable to the owners of the Company.

Please refer to Note 11 and Tables 5 and 6 for details, shareholding ratio, and operations of subsidiaries.

d. Other significant accounting policies

In addition to the following description, please refer to the summary of significant accounting policies in the consolidated financial statements for the year ended December 31, 2021.

Income Tax

Income tax expenses are the sum of current income tax and deferred income tax. The income tax for an interim period is accrued by applying the tax rate applicable based on expected total annual earnings to the profit before tax of the interim period.

5. The significant Sources of Uncertainties in Major Accounting Judgments, Estimates, and Assumptions

Please refer to the primary sources of uncertainties in major accounting judgments, estimates, and assumptions described in the consolidated financial statements for the year ended December 31, 2021.

6. Cash

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Demand deposits	\$ 192,736	\$ 155,016	\$ 183,432
Foreign currency demand deposits	115,792	178,618	137,994
Cash on hand	1,181	986	787
Check deposits	<u>13</u>	<u>13</u>	<u>13</u>
	<u>\$ 309,722</u>	<u>\$ 334,633</u>	<u>\$ 322,226</u>

The market rate intervals of demand deposits at the balance sheet date were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Demand deposits	0.01%~0.7%	0.001%~0.1%	0.001%~0.3%

7. Financial Instruments at Fair Value through Profit or Loss

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial liabilities - current</u>			
Held for trading			
– Forward foreign exchange contracts	<u>\$ 1,559</u>	<u>\$ -</u>	<u>\$ 33</u>

At the balance sheet date, outstanding forward foreign exchange contracts not applicable to hedge accounting were as follows (December 31, 2021: None) :

September 30, 2022

	<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount (In Thousands)</u>
Sales of forwarding foreign exchange	USD : NTD	Nov. ~ Dec., 2022	USD 500/NTD 45,955

September 30, 2021

	<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount (In Thousands)</u>
Sales of forwarding foreign exchange	USD : NTD	Nov., 2021	USD 500/NTD 13,009

From July 1 to September 30, 2022 and 2021, and from January 1 to September 30, 2022 and 2021, the Group's financial instruments at fair value through profit or loss that incurred a net (loss) gain (NT\$2,955thousand), NT\$125thousand, (NT\$5,600 thousand), and NT\$178 thousand.

8. Financial assets at amortized cost

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Current</u>			
Unpledged bank deposits			
Time deposits with original maturity of more than 3 months	\$ 9,525	\$ 8,304	\$ 8,355
Pledged bank deposits			
Time deposits with original maturity of more than 3 months	14,905	13,529	13,533
Restricted demand deposits	<u>42,025</u>	<u>40,019</u>	<u>36,016</u>
	<u>\$ 66,455</u>	<u>\$ 61,852</u>	<u>\$ 57,904</u>
<u>Non-current</u>			
Pledged bank deposits			
Restricted demand deposits	<u>\$ 10,005</u>	<u>\$ 10,004</u>	<u>\$ 10,003</u>

The market rate intervals of the above assets at the balance sheet date were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Time deposits with original maturity of more than 3 months	2.45%~2.90%	0.21%~2.15%	0.21%~1.98%
Restricted demand deposits	0.26%~0.35%	0.01%~0.05%	0.005%~0.05%

Please refer to Note 28 for information relating to financial assets at amortized cost pledged as security.

9. Notes Receivable and Trade Receivables

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 1,320</u>	<u>\$ 3,112</u>	<u>\$ 1,677</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 136,275	\$ 148,442	\$ 159,211
Less: loss allowance	(<u>3,936</u>)	(<u>8,026</u>)	(<u>8,322</u>)
Trade receivables, net	<u>\$ 132,339</u>	<u>\$ 140,416</u>	<u>\$ 150,889</u>
<u>Receivables from related parties</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 426,887</u>	<u>\$ 379,719</u>	<u>\$ 357,313</u>

The payment terms of sales of goods were about 30 days to 120 days, and no interest was charged during the payment terms.

To minimize credit risks, the management of the Group has delegated a team responsible for determining payment terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade receivables. In addition, the Group reviews the recoverable amount of each individual receivable at the balance sheet date to ensure that adequate allowances are made for possible irrecoverable amounts of trade receivables. As such, the Group's management concludes that the credit risk has been significantly reduced.

The Group recognizes allowance for uncollectible accounts of trade receivables as lifetime expected credit losses for the duration of the contract. The lifetime expected credit losses are taken into account the default history and current financial position of customers, as well as the industry economies situation.

The allowance losses for accounts receivable (including receivables from related parties) of the Group was as follows:

September 30, 2022

	<u>Payment Terms of 30 days</u>	<u>Payment Terms of 60 days</u>	<u>Payment Terms of 90 days</u>	<u>Payment Terms of 120 days</u>	<u>Others</u>	<u>Total</u>
Total carrying amount	\$ 27,802	\$ 478,033	\$ 55,403	\$ 1,104	\$ 820	\$ 563,162
Loss allowance (lifetime expected credit losses)	(<u>1,347</u>)	(<u>1,492</u>)	(<u>277</u>)	<u>-</u>	(<u>820</u>)	(<u>3,936</u>)
Amortized cost	<u>\$ 26,455</u>	<u>\$ 476,541</u>	<u>\$ 55,126</u>	<u>\$ 1,104</u>	<u>\$ -</u>	<u>\$ 559,226</u>

December 31, 2021

	<u>Payment Terms of 30 days</u>	<u>Payment Terms of 60 days</u>	<u>Payment Terms of 90 days</u>	<u>Payment Terms of 120 days</u>	<u>Others</u>	<u>Total</u>
Total carrying amount	\$ 25,867	\$ 440,610	\$ 54,851	\$ 1,257	\$ 5,576	\$ 528,161
Loss allowance (lifetime expected credit losses)	(<u>1,293</u>)	(<u>933</u>)	(<u>224</u>)	<u>-</u>	(<u>5,576</u>)	(<u>8,026</u>)
Amortized cost	<u>\$ 24,574</u>	<u>\$ 439,677</u>	<u>\$ 54,627</u>	<u>\$ 1,257</u>	<u>\$ -</u>	<u>\$ 520,135</u>

September 30, 2021

	Payment Terms of 30 days	Payment Terms of 60 days	Payment Terms of 90 days	Payment Terms of 120 days	Others	Total
Total carrying amount	\$ 28,019	\$ 406,137	\$ 73,929	\$ 2,397	\$ 6,042	\$ 516,524
Loss allowance (lifetime expected credit losses)	(<u>1,401</u>)	(<u>509</u>)	(<u>370</u>)	-	(<u>6,042</u>)	(<u>8,322</u>)
Amortized cost	<u>\$ 26,618</u>	<u>\$ 405,628</u>	<u>\$ 73,559</u>	<u>\$ 2,397</u>	<u>\$ -</u>	<u>\$ 508,202</u>

Information on the movements of the loss allowance of trade receivables was as follows:

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Beginning balance	\$ 8,026	\$ 8,338
Add: loss on impairment recognized in the period	641	-
Less: Impairment loss in the current period	(4,757)	-
Foreign exchange translation differences	<u>26</u>	(<u>16</u>)
Ending balance	<u>\$ 3,936</u>	<u>\$ 8,322</u>

The aging analysis of trade receivables was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Not Overdue	\$ 546,656	\$ 434,111	\$ 493,800
Less than 60 days overdue	11,338	83,735	11,440
61~90 days overdue	4	122	40
91~120 days overdue	1,425	147	683
More than 120 days overdue	<u>3,739</u>	<u>10,046</u>	<u>10,561</u>
Total	<u>\$ 563,162</u>	<u>\$ 528,161</u>	<u>\$ 516,524</u>

10. Inventory

	September 30, 2022	December 31, 2021	September 30, 2021
Raw Material	\$ 131,098	\$ 127,144	\$ 129,155
Work in progress	137,369	135,218	126,447
Finished goods	<u>79,612</u>	<u>78,108</u>	<u>56,948</u>
	<u>\$ 348,079</u>	<u>\$ 340,470</u>	<u>\$ 312,550</u>

The cost of goods sold from January 1 to September 30, 2022 includes the provision of NT\$ 5,000 thousand for inventory depreciation and sluggish rotation benefits. From July 1 to September 30, 2022, from July 1 to September 30 and from January 1 to September 30, 2021, there will be no inventory price reduction and sluggish losses.

