

Eris Technology Corp. and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report For the Three Months Ended March 31, 2022 and 2021

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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.

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Independent Auditors' Report

To: The Board of Directors and Shareholders of Eris Technology Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Eris Technology Corp. and its subsidiaries as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, of changes in equity, and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 No. 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 the 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 Company as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche
Certified Public Accountant
Tsz-Jung Kuo

Certified Public Accountant
Hsiu-Chun Huang

Securities and Futures Commission Approval No.
Tai-Cai-Zheng-Sixth No. 0920123784

Securities and Futures Commission Approval No.
Tai-Cai-Zheng-Sixth No. 0920123784

April 26, 2022

Eris Technology Corp. and Subsidiaries
Consolidated Balance Sheets
As of March 31, 2022, and December 31 and March 31, 2021
Unit: NT\$ Thousands

Code	Assets	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets						
1100	Cash (Note 6)	\$ 376,544	12	\$ 334,633	11	\$ 279,625	10
1136	Financial assets at amortized cost - current (Note 8 and 27)	62,616	2	61,852	2	43,800	2
1150	Notes receivable (Note 9 and 20)	1,302	-	3,112	-	1,820	-
1170	Trade receivables, net (Note 9 and 20)	141,622	5	140,416	5	117,651	4
1180	Trade receivables from related parties (Note 9, 20 and 26)	341,585	11	379,719	13	287,454	11
1200	Other receivables	12,805	-	10,908	-	13,772	1
130X	Inventories, net (Note 10)	331,192	11	340,470	11	266,968	10
1470	Prepayments and other current assets	10,185	-	10,189	-	12,158	-
11XX	Total current assets	<u>1,277,851</u>	<u>41</u>	<u>1,281,299</u>	<u>42</u>	<u>1,023,248</u>	<u>38</u>
	Non-current assets						
1540	Financial assets at amortized cost - non-current (Note 8 and 27)	10,004	-	10,004	-	10,003	-
1600	Property, plant and equipment (Note 12, 26 and 27)	1,401,743	45	1,400,289	46	1,425,219	53
1755	Right-of-use assets (Note 13)	9,069	-	10,585	-	5,385	-
1805	Goodwill (Note 14)	24,070	1	24,070	1	24,070	1
1821	Other intangible assets (Note 15)	14,542	1	14,312	1	15,280	1
1840	Deferred tax assets (Note 4 and 22)	138,643	5	130,022	4	100,038	4
1915	Prepayments for equipment (Note 28)	209,345	7	173,139	6	68,423	3
1920	Refundable deposits	3,789	-	3,778	-	5,138	-
1990	Other non-current assets - other (Note 16)	11,705	-	12,056	-	9,512	-
15XX	Total non-current assets	<u>1,822,910</u>	<u>59</u>	<u>1,778,255</u>	<u>58</u>	<u>1,663,068</u>	<u>62</u>
1XXX	Total assets	<u>\$ 3,100,761</u>	<u>100</u>	<u>\$ 3,059,554</u>	<u>100</u>	<u>\$ 2,686,316</u>	<u>100</u>
	Liabilities and equity						
	Current liabilities						
2100	Short-term borrowings (Note 17 and 27)	\$ 501,630	16	\$ 500,000	16	\$ 380,000	14
2120	Financial liabilities at fair value through profit or loss - current (Note 7 and 25)	475	-	-	-	871	-
2170	Trade payables	215,519	7	260,267	8	222,434	8
2200	Other payables (Note 18)	157,285	5	173,079	6	128,466	5
2220	Other payables - related parties (Note 26)	-	-	-	-	5,633	-
2230	Current tax liabilities (Note 4 and 22)	23,524	1	25,745	1	19,998	1
2250	Provisions - current	6,997	-	6,700	-	5,887	-
2280	Lease liabilities - current (Note 13)	2,699	-	3,558	-	3,996	-
2320	Long-term liabilities due within one year (Note 17 and 27)	34,247	1	48,549	2	148,410	6
2399	Other current liabilities (Note 20)	1,406	-	984	-	966	-
21XX	Total current liabilities	<u>943,782</u>	<u>30</u>	<u>1,018,882</u>	<u>33</u>	<u>916,661</u>	<u>34</u>
	Non-current liabilities						
2540	Long-term borrowings (Note 17 and 27)	783,942	26	777,102	26	703,663	26
2570	Deferred tax liabilities (Note 4 and 22)	8,107	-	8,090	-	6,877	1
2580	Lease liabilities - non-current (Note 13)	6,414	-	7,055	-	1,444	-
25XX	Total non-current liabilities	<u>798,463</u>	<u>26</u>	<u>792,247</u>	<u>26</u>	<u>711,984</u>	<u>27</u>
2XXX	Total liabilities	<u>1,742,245</u>	<u>56</u>	<u>1,811,129</u>	<u>59</u>	<u>1,628,645</u>	<u>61</u>
	Equity attributable to owners of the Company (Note 19)						
3100	Share Capital	444,283	14	444,283	15	444,283	16
3200	Capital surplus	402,511	13	402,511	13	402,511	15
	Retained earnings						
3310	Legal reserve	64,432	2	64,432	2	55,098	2
3320	Special reserve	2,013	-	2,013	-	2,586	-
3350	Unappropriated earnings	445,831	15	337,527	11	153,772	6
3300	Total retained earnings	<u>512,276</u>	<u>17</u>	<u>403,972</u>	<u>13</u>	<u>211,456</u>	<u>8</u>
3400	Other equity	(554)	-	(2,341)	-	(2,319)	-
31XX	Total equity attributable to owners of the Company	<u>1,358,516</u>	<u>44</u>	<u>1,248,425</u>	<u>41</u>	<u>1,055,931</u>	<u>39</u>
36XX	Non-controlling interests (Note 19)	-	-	-	-	1,740	-
3XXX	Total equity	<u>1,358,516</u>	<u>44</u>	<u>1,248,425</u>	<u>41</u>	<u>1,057,671</u>	<u>39</u>
	Total liabilities and equity	<u>\$ 3,100,761</u>	<u>100</u>	<u>\$ 3,059,554</u>	<u>100</u>	<u>\$ 2,686,316</u>	<u>100</u>