11. Subsidiaries

a. Subsidiaries included in the consolidated financial statements

The entities involved in the preparation of the consolidated financial statements were as follows:

Name of Investor	Name of Subsidiary	Nature of business	Percentage of Ownership		
			September 30, 2022	December 31, 2021	September 30, 2021
The Company	Keep High Limited ("Keep High")	Holding of investments	100%	100%	100%
The Company	Yea Shin Technology Co., Ltd. ("Yea Shin")	Manufacturing of electronic components and wholesaling of electronic materials	100%	100%	100%
Keep High	Forever Eagle Incorporation ("Forever")	Holding of investments	100%	100%	100%
Forever	Jie Cheng Electronic (Shanghai) Co., Ltd. ("Jie Cheng")	Wholesaling of electronic materials and international trading business	100%	100%	100%

On April 3, 2008, the Company reinvested in Jie Cheng located in mainland China through a third region approved by the Investment Commission, Ministry of Economic Affairs (the MOEAIC). This company mainly engaged in wholesaling and international trading of electronic materials. As of September 30, 2022, the paid-in capital of Jie Cheng was US\$650 thousand.

For vertical integration of upstream suppliers and expansion of new products' business, the Company acquired 60.11% of ownership in Yea Shin, consisting of 26,259 thousand ordinary shares at aggregate proceeds of NT\$193,860 thousand in July 2018.

For the Group's development strategic, the Company acquired 11,558 thousand, and 5 thousand, and 142 thousand ordinary shares of Yea Shin at an aggregate proceeds of NT\$184,842 thousand, NT\$71 thousand and NT\$2,305 thousand, respectively, in March and April 2020, and April 2021 resulting in an increase in shareholding ratio from 60.11% increased to 100%, as well as a reduction in retained earnings of NT\$60,876 thousand, NT\$22 thousand and NT\$496 thousand, respectively. (Please refer to descriptions of Note 24)

12. Property, Plant and Equipment

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount of each category</u>			
Land	\$ 574,129	\$ 574,129	\$ 574,129
Houses and buildings	398,589	412,871	416,166
Machinery Equipment	501,589	399,558	380,339
Transportation Equipment	4,371	5,593	6,143
Leasehold Improvements	325	1,750	2,337
Other Equipment	5,199	6,388	6,459
	<u>\$ 1,484,202</u>	<u>\$ 1,400,289</u>	<u>\$ 1,385,573</u>

Nine Months Ended September 30, 2022						
	Beginning balance	Increase of the period	Decrease of the period	Internal transfer	Effect of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 574,129	\$ -	\$ -	\$ -	\$ -	\$ 574,129
Houses and buildings	524,376	4,701	430	1,299	-	529,946
Machinery Equipment	1,066,519	31,563	68,718	136,885	-	1,166,249
Transportation quipment	15,385	-	-	-	52	15,437
Leasehold Improvements	11,693	-	4,312	-	-	7,381
Other Equipment	15,932	28	1,114	-	26	14,872
Total Cost	<u>2,208,034</u>	<u>\$ 36,292</u>	<u>\$ 74,574</u>	<u>\$ 138,184</u>	<u>\$ 78</u>	<u>2,308,014</u>
<u>Accumulated depreciation</u>						
Houses and buildings	111,505	\$ 20,282	\$ 430	\$ -	\$ -	131,357
Machinery Equipment	666,961	64,201	66,502	-	-	664,660
Transportation Equipment	9,792	1,224	-	-	50	11,066
Leasehold Improvements	9,943	1,425	4,312	-	-	7,056
Other Equipment	9,544	1,219	1,114	-	24	9,673
Total accumulated depreciation	<u>807,745</u>	<u>\$ 88,351</u>	<u>\$ 72,358</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>823,812</u>
Net balance	<u>\$1,400,289</u>					<u>\$1,484,202</u>

Nine Months Ended September 30, 2021						
	Beginning balance	Increase of the period	Decrease of the period	Internal transfer	Effect of exchange rate	Ending balance
<u>Cost</u>						
Land	\$ 612,895	\$ -	\$ 38,766	\$ -	\$ -	\$ 574,129
Houses and buildings	530,915	10,910	20,007	1,894	-	523,712
Machinery Equipment	1,025,572	42,599	41,758	31,159	-	1,057,572
Transportation quipment	15,976	1,122	-	(294)	(30)	16,774
Leasehold Improvements	16,991	-	4,994	-	-	11,997
Other Equipment	14,095	3,386	739	-	(15)	16,727
Total Cost	<u>2,216,444</u>	<u>\$ 58,017</u>	<u>\$ 106,264</u>	<u>\$ 32,759</u>	<u>(\$ 45)</u>	<u>2,200,911</u>
<u>Accumulated depreciation</u>						
Houses and buildings	93,088	\$ 19,511	\$ 5,053	\$ -	\$ -	107,546
Machinery Equipment	658,697	57,067	29,991	(8,540)	-	677,233
Transportation Equipment	9,363	1,589	-	(294)	(27)	10,631
Leasehold Improvements	11,472	3,182	4,994	-	-	9,660
Other Equipment	9,714	1,307	739	-	(14)	10,268
Total accumulated depreciation	<u>782,334</u>	<u>\$ 82,656</u>	<u>\$ 40,777</u>	<u>(\$ 8,834)</u>	<u>(\$ 41)</u>	<u>815,338</u>
Net balance	<u>\$1,434,110</u>					<u>\$1,385,573</u>

The Group did not process any assessment for impairment due to no signs of impairment for the nine months ended September 30, 2022 and 2021

The Group's property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Houses and buildings	
Main buildings of the office	35 to 50 years
Building improvement	5 to 15 years
Machinery Equipment	2 to 15 years
Transportation Equipment	5 years
Leasehold Improvements	5 years
Other Equipment	3 to 5 years

Please refer to Note 28 for the amounts of property, plant and equipment pledged as collateral for borrowings.

13. Lease Arrangements

a. Right-of-use assets

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Carrying amount of right-of-use assets			
Buildings	<u>\$ 11,276</u>	<u>\$ 10,585</u>	<u>\$ 8,193</u>
	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2021
Additions on right-of-use assets			<u>\$ 8,466</u>
Depreciation expense of right-of-use assets			<u>\$ 5,276</u>
Buildings	<u>\$ 1,548</u>	<u>\$ 1,495</u>	<u>\$ 4,606</u>

b. Lease liabilities

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Carrying amount of lease liabilities			
Current	<u>\$ 5,175</u>	<u>\$ 3,558</u>	<u>\$ 4,134</u>
Non-current	<u>\$ 6,174</u>	<u>\$ 7,055</u>	<u>\$ 4,095</u>

Intervals of discount rates for lease liabilities were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Buildings	1.00%~1.25%	1.00%~1.25%	1.00%~1.25%

c. Other lease information

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Total cash outflow for leases	<u>\$ 2,378</u>	<u>\$ 1,514</u>	<u>\$ 4,563</u>	<u>\$ 6,637</u>

14. Goodwill

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cost	<u>\$ 24,070</u>	<u>\$ 24,070</u>	<u>\$ 24,070</u>

The acquisition of Yea Shin by the Group in July 2018 resulted in related goodwill of \$24,070 thousand, which mainly came from the expects of future economic benefits of the subsidiary.