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

Eris Technology Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2022 and 2021

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

Unit: NT\$ Thousands, Except for Earnings Per Share In NT\$

Code		Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
		AMOUNT	%	AMOUNT	%
	Operating revenue (Note 20 and 26)				
4110	Sales	\$ 529,578	100	\$ 452,390	101
4170	Less: Sales return and allowance	(1,099)	-	(3,512)	(1)
4000	Net operating revenue	528,479	100	448,878	100
5000	Operating costs (Note 10 and 21)	344,230	65	312,251	70
5900	Gross Profit	184,249	35	136,627	30
	Operating expenses (Note 21)				
6100	Selling and marketing expenses	17,894	3	17,474	4
6200	General and administrative expenses	39,906	8	34,588	8
6300	Research and development expenses	31,949	6	25,183	5
6000	Total operating expenses	89,749	17	77,245	17
6900	Net operating income	94,500	18	59,382	13
	Non-operating income and expenses				
7100	Interest income	59	-	69	-
7190	Other income	32	-	40	-
7210	Gains on disposal of property, plant and equipment	-	-	1,847	1
7230	Foreign exchange (loss) gain (Note 21)	10,973	2	(94)	-
7235	Net gain (loss) on financial instruments at fair value through profit or loss (Note 7)	(905)	-	(430)	-
7510	Interest expense	(3,220)	(1)	(2,909)	(1)
7000	Total non-operating income and expenses	6,939	1	(1,477)	-

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Code		Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
		AMOUNT	%	AMOUNT	%
7900	Net profit before income tax	\$ 101,439	19	\$ 57,905	13
7950	Income tax expenses (Notes 4 and 22)	<u>6,865</u>	<u>2</u>	(<u>12,559</u>)	(<u>3</u>)
8200	Net profit for the period	<u>108,304</u>	<u>21</u>	<u>45,346</u>	<u>10</u>
8360	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	2,234	-	(382)	-
8399	Income tax relating to items that may be reclassified subsequently to other comprehensive income (Note 4 and 22)	(<u>447</u>)	<u>-</u>	<u>76</u>	<u>-</u>
8300	Other comprehensive income/(loss) for the period, net of income tax	<u>1,787</u>	<u>-</u>	(<u>306</u>)	<u>-</u>
8500	Total comprehensive income for the period	<u>\$ 110,091</u>	<u>21</u>	<u>\$ 45,040</u>	<u>10</u>
	Net income attributable to:				
8610	Owners of the Company	\$ 108,304	21	\$ 45,219	10
8620	Non-controlling interests (Note 19)	<u>-</u>	<u>-</u>	<u>127</u>	<u>-</u>
8600		<u>\$ 108,304</u>	<u>21</u>	<u>\$ 45,346</u>	<u>10</u>
	Total comprehensive income/(loss) attributable to:				
8710	Owners of the Company	\$ 110,091	21	\$ 44,913	10
8720	Non-controlling interests (Note 19)	<u>-</u>	<u>-</u>	<u>127</u>	<u>-</u>
8700		<u>\$ 110,091</u>	<u>21</u>	<u>\$ 45,040</u>	<u>10</u>
	Earnings per share (Note 23)				
9710	Basic	<u>\$ 2.44</u>		<u>\$ 1.02</u>	
9810	Diluted	<u>\$ 2.44</u>		<u>\$ 1.02</u>	

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

Eris Technology Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2022 and 2021
(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)
Unit: NT\$ Thousands