15. Other Intangible Assets

	Patent	Computer Software	Total
<u>Cost</u>			
Balance as of January 1, 2022	\$ 617	\$ 18,908	\$ 19,525
Separate acquisition	-	2,385	2,385
Gains on disposal	-	636	636
Balance as of September 30, 2022	<u>\$ 617</u>	<u>\$ 20,657</u>	<u>\$ 21,274</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2022	\$ 497	\$ 4,716	\$ 5,213
Amortization expenses	46	1,993	2,039
Gains on disposal	-	636	636
Balance as of September 30, 2022	<u>\$ 543</u>	<u>\$ 6,073</u>	<u>\$ 6,616</u>
Net balance as of September 30, 2022	<u>\$ 74</u>	<u>\$ 14,584</u>	<u>\$ 14,658</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 617	\$ 19,625	\$ 20,242
Separate acquisition	-	448	448
Gains on disposal	-	952	952
Balance as of September 30, 2021	<u>\$ 617</u>	<u>\$ 19,121</u>	<u>\$ 19,738</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	46	1,691	1,737
Gains on disposal	-	952	952
Balance as of September 30, 2021	<u>\$ 481</u>	<u>\$ 4,636</u>	<u>\$ 5,117</u>
Net balance as of September 30, 2021	<u>\$ 136</u>	<u>\$ 14,485</u>	<u>\$ 14,621</u>

Amortization expenses are accrued on a straight-line basis based on the following durability years:

Patent	10 years
Computer Software	2 to 15 years

16. Other Non-Current Assets

	September 30, 2022	December 31, 2021	September 30, 2021
Unamortized expense	<u>\$ 13,644</u>	<u>\$ 12,056</u>	<u>\$ 11,650</u>

17. Borrowings

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Secured loans</u>			
Bank loans	\$ 520,000	\$ 400,000	\$ 337,197
<u>Unsecured loans</u>			
Line of credit loans	-	100,000	100,000
	<u>\$ 520,000</u>	<u>\$ 500,000</u>	<u>\$ 437,197</u>

The interest rates on bank revolving loans were 1.38%~1.43%, 0.97%~1.02% 及 0.97%~2.13% per annum as of September 30, 2022, December 31 and September 30, 2021, respectively.

Please refer to Note 28 for information relating to assets pledged for secured borrowings.

b. Long-term borrowings

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Secured loans</u>			
Bank loans (1)	\$ 64,739	\$ 68,954	\$ 70,374
Bank loans (2)	430,661	447,440	456,960
Bank loans (3)	-	-	100,000
Bank loans (4)	-	-	100,000
Bank loans (5)	8,915	10,257	10,703
Bank loans (6)	48,028	49,000	49,000
Bank loans (7)	-	50,000	50,000
Bank loans (8)	100,000	100,000	-
Bank loans (9)	100,000	100,000	-
Bank loans (10)	<u>50,000</u>	<u>-</u>	<u>-</u>
	802,343	825,651	837,037
Less: listed as portion matured in 1 year	(<u>35,677</u>)	(<u>48,549</u>)	(<u>147,049</u>)
Long-term borrowings	<u>\$ 766,666</u>	<u>\$ 777,102</u>	<u>\$ 689,988</u>

- 1) The bank loan of NT\$140,000 thousand was obtained by the Group at the end of June 2018, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.115% to be repaid in annual installments over 15 years. The maturity date of the loan was June 28, 2033. The effective interest rates were all 1.4757%, 0.9154% and 0.9154% as of September 30, 2022, December 31 and September 30, 2021, respectively.
- 2) The bank loan of NT\$476,000 thousand was obtained by the Group at the end of May 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% and a grace period of two years to be repaid after the period in one installment of 2% of the principal for every three months and to be repaid in a one-time payment at maturity for the rest of the principal. The maturity date of the loan was May 27, 2024. The effective interest rates were 1.3727%, 0.9806%, and 0.9798% as of September 30, 2022, December 31 and September 30, 2021, respectively.
- 3) The bank loan of NT\$100,000 thousand was obtained by the Group at the end of December 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan is December 30, 2021. It was fully paid off in December 2021. The annual interest rate on September 30, 2021 is 0.9798%.
- 4) The bank loan of NT\$100,000 thousand was obtained by the Group at the end of December 2020, which are pledged by the demand deposits owned by the Group as collateral amounted to 10% of the drawdown balance, with an interest rate of the loan calculated by the floating interest rate of time savings deposit plus 0.08% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 30, 2022. The loan was paid in full by early settlement in December 2021. The effective interest rates was all 0.88% as of September 30, 2021, respectively.
- 5) The bank loan of NT\$11,000 thousand was obtained by the Group on July 1, 2020, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of once-month time savings deposit plus 0.08%, which should not be lower than 0.98%, and a grace period of one year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2027. The effective interest rates were 1.29%, 0.98% and 0.98% as of September 30, 2022, and December 31 and September 30, 2021, respectively.
- 6) The bank loan of NT\$49,000 thousand was obtained by the Group on July 1, 2020, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of once-month- time savings deposit plus 0.08%, which should not be lower than 0.90%, and a grace period of two year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2030. The effective interest rates were 1.29%, 0.90% and 0.90% as of September 30, 2022, and December 31 and September 30, 2021, respectively.

- 7) The bank loan of NT\$50,000 thousand was obtained by the Group on September 28, 2021, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of two-year time savings deposit plus 0.082%, which should not be lower than 0.98%, and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was Sep. 28, 2023. It has been fully paid off in September 2022. The annual interest rate on December 31 and September 30, 2021 is both 0.98%.
- 8) The bank loan of NT\$100,000 thousand was obtained by the Group at December 30, 2021, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 30, 2023. The effective interest rate were 1.3691% and 0.9802% as of September 30, 2022, and December 31, 2021.
- 9) The bank loan of NT\$100,000 thousand was obtained by the Group at December 20, 2021, which are pledged by the demand deposits owned by the Group as collateral amounted to 10% of the drawdown balance, with an interest rate of the loan calculated by the floating interest rate of one-month time savings deposit plus 0.08% to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The maturity date of the loan was December 20, 2023. The effective interest rates were 1.29% and 0.93% as of September 30, 2022, and December 31, 2021, respectively.
- 10) The bank loan of NT\$50,000 thousand was obtained by the Group on September 30, 2022, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by the floating interest rate of two-year time savings deposit plus 0.082%, and repaid in a one-time payment at maturity for the principal. The maturity date of the loan is September 30, 2024. The annual interest rate on September 30, 2022 is 1.5402%.

Please refer to Note 28 for information relating to assets pledged for secured borrowings.

18. Other Payables

	September 30, 2022	December 31, 2021	September 30, 2021
Salary and bonus payable	\$ 93,406	\$ 90,033	\$ 72,747
Processing fees payable	17,703	16,237	17,126
Water, electricity, and gas fee payable	7,018	-	6,098
Cash dividend payable	-	-	88,857
Other	<u>70,615</u>	<u>66,809</u>	<u>57,190</u>
	<u>\$ 188,742</u>	<u>\$ 173,079</u>	<u>\$ 242,018</u>

19. Equity

a. Share capital

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
Share capital authorized	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued (in thousands)	<u>44,428</u>	<u>44,428</u>	<u>44,428</u>
Share capital issued	<u>\$ 444,283</u>	<u>\$ 444,283</u>	<u>\$ 444,283</u>

Ordinary shares issued have a par value of \$10, and they're entitled to one vote right per share and a right to receive dividends.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
Issuance of shares at a premium	\$ 401,662	\$ 401,662	\$ 401,662
Others	<u>849</u>	<u>849</u>	<u>849</u>
	<u>\$ 402,511</u>	<u>\$ 402,511</u>	<u>\$ 402,511</u>

The capital surplus from the premium from issuance of shares over the par value and the portion received as endowments may be used to offset a deficit; in addition, when a company has no deficit, it may also be distributed as cash dividends or transferred to share capital with a limit of transferring to a certain percentage of the paid-in capital every year.

c. Retained earnings and dividends policy

Under the policy of earnings distribution as set forth in the Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing an earnings distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies of the Company on the distribution of employees' compensation, please refer to employees' compensation in Note 21(4).

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The company held regular shareholder meetings on May 16, 2022 and August 11, 2021, and resolved to pass the 2021 and 2020 earnings distribution proposals as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Legal reserve	<u>\$ 32,709</u>	<u>\$ 9,334</u>
Special surplus reserve	<u>\$ 328</u>	<u>(\$ 573)</u>
Cash dividends	<u>\$ 222,141</u>	<u>\$ 88,857</u>
Cash Dividends Per Share (\$)	<u>\$ 5.0</u>	<u>\$ 2.0</u>

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Beginning balance	(\$ 2,341)	(\$ 2,013)
Derived from this period		
Exchange differences on translating the financial statements of foreign operations	1,808	(862)
Income tax related to the components of other comprehensive income	(<u>363</u>)	<u>173</u>
Ending balance	(<u>\$ 896</u>)	(<u>\$ 2,702</u>)

e. Non-controlling interests (January 1 to September 30, 2022: None)

	For the Nine Months Ended September 30, 2021
Beginning balance	<u>\$ 1,613</u>
Acquisition of non-controlling interests in Yea Shin (Note 24)	(1,809)
Net profit for the period	<u>196</u>
Ending balance	<u>\$ -</u>

20. Revenue

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Revenue from contracts with customers				
Revenue from the sale of goods	<u>\$ 554,239</u>	<u>\$ 540,066</u>	<u>\$1,661,433</u>	<u>\$1,507,766</u>

Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Notes and trade receivables (Note 9)	<u>\$ 560,546</u>	<u>\$ 523,247</u>	<u>\$ 509,879</u>	<u>\$ 365,144</u>
Contract liabilities (included in other current liability)				
Sales of goods	<u>\$ 1,753</u>	<u>\$ 38</u>	<u>\$ 71</u>	<u>\$ 17</u>

21. Net Profit

Additional information on the net profit includes the following items:

a. Depreciation and amortization

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Property, plant and equipment	\$ 31,851	\$ 27,703	\$ 88,351	\$ 82,656
Unamortized expense	1,548	1,495	4,606	6,530
Right-of-use asset	2,021	2,136	6,316	7,773
Intangible assets	751	549	2,039	1,737
Total	<u>\$ 36,171</u>	<u>\$ 31,883</u>	<u>\$ 101,312</u>	<u>\$ 98,696</u>
Depreciation expenses summarized by function				
Operating costs	\$ 17,400	\$ 15,686	\$ 47,913	\$ 52,737
Operating Expenses	<u>15,999</u>	<u>13,512</u>	<u>45,044</u>	<u>36,449</u>
	<u>\$ 33,399</u>	<u>\$ 29,198</u>	<u>\$ 92,957</u>	<u>\$ 89,186</u>
Amortization expenses summarized by function				
Operating costs	\$ 1,887	\$ 1,891	\$ 5,387	\$ 6,808
Operating Expenses	<u>885</u>	<u>794</u>	<u>2,968</u>	<u>2,702</u>
	<u>\$ 2,772</u>	<u>\$ 2,685</u>	<u>\$ 8,355</u>	<u>\$ 9,510</u>

b. Gains or losses on foreign currency exchange

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Total foreign exchange gains	\$ 28,442	\$ 4,890	\$ 80,779	\$ 16,196
Total foreign exchange losses	(13,019)	(4,179)	(43,845)	(19,799)
Net balance	<u>\$ 15,423</u>	<u>\$ 711</u>	<u>\$ 36,934</u>	<u>(\$ 3,603)</u>

c. Employee benefits expense

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Post-employment benefits				
Defined benefit plans	\$ 2,485	\$ 2,296	\$ 7,209	\$ 7,091
Salaries and bonus	<u>84,301</u>	<u>85,197</u>	<u>259,076</u>	<u>246,648</u>
Total	<u>\$ 86,786</u>	<u>\$ 87,493</u>	<u>\$ 266,285</u>	<u>\$ 253,739</u>
Summarized by function				
Operating costs	\$ 45,965	\$ 45,644	\$ 139,783	\$ 137,000
Operating Expenses	<u>40,821</u>	<u>41,849</u>	<u>126,502</u>	<u>116,739</u>
	<u>\$ 86,786</u>	<u>\$ 87,493</u>	<u>\$ 266,285</u>	<u>\$ 253,739</u>

d. Employees' compensation

The Company sets aside 1%~5% of the profit before tax income for the current year before distribution of employees' compensation as the employees' compensation in compliance with the Articles of Incorporation. The estimated employee's compensation for the three months ended September 30, 2022 and 2021, and for nine months ended January 1 to September 30, 2022 and 2021 were as follows:

Accrual rate

	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Employees' compensation	2.2%	1.9%

Amount of Cash

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Employees' compensation	<u>\$ 2,800</u>	<u>\$ 1,800</u>	<u>\$ 8,600</u>	<u>\$ 4,800</u>

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimates and adjusted in the next year.

The Board of Directors of the Company held on February 24, 2022 and March 4, 2021 to approve the employees' compensation for years ended December 31, 2021 and 2020 as follows:

Amount of Cash

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Employees' compensation	<u>\$ 8,400</u>	<u>\$ 3,400</u>

There is no difference between the actual allotment of employee compensation in 2021 and 2020 and the amount recognized in the consolidated financial report for 2021 and 2020.

Information on the employees' compensation by the Company's Board of Directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. Income Tax

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Current income tax				
In respect of the current year	(\$ 9,141)	(\$ 5,105)	(\$ 23,561)	(\$ 14,864)
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>3,839</u>	<u>(1,832)</u>
	<u>(9,141)</u>	<u>(5,105)</u>	<u>(19,722)</u>	<u>(16,696)</u>
Deferred income tax				
In respect of the current year	8,299	10,037	25,937	14,011
Adjustments for prior years	<u>-</u>	<u>-</u>	<u>-</u>	<u>(93)</u>
	<u>8,299</u>	<u>10,037</u>	<u>25,937</u>	<u>13,918</u>
Income tax expense recognized in profit or loss	<u>(\$ 842)</u>	<u>\$ 4,932</u>	<u>\$ 6,215</u>	<u>(\$ 2,778)</u>

b. Income tax recognized in other comprehensive income

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
<u>Deferred income tax</u>				
In respect of the current period:				
-Translations of foreign operations	(\$ 97)	\$ 11	(\$ 363)	\$ 173
Total income tax recognized in other comprehensive income	<u>(\$ 97)</u>	<u>\$ 11</u>	<u>(\$ 363)</u>	<u>\$ 173</u>

c. Income tax assessments

The profit-seeking enterprise income tax filing case of the Company has been approved by the tax authority through the year ended December 31, 2019; The profit-seeking enterprise income tax filing case of the subsidiary, Yea-Shin Tech., had been approved by the tax authority through the year ended December 31, 2020.

23. Earnings per Share

The net profit and weighted average number of ordinary shares used in the computation of earnings per share were as follows:

	Amount (numerator)	Number of Shares (denominator) (in Thousands)	Earnings per share (NT\$)
<u>For the Three Months Ended September 30, 2022</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 120,913	44,428	<u>\$ 2.72</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>45</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 120,913</u>	<u>44,473</u>	<u>\$ 2.72</u>

	Amount (numerator)	Number of Shares (denominator) (in Thousands)	Earnings per share (NT\$)
<u>For the Three Months Ended September 30, 2021</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 97,882	44,428	<u>\$ 2.20</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>26</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 97,882</u>	<u>44,454</u>	<u>\$ 2.20</u>
<u>For the Nine Months Ended September 30, 2022</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 355,804	44,428	<u>\$ 8.01</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>51</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 355,804</u>	<u>44,479</u>	<u>\$ 8.00</u>
<u>For the Nine Months Ended September 30, 2021</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 227,671	44,428	<u>\$ 5.12</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>37</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 227,671</u>	<u>44,465</u>	<u>\$ 5.12</u>

If the amalgamating company chooses to issue employee compensation in stocks or cash, when calculating the diluted earnings per share, it is assumed that employee compensation will be issued in the form of stocks, and the weighted average number of shares outstanding when the potential common stock has a dilutive effect is included in the calculation for Diluted earnings per share. When calculating the diluted earnings per share before deciding on the number of shares to be issued for employee compensation in the following year, the dilution effect of these potential ordinary shares will also continue to be considered.