Code		Share capital (Note 19)		Retained earnings				Other equity	Total equity attributable to owners of the Company	Non-controlling interests (Note 19)	Total equity	
		Number of shares (in thousands)	AMOUNT	Capital surplus (Note 19)	Legal reserve	Special reserve	Unappropriated earnings (Note 11 and 19)	Total				Exchange differences on translating the financial statements of foreign operations (Note 19)
A1	Balance as of January 1, 2021	<u>44,428</u>	<u>\$ 444,283</u>	<u>\$ 402,511</u>	<u>\$ 55,098</u>	<u>\$ 2,586</u>	<u>\$ 108,553</u>	<u>\$ 166,237</u>	<u>(\$ 2,013)</u>	<u>\$ 1,011,018</u>	<u>\$ 1,613</u>	<u>\$ 1,012,631</u>
D1	Net profit for the three months ended March 31, 2021	-	-	-	-	-	45,219	45,219	-	45,219	127	45,346
D3	Other comprehensive income/(loss) for the three months ended March 31, 2021 after tax	-	-	-	-	-	-	-	(306)	(306)	-	(306)
D5	Total comprehensive income/(loss) for the three months ended March 31, 2021	-	-	-	-	-	45,219	45,219	(306)	44,913	127	45,040
Z1	Balance as of March 31, 2021	<u>44,428</u>	<u>\$ 444,283</u>	<u>\$ 402,511</u>	<u>\$ 55,098</u>	<u>\$ 2,586</u>	<u>\$ 153,772</u>	<u>\$ 211,456</u>	<u>(\$ 2,319)</u>	<u>\$ 1,055,931</u>	<u>\$ 1,740</u>	<u>\$ 1,057,671</u>
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
D1	Net profit for the three months ended March 31, 2022	-	-	-	-	-	108,304	108,304	-	108,304	-	108,304
D3	Other comprehensive income/(loss) for the three months ended March 31, 2022 after tax	-	-	-	-	-	-	-	1,787	1,787	-	1,787
D5	Total comprehensive income/(loss) for the three months ended March 31, 2022	-	-	-	-	-	108,304	108,304	1,787	110,091	-	110,091
Z1	Balance as of March 31, 2022	<u>44,428</u>	<u>\$ 444,283</u>	<u>\$ 402,511</u>	<u>\$ 64,432</u>	<u>\$ 2,013</u>	<u>\$ 445,831</u>	<u>\$ 512,276</u>	<u>(\$ 554)</u>	<u>\$ 1,358,516</u>	<u>\$ -</u>	<u>\$ 1,358,516</u>

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

Eris Technology Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

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

Unit: NT\$ Thousands

Code		Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	Cash flows from operating activities		
A10000	Net Profit before tax for the period	\$ 101,439	\$ 57,905
A20010	Adjustments for:		
A20100	Depreciation expenses	28,104	30,602
A20200	Amortization expenses	3,145	3,926
A20400	Net gain on financial instruments at fair value through profit or loss	475	(406)
A20900	Interest expense	3,220	2,909
A21200	Interest income	(59)	(69)
A22500	Gains on disposal of property, plant and equipment	-	(1,847)
A23800	Write-downs of inventories	1,000	-
A24100	Unrealized gain on foreign currency exchange	(3,295)	(4,747)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	1,810	(279)
A31150	Trade receivables	(988)	(10,799)
A31160	Trade receivables from related parties	43,432	(27,605)
A31200	Inventories	8,278	(21,312)
A31180	Other receivables	(1,897)	(9,651)
A31240	Prepayments and other current assets	127	432
A32150	Trade payables	(47,758)	58,569
A32180	Other payables	(13,723)	(4,128)
A32200	Provisions	297	1,517
A32230	Other current liabilities	<u>422</u>	<u>186</u>
A33000	Cash generated from operations	124,029	75,203
A33100	Interest received	58	69
A33300	Interest paid	(3,280)	(2,851)
A33500	Income tax paid	(<u>4,414</u>)	(<u>889</u>)
AAAA	Net cash generated from operating activities	<u>116,393</u>	<u>71,532</u>

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Code		Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	\$ -	(\$ 8,000)
B02700	Acquisition of property, plant and equipment	(10,443)	(22,124)
B02800	Proceeds from disposal of property, plant and equipment	-	13,615
B03700	Decrease in refundable deposits	-	295
B04500	Payments for intangible assets	(825)	-
B06700	Increase in other non-current assets	(2,321)	(495)
B07100	Increase in prepayments for equipment	(56,133)	(23,384)
BBBB	Net cash used in investing activities	(69,722)	(40,093)
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	1,601	30,000
C01700	Repayments of long-term borrowings	(7,462)	(2,240)
C04020	Repayments of principal portion of lease liabilities	(1,149)	(2,993)
CCCC	Net cash generated from/(used in) financing activities	(7,010)	24,767
DDDD	Effect of exchange rate changes on cash	2,250	(391)
EEEE	Increase in cash	41,911	55,815
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>\$ 376,544</u>	<u>\$ 279,625</u>

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

Eris Technology Corp. and Subsidiaries

Notes to Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

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

(Amount in NT\$ Thousands, Unless Specified Otherwise)

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 March 31, 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 April 26, 2022.