24. Equity transactions with non-controlling Interests

The Group acquired its 0.48% stake in Yea-Shin Technology on April 30, 2021, resulting in an increase in the shareholding ratio from 99.52% at the end of 2020 to 100%.

As the above-mentioned transaction did not change the Group's control over such a subsidiary, it was treated as an equity transaction.

	<u>For the Nine Months Ended September 30, 2021</u>
Consideration paid	(\$ 2,305)
Carrying amount of the subsidiary's net assets to be transferred to non-controlling interests based on changes in equity	<u>1,809</u>
Difference in equity transactions	(\$ <u>496</u>)
<u>Adjustment accounts of difference in equity transactions</u>	
Unappropriated earnings	(\$ <u>496</u>)

25. Capital Risk Management

The Group monitors its funds by regularly reviewing the ratio of assets to liabilities, and based on the characteristics of the current operating industry, future company development and changes in the external environment, it plans the company's needs for working capital, capital expenditures, and dividend payments in the future. To ensure that the company can continue to operate and maintain the best capital structure.

26. Financial Instruments

a. Fair value information - financial instruments at fair value on a recurring basis

1) Fair value hierarchy (December 31, 2021: None)

September 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ <u>-</u>	\$ <u>1,559</u>	\$ <u>-</u>	\$ <u>1,559</u>

September 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial liabilities at fair value through profit or loss</u>				
Derivatives	\$ <u>-</u>	\$ <u>33</u>	\$ <u>-</u>	\$ <u>33</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Category of Financial Instruments</u>	<u>Valuation Technique and Inputs</u>
Derivatives - forward foreign exchange contracts	The fair value of forward foreign exchange contracts is measured by reference to quoted forward exchange rates and the yield curves derived from the quoted interest rates over the contract maturity period.

b. Categories of financial instruments

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 950,561	\$ 933,518	\$ 904,102
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,636,946	1,660,924	1,698,952
Measured at fair value through profit or loss			
Held for trading	1,559	-	33

Note 1: The balances include financial assets at amortized cost, which comprise cash, debt instrument investments, notes receivable, trade receivables, other receivables (excluding tax refunds receivable) and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, trade payables, other payables, and long-term borrowings.

c. Financial risk management objectives and policies

The Group's major financial instruments include note receivables, trade receivables, other receivables, trade payables, borrowings, and lease liabilities. The Group's financial risk management objective is to manage market risks, credit risks, and liquidity risks associated with its operating activities. To reduce related risks, the Group is committed to identify, assess and avoid uncertainties of the market in order to reduce potentially unfavorable effects on its financial performance due to changes in the market.

1) Market risk

The Group's operating activities expose the Group primarily to the market risks of changes in foreign currency exchange rates and interest rates.

i. Foreign exchange risk

The Group's sales and purchase transactions are denominated in foreign currency; as a consequence, the Group is exposed to the risk of fluctuation in the exchange rate. In order to avoid the decrease in the value of foreign currency assets and fluctuations in future cash flows due to changes in exchange rates, the Group has taken into account the risk of the net position of foreign currencies by analyzing factors, such as the amount of payments received and paid for foreign currency assets and foreign currency liabilities and the maturity period, and it also avoids the related risk of exchange rates by methods of cross-currency swap contracts, forward foreign exchange contracts, borrowings in foreign currency, and so on. Internal auditors continuously review the conformity to policies and risk exposure limits. The application of cross-currency swap contracts and forward foreign exchange contracts by the Group is governed by the policies approved by the Board of Directors, and the Group does not enter into transactions of cross-currency swap contracts and forward foreign exchange contracts for speculative purposes.

Please refer to Note 30, for the carrying amount of monetary assets and monetary liabilities of the Group denominated in non-functional currencies at the balance sheet date (including the monetary items denominated in non-functional currencies and already eliminated in the consolidated financial statements).

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items (mainly in USD) and derivatives on the end date of the financial reporting period. If the functional currency of the consolidated entities had strengthened/weakened by 1% against USD, the net profit after tax of the Group for the nine months ended September 30, 2022 would increase/decrease by \$134 thousand; the net profit after tax of the Group for the nine months ended September 30, 2021 would decrease/increase by \$509 thousand.

As the above-mentioned sensitivity analysis is based on the amount of foreign currency to be exposed at the balance sheet date, the management considers that the sensitivity is unrepresentative of the interim exposure.

ii. Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of a financial instrument or changes in cash flows caused by fluctuations in market interest rates. The Group is exposed to fair value interest rate risk through holding its fixed-rate financial assets and liabilities; financial assets and liabilities held at floating rates expose the Group to cash flow interest rate risk. The management of the Group regularly monitors the changes in market interest rates and adjusts the portion of financial assets and liabilities at floating rates to make the Group's interest rates approximate the market interest rates in response to the risk of changes in market interest rates.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
– Financial assets	\$ 24,430	\$ 21,833	\$ 21,888
– Financial liabilities	11,349	10,613	8,229
Cash flow interest rate risk			
– Financial assets	360,558	383,657	367,445
– Financial liabilities	1,322,343	1,325,651	1,274,234

Fixed-rate financial assets/liabilities held by the Group are measured at amortized cost and are therefore excluded from the analysis; the methods for the analysis of floating-rate financial assets/liabilities assume that the amounts of assets/liabilities outstanding at the balance sheet date were outstanding for the whole reporting period. An increase/decrease of 0.25% in market interest rates is used as a reasonable risk assessment for reporting changes in interest rates to the management by the Group. With all other variables remaining unchanged, an increase/decrease of 0.25% in market interest rates will impact to a decrease or increase of \$478 thousand and \$1,435 thousand on the Group's net profit after tax for the three months and nine months ended September 30, 2022; It also, would impact to a decrease or increase of \$451 thousand and \$1,352 thousand on the Group's net profit after tax for the three months and nine months ended September 30, 2021, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with credit worthy counterparties as a means of mitigating the risk of financial loss from defaults, and the exposure to credit risk and the credit ratings of its counterparties were continuously monitored. At the balance sheet date, the Group's maximum amount of exposure to credit risk approximated the carrying amount of its financial assets.

The Group's credit risk of trade receivable is concentrated on the Group's top customer, the Diodes Group, which is also the parent company, accounting for 76%, 72%, and 69% of the total trade receivable from the above-mentioned customer as of September 30, 2022, December 31 and September 30, 2021, respectively. However, it belongs to associates transactions which should not result in credit risk.

3) Liquidity risk

The Group's management finances the operations and mitigates the liquidity risk by maintaining sufficient cash and banking facilities.

i. Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details analysis of the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows, including both interest and principal cash flows, of financial liabilities from the earliest date on which the Group can be required to pay.