3. Application of New and Amended Standards 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. 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
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
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendment to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023 (Note 4)

Note 1: Unless otherwise specified, the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after the specified dates.

Note 2: This amendment is deferred for annual reporting periods beginning after January 1, 2023.

Note 3: This revision applies to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning after 1 January 2023.

Note 4: This amendment is applicable to transactions occurring after January 1, 2022.

As of the date of approval of this consolidated financial report, the company continues to evaluate the impact of the amendments to the above standards and interpretations on its financial position and financial performance, and the relevant impact will be disclosed when the evaluation 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 Primary 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Foreign currency demand deposits	\$ 162,820	\$ 178,618	\$ 134,592
Demand deposits	212,650	155,016	144,247
Cash on hand	1,061	986	773
Check deposits	<u>13</u>	<u>13</u>	<u>13</u>
	<u>\$ 376,544</u>	<u>\$ 334,633</u>	<u>\$ 279,625</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Demand deposits	0.001%~0.3%	0.001%~0.1%	0.001%~0.3%

7. Financial Instruments at Fair Value Through Profit or Loss

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial liabilities - current</u>			
Held for trading			
– Cross-currency swap contracts	\$ -	\$ -	\$ 415
– Forward foreign exchange contracts	<u>475</u>	<u>-</u>	<u>456</u>
	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 871</u>

a. At the balance sheet date, outstanding cross-currency swap contracts not under hedge accounting were as follows: (March 31, 2022 and December 31, 2021: None)

March 31, 2021

Notional Amount (In Thousands)	Maturity Date	Interval of Interest Rates Paid	Interval of Interest Rates Received
USD1,000	From April 2021 to May 2021	-	0.08%~0.34%

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

March 31, 2022

	Currency	Maturity Period	Notional Amount (In Thousands)
Sales of forwarding foreign exchange	USD : NTD	From May 2022 to June 2022	USD 2,000/NTD 56,762

March 31, 2021

	Currency	Maturity Period	Notional Amount (In Thousands)
Sales of forwarding foreign exchange	USD : NTD	From April 2021 to June 2021	USD 1,500/NTD 42,335

The Group's financial instruments at fair value through profit or loss incurred a net loss of NTD 905 thousand and NTD 430 thousand for the three months ended March 31, 2022 and 2021, respectively.

8. Financial assets at amortized cost

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Current</u>			
Unpledged bank deposits			
Time deposits with original maturity of more than 3 months	\$ 8,589	\$ 8,304	\$ -
Pledged bank deposits			
Time deposits with original maturity of more than 3 months	14,009	13,529	13,787
Restricted demand deposits	<u>40,018</u>	<u>40,019</u>	<u>30,013</u>
	<u>\$ 62,616</u>	<u>\$ 61,852</u>	<u>\$ 43,800</u>
<u>Non-current</u>			
Pledged bank deposits			
Restricted demand deposits	<u>\$ 10,004</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:

	March 31, 2022	December 31, 2021	March 31, 2021
Time deposits with original maturity of more than 3 months	0.24%~2.15%	0.21%~2.15%	0.26%~2.13%
Restricted demand deposits	0.01%~0.08%	0.01%~0.05%	0.01%~0.04%

Please refer to Note 27 for information relating to financial assets at amortized cost pledged as security.

9. Notes Receivable and Trade Receivables

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	<u>\$ 1,302</u>	<u>\$ 3,112</u>	<u>\$ 1,820</u>
<u>Trade receivables</u>			

Measured at amortized cost			
Total carrying amount	\$ 149,673	\$ 148,442	\$ 125,981
Less: loss allowance	(8,051)	(8,026)	(8,330)
Trade receivables, net	<u>\$ 141,622</u>	<u>\$ 140,416</u>	<u>\$ 117,651</u>

Receivables from related parties

Measured at amortized cost			
Total carrying amount	<u>\$ 341,585</u>	<u>\$ 379,719</u>	<u>\$ 287,454</u>

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

In order to mitigate credit risk, the management of the Group's Company has assigned a dedicated team to be responsible for the decision of credit duration, credit approval and other monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue accounts receivable. In addition, the Group's company will review the recoverable amount of the accounts receivable on the balance sheet date to ensure that the unrecoverable accounts receivable have been properly set aside for impairment losses. Accordingly, the management of the Group's believes that the credit risk of the merged company has been significantly reduced.

The Group's company recognizes the allowance loss for accounts receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is based on the customer's past default record, current financial situation and industrial economic situation.

The loss allowance of trade receivables of the Group was as follows:

March 31, 2022

	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	\$ 26,083	\$ 387,049	\$ 70,904	\$ 1,771	\$ 5,451	\$ 491,258
Loss allowance (lifetime expected credit losses)	(1,304)	(941)	(355)	-	(5,451)	(8,051)
Amortized cost	<u>\$ 24,779</u>	<u>\$ 386,108</u>	<u>\$ 70,549</u>	<u>\$ 1,771</u>	<u>\$ -</u>	<u>\$ 483,207</u>

December 31, 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	\$ 25,867	\$ 440,610	\$ 54,851	\$ 1,257	\$ 5,576	\$ 528,161
Loss allowance (lifetime expected credit losses)	(1,293)	(933)	(224)	-	(5,576)	(8,026)
Amortized cost	<u>\$ 24,574</u>	<u>\$ 439,677</u>	<u>\$ 54,627</u>	<u>\$ 1,257</u>	<u>\$ -</u>	<u>\$ 520,135</u>

March 31, 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	\$ 18,429	\$ 318,918	\$ 68,084	\$ 2,173	\$ 5,831	\$ 413,435
Loss allowance (lifetime expected credit losses)	(921)	(1,238)	(340)	-	(5,831)	(8,330)
Amortized cost	<u>\$ 17,508</u>	<u>\$ 317,680</u>	<u>\$ 67,744</u>	<u>\$ 2,173</u>	<u>\$ -</u>	<u>\$ 405,105</u>

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

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Beginning balance	\$ 8,026	\$ 8,338
Foreign exchange translation differences	<u>25</u>	(<u>8</u>)
Ending balance	<u>\$ 8,051</u>	<u>\$ 8,330</u>

The aging analysis of trade receivables was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Not Overdue	\$ 473,193	\$ 434,111	\$ 394,527
Less than 60 days overdue	9,119	83,735	6,991
61~90 days overdue	13	122	4
91~120 days overdue	-	147	449
More than 120 days overdue	<u>8,933</u>	<u>10,046</u>	<u>11,464</u>
Total	<u>\$ 491,258</u>	<u>\$ 528,161</u>	<u>\$ 413,435</u>

10. Inventories

	March 31, 2022	December 31, 2021	March 31, 2021
Raw Material	\$ 124,934	\$ 127,144	\$ 125,404
Work in progress	125,226	135,218	110,594
Finished goods	<u>81,032</u>	<u>78,108</u>	<u>30,970</u>
	<u>\$ 331,192</u>	<u>\$ 340,470</u>	<u>\$ 266,968</u>

The cost of goods sold for the three months ended March 31, 2022 included write-downs of inventories for decline in the value and obsolescence of NTD1,000 thousand (for the three months ended March 31, 2021: None).

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		
			March 31, 2022	December 31, 2021	March 31, 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%	99.52%
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 March 31, 2022, the paid-in capital of Jie Cheng was US\$650 thousand.

For backward 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 \$193,860 thousand in July 2018.

In response to the group's development strategy, the company acquired 11,558 thousand shares, 5 thousand shares and 142 thousand shares of at a total price of NT\$184,842 thousand, NT\$71 thousand and NT\$2,305 thousand in March, April, 2020 and April, 2021. As above mention that the shareholding ratio increased from 60.11% to 100%, and the retained earnings were reduced by NT\$60,876 thousand, NT\$22 thousand and NT\$496 thousand, respectively.

12. Property, Plant and Equipment

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Carrying amount of each category</u>			
Land	\$ 574,129	\$ 574,129	\$ 612,895
Houses and buildings	409,102	412,871	436,846
Machinery Equipment	406,194	399,558	359,966
Transportation Equipment	5,150	5,593	7,211
Leasehold Improvements	1,165	1,750	3,865
Other Equipment	6,003	6,388	4,436
	<u>\$ 1,401,743</u>	<u>\$ 1,400,289</u>	<u>\$ 1,425,219</u>

	<u>Three Months Ended March 31, 2022</u>					
	<u>Beginning balance</u>	<u>Increase of the period</u>	<u>Decrease of the period</u>	<u>Internal transfer</u>	<u>Effect of exchange rate</u>	<u>Ending balance</u>
<u>Cost</u>						
Land	\$ 574,129	\$ -	\$ -	\$ -	\$ -	\$ 574,129
Houses and buildings	524,376	1,598	-	1,299	-	527,273
Machinery Equipment	1,066,519	6,473	1,458	18,628	-	1,090,162
Transportation Equipment	15,385	-	-	-	67	15,452
Leasehold Improvements	11,693	-	-	-	-	11,693
Other Equipment	15,932	-	476	-	63	15,519
Total Cost	<u>2,208,034</u>	<u>\$ 8,071</u>	<u>\$ 1,934</u>	<u>\$ 19,927</u>	<u>\$ 130</u>	<u>2,234,228</u>
<u>Accumulated depreciation</u>						
Houses and buildings	111,505	\$ 6,666	\$ -	\$ -	\$ -	118,171
Machinery Equipment	666,961	18,465	1,458	-	-	683,968
Transportation Equipment	9,792	446	-	-	64	10,302
Leasehold Improvements	9,943	585	-	-	-	10,528
Other Equipment	9,544	417	476	-	31	9,516
Total accumulated depreciation	<u>807,745</u>	<u>\$ 26,579</u>	<u>\$ 1,934</u>	<u>\$ -</u>	<u>\$ 95</u>	<u>832,485</u>
Net balance	<u>\$ 1,400,289</u>					<u>\$ 1,401,743</u>