September 30, 2022

	Weighted Average Effective Rate (%)	Payment on Sight or Less than 3 Month	3 Months to 1 Year	1 to 2 Year(s)	2 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$417,503	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.08%	1,574	3,687	2,772	3,479	-
Floating-rate instruments	1.39%					
		<u>432,822</u>	<u>135,183</u>	<u>677,624</u>	<u>43,889</u>	<u>56,505</u>
		<u>\$851,899</u>	<u>\$138,870</u>	<u>\$680,396</u>	<u>\$ 47,368</u>	<u>\$ 56,505</u>

December 31, 2021

	Weighted Average Effective Rate (%)	Payment on Sight or Less than 3 Month	3 Months to 1 Year	1 to 2 Year(s)	2 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 433,346	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.01%	1,550	2,090	2,348	4,825	-
Floating-rate instruments	0.97%	<u>514,001</u>	<u>42,962</u>	<u>308,803</u>	<u>416,446</u>	<u>64,405</u>
		<u>\$ 948,897</u>	<u>\$ 45,052</u>	<u>\$ 311,151</u>	<u>\$ 421,271</u>	<u>\$ 64,405</u>

September 30, 2021

	Weighted Average Effective Rate (%)	Payment on Sight or Less than 3 Month	3 Months to 1 Year	1 to 2 Year(s)	2 to 5 Years	Over 5 Years
<u>Non-derivative financial liabilities</u>						
Non-interest bearing liabilities		\$ 505,017	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.04%	1,510	2,680	1,694	2,464	-
Floating-rate instruments	0.98%	<u>481,224</u>	<u>111,028</u>	<u>207,240</u>	<u>426,892</u>	<u>68,045</u>
		<u>\$ 987,751</u>	<u>\$ 113,708</u>	<u>\$ 208,934</u>	<u>\$ 429,356</u>	<u>\$ 68,045</u>

ii. Financing facilities

Conditions of utilization on the Group's bank financing facilities at the balance sheet date were as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Secured bank financing facilities:			
— Amount used	\$ 1,322,343	\$ 1,325,651	\$ 1,274,234
— Amount unused	<u>431,750</u>	<u>257,680</u>	<u>309,616</u>
	<u>\$ 1,754,093</u>	<u>\$ 1,583,331</u>	<u>\$ 1,583,850</u>

27. Related Party Transactions

Transactions, account balances, income and expenses between the Company and its subsidiaries have been eliminated in full upon consolidation, and they are not disclosed in this note accordingly. In addition to those disclosed in other notes, the significant transactions between the Group and other related parties were as follows:

a. Related party name and category

<u>Related Party</u>	<u>Relationship with the Group</u>
Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg) (Diodes (TW))	Sister company
Diodes Hong Kong Limited (Diodes (HK))	Sister company
Lite-on Semiconductor Corp. (Lite-on)	Sister company
Shanghai Kaihong Electronics Co., Ltd. (Kaihong Electronics)	Sister company

b. Operating revenue

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>For the Three Months ended September 30, 2022</u>	<u>For the Three Months ended September 30, 2021</u>	<u>For the Nine Months Ended September 30, 2022</u>	<u>For the Nine Months Ended September 30, 2021</u>
Sales	Sister company				
	Diodes (HK)	\$ 201,453	\$ 256,160	\$ 702,943	\$ 682,796
	Diodes (TW)	238,151	134,175	553,996	413,948
	Others	<u>809</u>	<u>-</u>	<u>3,281</u>	<u>-</u>
		<u>\$ 440,413</u>	<u>\$ 390,335</u>	<u>\$ 1,260,220</u>	<u>\$ 1,096,744</u>

There are no significant differences between the terms and conditions of transactions for related parties and that for general transactions.

c. Purchases of goods

Related Party Category/Name	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Sister company				
Lite-on	\$ -	\$ -	\$ -	\$ 3,219

There are no significant differences between the terms and conditions of transactions for related parties and that for general transactions.

d. Receivables from related parties

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Trade receivables from related parties	Sister company			
	Diodes(HK)	\$ 161,847	\$ 212,385	\$ 208,995
	Diodes(TW)	264,187	167,334	148,318
	Others	853	-	-
		<u>\$ 426,887</u>	<u>\$ 379,719</u>	<u>\$ 357,313</u>

No secure was received for the outstanding amount of receivables from related parties. No loss allowances were set aside for receivables from related parties as of September 30, 2022, and December 31 and September 30, 2021.

e. Prepayments

Line Item	Related Party Category/Name	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments for equipment - Related parties	Sister company Lite-on	\$ -	\$ -	\$ 10,924

f. Purchase of Property, plant and equipment

Related Party Category/Name	Proceeds received	
	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Sister company		
Lite-on	\$ -	\$ 17,883

g. Expenditure

Line Item	Related Party Category/Name	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Various of expenditure	Sister company				
	Lite-on	\$ -	\$ -	\$ -	\$ 24
Various of Purchased	Sister company				
	Lite-on	\$ -	\$ -	\$ -	\$ 286

There is no significant difference between the trading conditions with the above-mentioned related companies and general transactions.

h. Remuneration to the major management

	For the Three Months ended September 30, 2022	For the Three Months ended September 30, 2021	For the Nine Months Ended September 30, 2022	For the Nine Months Ended September 30, 2021
Short-term employee benefits	\$ 3,659	\$ 3,160	\$ 15,980	\$ 9,753
Post-employment benefits	<u>27</u>	<u>27</u>	<u>81</u>	<u>81</u>
	<u>\$ 3,686</u>	<u>\$ 3,187</u>	<u>\$ 16,061</u>	<u>\$ 9,834</u>

The remuneration of directors and major executives was determined by the remuneration committee based on the performance of individuals and market trends.

28. Pledged Assets

The following assets of the Group were provided as collateral for borrowings and endorsements/guarantees through pledges:

	September 30, 2022	December 31, 2021	September 30, 2021	Nature
Bank time deposits (classified as financial assets at amortized cost)	\$ 14,905	\$ 13,529	\$ 13,533	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	52,030	50,023	46,019	Short-term and long- term borrowings
Property and plant	<u>895,547</u>	<u>901,040</u>	<u>902,870</u>	Short-term and long- term borrowings
	<u>\$ 962,482</u>	<u>\$ 964,592</u>	<u>\$ 962,422</u>	

29. Significant Contingent Liabilities and Unrecognized Contract Commitments

As a result of the replacement of production line equipment and business expansion, the Group has undertaken to purchase buildings and land for plants and to order machinery equipment and system software, etc. The amounts paid were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Amount of Contract Commitments	<u>\$ 240,479</u>	<u>\$ 340,523</u>	<u>\$ 354,261</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 163,721</u>	<u>\$ 173,139</u>	<u>\$ 169,117</u>

30. Information on Assets And Liabilities Denominated in Foreign Currencies With Significant Effects

The following information is presented in foreign currencies other than the functional currency of the Group's each entity, and the exchange rate disclosed refers to the exchange rate for such foreign currency translated to the functional currency. Financial assets and liabilities denominated in foreign currencies with significant effects were as follows:

Unit: Foreign currency/NT\$ thousands, Except for Exchange Rate

	September 30, 2022			
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 9,863	31.7500 (USD:NTD)	\$ 313,150	\$ 313,150
USD	217	7.0981 (USD:RMB)	1,540	6,888
RMB	1,460	4.4730 (RMB:NTD)	6,531	6,531
EUR	515	31.2600 (EUR:NTD)	16,099	16,099

September 30, 2022				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Investments accounted for using the equity method</u>				
USD	1,993	31.7500 (USD:NTD)	63,281	63,281
RMB	14,370	0.1409 (RMB:USD)	2,024	64,278
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	9,150	31.7500 (USD:NTD)	290,513	290,513
<u>Non-monetary items</u>				
<u>Derivatives</u>				
USD	1,500	31.7500 (USD:NTD)	47,625	47,625
December 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,691	27.6800 (USD:NTD)	\$ 434,327	\$ 434,327
USD	177	6.3720 (USD:RMB)	1,128	4,899
RMB	1,390	4.3440 (RMB:NTD)	6,038	6,038
<u>Non-monetary items</u>				
<u>Investments accounted for using the equity method</u>				
USD	2,103	27.6800 (USD:NTD)	58,199	58,199
RMB	13,601	0.1569 (RMB:USD)	2,135	59,084
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	13,738	27.6800 (USD:NTD)	380,268	380,268
September 30, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 14,327	27.8500 (USD:NTD)	\$ 399,007	\$ 399,007
USD	391	6.4692 (USD:RMB)	2,529	10,887
RMB	1,424	4.3050 (RMB:NTD)	6,130	6,130
EUR	278	32.3200 (EUR:NTD)	8,985	8,985
<u>Non-monetary items</u>				
<u>Investments accounted for using the equity method</u>				
USD	1,962	27.8500 (USD:NTD)	54,639	54,639
RMB	12,730	0.1546 (RMB:USD)	1,968	54,804
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	12,005	27.8500 (USD:NTD)	334,339	334,339
<u>Non-monetary items</u>				
<u>Derivatives</u>				
USD	5,000	27.8500 (USD:NTD)	13,925	13,925