Three Months Ended March 31, 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	\$ -	\$ -	\$ -	\$ -	\$ 612,895
Houses and buildings	530,915	3,989	-	1,390	-	536,294
Machinery Equipment	1,025,572	16,025	27,614	7,586	-	1,021,569
Transportation Equipment	15,976	1,122	-	-	(14)	17,084
Leasehold Improvements	16,991	-	2,095	-	-	14,896
Other Equipment	14,095	400	-	-	(7)	14,488
Total Cost	<u>2,216,444</u>	<u>\$ 21,536</u>	<u>\$ 29,709</u>	<u>\$ 8,976</u>	<u>(\$ 21)</u>	<u>2,217,226</u>
<u>Accumulated depreciation</u>						
Houses and buildings	93,088	\$ 6,360	\$ -	\$ -	\$ -	99,448
Machinery Equipment	658,697	18,752	15,846	-	-	661,603
Transportation Equipment	9,363	523	-	-	(13)	9,873
Leasehold Improvements	11,472	1,654	2,095	-	-	11,031
Other Equipment	9,714	344	-	-	(6)	10,052
Total accumulated depreciation	<u>782,334</u>	<u>\$ 27,633</u>	<u>\$ 17,941</u>	<u>\$ -</u>	<u>(\$ 19)</u>	<u>792,007</u>
Net balance	<u>\$ 1,434,110</u>					<u>\$ 1,425,219</u>

The Group did not process any assessment for impairment due to no signs of impairment for the three months ended March 31, 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 27 for the amounts of property, plant and equipment pledged as collateral for borrowings.

13. Lease Arrangements

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of right-of-use assets			
Buildings	<u>\$ 9,069</u>	<u>\$ 10,585</u>	<u>\$ 5,385</u>
		Three Months Ended	Three Months Ended
		March 31, 2022	March 31, 2021
Additions on right-of-use assets		<u>\$ -</u>	<u>\$ 1,944</u>
Depreciation expense of right-of-use assets			
Buildings		<u>\$ 1,525</u>	<u>\$ 2,969</u>

b. Lease liabilities

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Carrying amount of lease liabilities			
Current	<u>\$ 2,699</u>	<u>\$ 3,558</u>	<u>\$ 3,996</u>
Non-current	<u>\$ 6,414</u>	<u>\$ 7,055</u>	<u>\$ 1,444</u>

Intervals of discount rates for lease liabilities were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Buildings	1%~1.25%	1%~1.25%	1%~1.25%

c. Other lease information

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Total cash outflow for leases	<u>\$ 1,149</u>	<u>\$ 3,018</u>

All lease commitments with lease terms beginning after the balance sheet date were as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Lease commitments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,883</u>

14. Goodwill

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Cost	<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

	<u>Patent</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 617	\$ 18,908	\$ 19,525
Take alone	-	825	825
Disposal	-	(331)	(331)
Balance as of March 31, 2022	<u>\$ 617</u>	<u>\$ 19,402</u>	<u>\$ 20,019</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2022	\$ 497	\$ 4,716	\$ 5,213
Amortization expenses	15	580	595
Disposal	-	(331)	(331)
Balance as of March 31, 2022	<u>\$ 512</u>	<u>\$ 4,965</u>	<u>\$ 5,477</u>
Net balance as of March 31, 2022	<u>\$ 105</u>	<u>\$ 14,437</u>	<u>\$ 14,542</u>
<u>Cost</u>			
Balance as of January 1 and March 31, 2021	<u>\$ 617</u>	<u>\$ 19,625</u>	<u>\$ 20,242</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	15	615	630
Balance as of March 31, 2021	<u>\$ 450</u>	<u>\$ 4,512</u>	<u>\$ 4,962</u>
Net balance as of March 31, 2021	<u>\$ 167</u>	<u>\$ 15,113</u>	<u>\$ 15,280</u>

16. Other Non-Current Assets

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unamortized expenses	<u>\$ 11,705</u>	<u>\$ 12,056</u>	<u>\$ 9,512</u>

17. Borrowings

a. Short-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Secured loans</u>			
Bank loans	\$ 401,630	\$ 400,000	\$ 350,000
<u>Unsecured loans</u>			
Line of credit loans	<u>100,000</u>	<u>100,000</u>	<u>30,000</u>
	<u>\$ 501,630</u>	<u>\$ 500,000</u>	<u>\$ 380,000</u>

The interest rates on bank revolving loans were 0.97%~2.27%, 0.97%~1.02%, and 0.97%~1.2% per annum as of March 31, 2022, December 31 and March 31, 2021, respectively.