The (realized and unrealized) foreign exchange net gains or losses with significant effects were as follows:

Unit: NT\$ Thousands, Except for Exchange Rate

Foreign Currency	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
	Exchange Rate	Net Foreign Exchange Gains (Losses)		Exchange Rate	Net Foreign Exchange Gains (Losses)	
USD	30.4040 (USD:NTD)	\$ 13,899		27.8580 (USD:NTD)	\$ 588	
USD	6.8298 (USD:RMB)	(5)		6.4704 (USD:RMB)	123	
EUR	30.6200 (EUR: NTD)	320		32.8500 (EUR: NTD)	(52)	
Japan Yuan	0.2199 (Yuan: NTD)	1,004		0.2531 (Yuan: NTD)	-	
Others	-	205		-	52	
		<u>\$ 15,423</u>			<u>\$ 711</u>	

Foreign Currency	Nine Months Ended September 30, 2022			Nine Months Ended September 30, 2021		
	Exchange Rate	Net Foreign Exchange Gains (Losses)		Exchange Rate	Net Foreign Exchange Gains (Losses)	
USD	29.7150 (USD:NTD)	\$ 33,331		28.1650 (USD:NTD)	(\$ 4,238)	
USD	6.7350 (USD:RMB)	346		6.4880 (USD:RMB)	195	
EUR	31.2600 (EUR: NTD)	1,699		32.3200 (EUR: NTD)	(399)	
Japan Yuan	0.2201 (Yuan: NTD)	1,002		0.2490 (Yuan: NTD)	892	
Others	-	556		-	(53)	
		<u>\$ 36,934</u>			<u>(\$ 3,603)</u>	

31. Supplementary Disclosures

a. Information on significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided to others: Please refer to Attached Table 1.
- 3) Marketable securities held at end of period (excluding investments in subsidiaries): None.
- 4) Marketable securities acquired and disposed of amounting to NT\$300 million or 20% of the paid-in capital or more: None.
- 5) Acquisition of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
- 6) Disposal of property amounting to NT\$300 million or 20% of paid-in capital or more: None.
- 7) Purchases or sales with related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Attached Table 2.
- 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Attached Table 3.
- 9) Trading in derivative instruments: Please refer to Note 7.
- 10) Other: Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: Please refer to Attached Table 4.

b. Intercompany relationships and significant intercompany transactions: Please refer to Attached Table 5.

c. Information on investments in Mainland China:

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Please refer to Attached Table 6.

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- i. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please refer to Attached Table 7.
 - ii. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please refer to Attached Table 7.
 - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
 - iv. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to Attached Table 1.
 - v. The highest balance, the end of the period balance, the interest rate intervals, and total current period interest with respect to the financing of funds: None.
 - vi. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.
- d. Information on major shareholders: names of shareholders with a shareholding ratio of 5% or more as well as number and proportion of shares held: Please refer to Attached Table 8.

32. Segment Information

The information provided to major operating decision makers for allocating resources and evaluating department performance, in addition to considering department managers, focuses on each operating entity and the types of products or services provided. The departments that the consolidate company should report are as follows:

- Eris Technology and Jie Cheng - mainly manufacturing and selling in diodes.
- Yea Shin - mainly manufacturing and selling in wafers.

Segment revenues and operating results

The following was an analysis of the Group's revenues and operating results from continuing operation units by reportable segments.

Nine Months Ended September 30, 2022

	<u>Eris Technology and Jie Cheng</u>	<u>Yea Shin</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 1,556,772	\$ 104,661	\$ -	\$ 1,661,433
Inter-segment revenue	<u>23,085</u>	<u>658,280</u>	<u>(681,365)</u>	<u>-</u>
Segment revenue	<u>\$ 1,579,857</u>	<u>\$ 762,941</u>	<u>(\$ 681,365)</u>	<u>\$ 1,661,433</u>
Segment income	<u>\$ 359,196</u>	<u>\$ 256,826</u>	<u>(\$ 260,218)</u>	<u>\$ 355,804</u>
Segment assets	<u>\$ 3,321,860</u>	<u>\$ 797,755</u>	<u>(\$ 935,746)</u>	<u>\$ 3,183,869</u>
Segment liabilities	<u>\$ 1,874,048</u>	<u>\$ 172,371</u>	<u>(\$ 246,083)</u>	<u>\$ 1,800,336</u>

Nine Months Ended September 30, 2021

	<u>Eris Technology and Jie Cheng</u>	<u>Yea Shin</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 1,388,564	\$ 119,202	\$ -	\$ 1,507,766
Inter-segment revenue	<u>34,750</u>	<u>532,836</u>	<u>(567,586)</u>	<u>-</u>
Segment revenue	<u>\$ 1,423,314</u>	<u>\$ 652,038</u>	<u>(\$ 567,586)</u>	<u>\$ 1,507,766</u>
Segment income	<u>\$ 234,395</u>	<u>\$ 162,911</u>	<u>(\$ 169,439)</u>	<u>\$ 227,867</u>
Segment assets	<u>\$ 3,062,121</u>	<u>\$ 704,519</u>	<u>(\$ 793,869)</u>	<u>\$ 2,972,771</u>
Segment liabilities	<u>\$ 1,858,672</u>	<u>\$ 230,942</u>	<u>(\$ 265,490)</u>	<u>\$ 1,824,124</u>

TABLE 1

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Endorsements/Guarantees Provided to Others

For the Nine Months ended September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Provided to An Individual Entity (Note 2)	Maximum Endorsement/ Guarantee Balance for the Period	Outstanding Balance of Endorsements/ Guarantees at the End of the Period	Actual Drawing Amount	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Cumulative Amount of Endorsements/ Guarantees to the Net Equity Stated in the Latest Financial Statements	Maximum Limit of Endorsement/ Guarantee (Note 2)	Endorsements/ Guarantees Provided by Parent for Subsidiary	Endorsements/ Guarantees Provided by Subsidiary for Parent	Endorsements/ Guarantees Provided for Subsidiary in Mainland China
		Name of Company	Relationship (Note 1)										
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	(2)	\$ 138,353	\$ 30,000 (USD 1,000 thousand)	\$ 30,000 (USD 1,000 thousand)	\$ -	\$ 9,525 (USD 300 thousand)	2.17%	\$ 415,059	Y	N	Y

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified into the following seven categories:

- (1) A company with which it does business.
- (2) A company in which the company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50% of the voting shares in the company.
- (4) A company in which the company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/guarantees in proportion to their shareholding ratio due to their joint investment relationship.
- (7) Escrow with joint and several guarantees between companies in the same industry for performance guarantees of pre-construction homes under the Consumer Protection Act.

Note 2: The total amount of the company's external endorsement guarantee and the limit of the single company's endorsement guarantee shall not exceed 30% and 10% of the company's net worth, respectively. The maximum limit of this endorsement guarantee is calculated based on the company's net value on September 30, 2022.

TABLE 2

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Purchases or Sales with Related Parties Amounting to NT\$100 Million or 20% of Paid-in Capital or More

For the Nine Months ended September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Counterparty	Relationship	Transaction Details				Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Credit Period	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Eris Technology Corp.	Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg)	Same as the Company's ultimate parent company	Sales	(\$ 553,996)	36.30%	Net 60 payment term	None	None	\$ 264,187	52.37%	-
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	Sales	(702,943)	46.06%	Net 60 payment term	None	None	161,847	32.08%	-
Eris Technology Corp.	Yea Shin Technology Co., Ltd.	The Company's subsidiary	Purchases	648,947	65.09%	Net 60 payment term	None	None	(230,567)	70.81%	Note 1

Note 1: Related transactions were eliminated in the consolidated financial statements.