Please refer to Note 27 for information relating to assets pledged for secured borrowings.

b. Long-term borrowings

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Secured loans</u>			
Bank loans (1)	\$ 67,533	\$ 68,954	\$ 116,073
Bank loans (2)	441,847	447,440	476,000
Bank loans (3)	-	-	100,000
Bank loans (4)	-	-	100,000
Bank loans (5)	9,809	10,257	11,000
Bank loans (6)	49,000	49,000	49,000
Bank loans (7)	50,000	50,000	-
Bank loans (8)	100,000	100,000	-
Bank loans (9)	<u>100,000</u>	<u>100,000</u>	<u>-</u>
	818,189	825,651	852,073
Less: listed as portion matured in			
1 year	(<u>34,247</u>)	(<u>48,549</u>)	(<u>148,410</u>)
Long-term borrowings	<u>\$ 783,942</u>	<u>\$ 777,102</u>	<u>\$ 703,663</u>

- 1) The bank loan of \$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 annual interest rates were 1.2114%, 0.9154% and 0.9154% as of March 31, 2022, December 31 and March 31, 2021, respectively.
- 2) The bank loan of \$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 rate were 0.9801%, 0.9806%, and 0.9796% as of March 31, 2022, December 31 and March 31, 2021, respectively.
- 3) The bank loan of \$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 was December 30, 2021, and it was completely paid off in December 2021. The effective annual interest rate was 0.9797% as of March 31, 2021.
- 4) The bank loan of \$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 loan was paid in full by early settlement in December 2021. The effective interest rate was 0.88% as of March 31, 2021.
- 5) The bank loan of \$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 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 all 0.98% as of March 31, 2022, and December 31, 2021, respectively.

- 6) The bank loan of \$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 one-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 all 0.90% as of March 31, 2022, and December 31, 2021, respectively.
- 7) The bank loan of \$50,000 thousand was obtained by the Group on Sep.28, 2021, which are pledged by the land and buildings owned by the Group as collateral. And with an interest rate of the loan calculated based on the two-year fixed deposit floating interest rate plus 0.082%, which should not be lower than 0.98%, and repaid in a one-time payment at maturity for the principal. The loan maturity date is September 28, 2023. The effective annual interest rates were 1.276% and 0.98% as of March 31, 2022 and December 31, 2021, respectively.
- 8) The bank loan of \$100,000 thousand was obtained by the Group at the end of December 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 annual interest rates were 0.9805% and 0.9802% as of March 31, 2022 and December 31, 2021, respectively.
- 9) The bank loan of \$100,000 thousand was obtained by the Group at the end of December 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 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 annual interest rates were 0.88% and 0.93% as of March 31, 2022 and December 31, 2021, respectively.

Please refer to Note 27 for information relating to assets pledged for secured borrowings.

18. Other Payables

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Salary and bonus payable	\$ 76,015	\$ 90,033	\$ 50,828
Processing fees payable	16,143	16,237	17,536
Other	<u>65,127</u>	<u>66,809</u>	<u>60,102</u>
	<u>\$ 157,285</u>	<u>\$ 173,079</u>	<u>\$ 128,466</u>

19. Equity

a. Share capital

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>	<u>50,000</u>
Share capital authorized	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 500,000</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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
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 appropriations of earnings for the year ended December 31, 2021 and 2020 proposed from the board of directors' meeting held on Feb. 24, 2022, and approved in the shareholders' meetings held on Aug.11, 2021, respectively, were as follows:

	<u>For the Year Ended December 31, 2021</u>	<u>For the Year Ended December 31, 2020</u>
Legal reserve	<u>\$ 32,709</u>	<u>\$ 9,334</u>
Special 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>

The appropriations of earnings for the year ended December 31, 2021 are subject to be approved in the shareholders' meetings held on May 16, 2022.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Beginning balance	(\$ 2,341)	(\$ 2,013)
Derived from this period		
Exchange differences on translating the financial statements of foreign operations	2,234	(382)
Income tax related to the components of other comprehensive income	(447)	76
Ending balance	<u>(\$ 554)</u>	<u>(\$ 2,319)</u>

e. Non-controlling interests (Three months ended March 31, 2022: None)

	<u>Three Months Ended March 31, 2021</u>
Beginning balance	\$ 1,613
Net profit for the period	127
Ending balance	<u>\$ 1,740</u>

20. Revenue

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$528,479</u>	<u>\$448,878</u>

Contract balances

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>	<u>January 1, 2021</u>
Notes and trade receivables (Note 9)	<u>\$ 484,509</u>	<u>\$ 523,247</u>	<u>\$ 406,925</u>	<u>\$ 365,144</u>
Contract liabilities (included in other current liability)				
Sales of goods	<u>\$ 324</u>	<u>\$ 38</u>	<u>\$ 43</u>	<u>\$ 17</u>