TABLE 3

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Receivables from Related Parties Amounting to NT\$100 Million or 20% of the Paid-in Capital or More

September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company recording the receivables	Counterparty	Relationship	Balance Receivables from Related Parties	Turnover rate	Overdue Receivables from Related Parties		Amounts of Receivables from Related Parties Received in Subsequent Period (Note 2)	Amount of Loss Allowance
					AMOUNT	Actions Taken		
Eris Technology Corp.	Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg)	Same as the Company's ultimate parent company	\$ 264,187	3.42	\$ -	—	\$ 72,812	\$ -
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	161,847	5.01	-	—	76,809	-
Yea Shin Technology Co., Ltd.	Eris Technology Corp.	Parent company	230,567	3.53	-	—	84,636	-

Note 1: Amounts received as of the issue date of the financial statements.

TABLE 4

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Intercompany Relationships and Significant Intercompany Transactions

For the Nine Months ended September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Company	Counterparty	Relationship with Investor (Note 2)	Transactions Details			
				Ledger Account	Amount (Note 4)	Transaction Term	Ratio of Consolidated Total Revenue or Total Assets (Note 3)
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Trade receivables	\$ 2,270	-	0.07%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Sales	3,401	No significant difference from general customers	0.20%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Purchases	10,788	No significant difference from general customers	0.65%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Other operating expenses	360	No significant difference from general customers	0.02%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade receivables	6,243	-	0.20%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Other receivables	1,323	-	0.04%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade Payable	230,567	-	7.24%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Sales	23,085	No significant difference from general customers	1.38%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Purchases	648,947	No significant difference from general customers	38.92%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Processing fees	9,333	No significant difference from general customers	0.56%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Rental income	2,571	No significant difference from general customers	0.15%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other receivables	926	-	0.03%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other income	2,730	No significant difference from general customers	0.16%

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the number is as follows:

1. Fill in 0 for the parent company.
2. Subsidiaries are numbered in order starting from 1 of Arabic numerals.

Note 2: Relationships with the investor are classified into the following three categories to remark the category only:

1. Parent company to subsidiaries.
2. Subsidiaries to the parent company.
3. Subsidiaries to subsidiaries.

Note 3: Regarding the ratio of the transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet accounts, and based on the accumulated amount for the interim to consolidated total operating revenues for income statement accounts.

Note 4: Related transactions were eliminated in the consolidated financial statements.

TABLE 5

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Related Information on Name of Investee, Location, and So On

For the Nine Months ended September 30, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Investor	Name of Investee	Location	Principal Business Activities	Original Investment Amount (Note 1)		Ending Balance			Net Income (Loss) of the Investee for the Period (Note 2 and 3)	Investment Profit (Loss) Recognized for the Period (Note 2 and 3)	Note
				End of the Period	Year-end of the last year	Number of shares (in thousands)	Ratio (%)	Carrying Amount (Note 3)			
Eris Technology Corp.	Keep High Limited	SEYCHELLES	Holding of investments	\$ 20,776 (USD 670 thousand)	\$ 20,776 (USD 670 thousand)	N/A	100	\$ 63,281	\$ 3,392 (USD 114 thousand)	\$ 3,469 (Note 4)	Subsidiary
	Yea Shin Technology Co., Ltd.	Taiwan	Engaged in manufacturing of electronic components and wholesaling of electronic materials	381,078	381,078	29,342	100	637,055	256,826	254,252 (Note 4)	Subsidiary
Keep High Limited	Forever Eagle Incorporation	MAURITIUS	Holding of investments	20,473 (USD 660 thousand)	20,473 (USD 660 thousand)	N/A	100	64,278 (USD 2,025 thousand)	3,392 (USD 114 thousand)	3,392 (USD 114 thousand)	Sub-subsiary

Note 1: The conversion is based on the US dollar buying exchange rate when the original investment funds are remitted out.

Note 2: The conversion is based on the average exchange rate of USD during the investment period.

Note 3: The relevant balance has been written off in the consolidated financial statements.

Note 4: It includes the adjustment of unrealized sales gross profit.

Note 5: Please refer to Attachment 6 for relevant information of the invested companies in mainland China.

Note 6: Calculated based on the financial statements reviewed by certified accountants of the parent company in Taiwan during the same period.

TABLE 6

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Information on Investments in Mainland China
For the Nine Months ended September 30, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee in Mainland China	Principal Business Activities	Paid-in Capital (Note 1)	Method of Investments	Accumulated Amount of Investments Remitted Outward from Taiwan at Beginning of Period (Note 1)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted Outward from Taiwan at End of Period (Note 1)	Income (Loss) of the Investee for the Period	Shareholding Ratio of The Company's Direct or Indirect Investment	Investment Gain (Loss) Recognized for the Period (Note 2 and 5)	Carrying Amount of Investments at End of Period	Accumulated Repatriation of Investment Income at End of Period
					Remitted	Repatriated						
Jie Cheng Electronic (Shanghai) Co., Ltd.	Wholesaling of electronic materials and international trading business	\$ 20,170 (USD 650 thousand)	Indirectly investment in Mainland China through companies registered in a third region	\$ 20,170 (USD 650 thousand)	\$ -	\$ -	\$ 20,170 (USD 650 thousand)	\$ 3,392 (RMB 769 thousand)	100%	\$ 3,392 (RMB 769 thousand)	\$ 64,278	\$ -

Accumulated Amount of Investments in Mainland China Remitted Outward from Taiwan at End of Period (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 3)	Upper Limit on the Amount of Investment in Mainland China Stipulated by Investment Commission, MOEA (Note 4)
\$20,170 (USD 650 thousand)	\$20,638 (USD 650 thousand)	\$830,119

Note 1: Translation was based on the buying exchange rate of USD at the time of remittance.

Note 2: Translation was based on the average exchange rate during the investment period.

Note 3: Translation was based on the period-end exchange rate of USD on September 30, 2022.

Note 4: The information was calculated as 60% of the Company's net worth on September 30, 2022.

Note 5: Computation was based on the financial statements for the same periods reviewed by the certified public accountants of the Taiwan parent company.

Note 6: The relevant balance has been written off in the consolidated financial statements.

TABLE 7

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Any of the Following Significant Transactions with Investee Companies in Mainland China, Either Directly or Indirectly through a Third Party, and Their Prices, Payment Terms, and Unrealized Gains or Losses, and Other Related Information
 For the Nine Months ended September 30, 2022
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Counterparty	Transaction Details			Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
	Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Jie Cheng Electronic (Shanghai) Co., Ltd.	Sales	(\$ 3,401)	0.22%	None	None	\$ 2,270	0.45%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	10,788	1.08%	None	None	-	-	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd	Other Income	(2,730)	-	None	None	926	52.29%	Note 1

Note 1: Related transactions were eliminated in the consolidated financial statements.

TABLE 8

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)
ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

Information on Major Shareholders

September 30, 2022

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Ratio
Yuanta Commercial Bank is entrusted with the custody of Diodes Holdings UK Limited Investment Account.	22,687,604	51.07%

Note 1: Information on major shareholders in this table is the information on shareholders holding more than 5% of the common stocks and preferred stocks that are completed the non-physical registration and delivered (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been completed the non-physical registration and delivered as a result of the different basis of preparation.

Note 2: In the above table, if the shareholder entrusts his/her shares to the trust, disclosure shall be made by the individual account of the trustee who opened the trust account of the grantor. As for the shareholders' declarations for insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, their shareholding includes their own shares plus their delivery of trust and shares with the right to make decisions on trust property, etc. For information on the declaration for insider equity, please refer to the Market Observatory Post System (website: <http://mops.twse.com.tw>).