21. Net Profit

Additional information on the net profit includes the following items:

a. Depreciation and amortization

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Property, plant and equipment	\$ 26,579	\$ 27,633
Right-of-use assets	1,525	2,969
Long-term prepaid expenses	2,550	3,296
Intangible assets	595	630
Total	<u>\$ 31,249</u>	<u>\$ 34,528</u>
Depreciation expenses summarized by function		
Operating costs	\$ 14,800	\$ 19,689
Operating Expenses	<u>13,304</u>	<u>10,913</u>
	<u>\$ 28,104</u>	<u>\$ 30,602</u>

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Amortization expenses summarized by function		
Operating costs	\$ 1,858	\$ 2,720
Operating Expenses	<u>1,287</u>	<u>1,206</u>
	<u>\$ 3,145</u>	<u>\$ 3,926</u>

b. Gains or losses on foreign currency exchange

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Total foreign exchange gains	\$ 19,993	\$ 6,162
Total foreign exchange losses	(9,020)	(6,256)
Net balance	<u>\$ 10,973</u>	<u>(\$ 94)</u>

c. Employee benefits expense

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Post-employment benefits		
Defined benefit plans	\$ 2,314	\$ 2,412
Salaries and bonus	84,631	78,957
Total	<u>\$ 86,945</u>	<u>\$ 81,369</u>
Summarized by function		
Operating costs	\$ 44,319	\$ 46,592
Operating Expenses	<u>42,626</u>	<u>34,777</u>
	<u>\$ 86,945</u>	<u>\$ 81,369</u>

d. Employees' compensation

The Company sets aside 1%~5% of the profit before tax for the current year before distribution of employees' compensation as the employees' compensation in compliance with the Articles of Incorporation. The employees' compensation for the three months ended March 31, 2022 and 2021 were accrued as follows:

Accrual rate

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Employees' compensation	2.3%	2.7%

Amount of Cash

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Employees' compensation	<u>\$ 2,600</u>	<u>\$ 1,400</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

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

There is no difference between the actual amounts of employees' compensation distributed for the years ended December 31, 2020 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020. The employees' compensation for the years ended December 31, 2021 is waiting for distribution.

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:

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
Current income tax		
In respect of the period	(\$ 6,026)	(\$ 5,350)
Adjustments from previous years	<u>3,839</u>	<u>-</u>
	(<u>2,187</u>)	(<u>5,350</u>)
Deferred income tax		
In respect of the period	<u>9,052</u>	(<u>7,209</u>)
Income tax expense recognized in profit or loss	<u>\$ 6,865</u>	<u>(\$ 12,559)</u>

b. Income tax recognized in other comprehensive income

	<u>Three Months Ended March 31, 2022</u>	<u>Three Months Ended March 31, 2021</u>
<u>Deferred income tax</u>		
Derived from this period		
- Translations of foreign operations	(<u>\$ 447</u>)	<u>\$ 76</u>
Income tax recognized in other comprehensive income(Loss)	(<u>\$ 447</u>)	<u>\$ 76</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, have 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 (\$)
<u>Three Months Ended March 31, 2022</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 108,304	44,428	\$ <u>2.44</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>\$ 108,304</u>	<u>44,454</u>	<u>\$ 2.44</u>
	Amount (numerator)	Number of Shares (denominator) (in Thousands)	Earnings per share (\$)
<u>Three Months Ended March 31, 2021</u>			
Basic earnings per share			
Net profit attributable to shareholders of the ordinary shares	\$ 45,219	44,428	\$ <u>1.02</u>
Effect of potentially dilutive ordinary shares			
Employees' compensation	<u>-</u>	<u>53</u>	
Diluted earnings per share			
Net profit attributable to shareholders of the ordinary shares	<u>\$ 45,219</u>	<u>44,481</u>	<u>\$ 1.02</u>

If the Group offered to settle the employees' compensation in cash or shares, it assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential ordinary shares is included in the computation of diluted earnings per share until the number of shares to be distributed as employees' compensation in the resolution in the next year.

24. Capital Risk Management

The Group monitors its capital by reviewing the liabilities to assets ratio on a regular basis to plan the operating capital needed by the Group in the future period based on the factors, such as the characteristics of the current operating industry, the development of the company in the future as well as changes in the external environment, to ensure that the Group will be able to continue as a going concern while maintaining the optimization of the capital structure.

25. Financial Instruments

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

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

March 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities at fair value</u>				
<u>through profit or loss</u>				
Derivatives	<u>\$ -</u>	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ 475</u>

March 31, 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	\$ -	\$ 871	\$ -	\$ 871

There were no transfers between Levels 1 and 2 for the three months ended March 31, 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 - cross-currency swap contracts	The fair value of cross-currency swap contracts is measured by reference to quoted forward exchange rates and the curves of the corresponding discount rate derived therefrom.
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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 937,467	\$ 933,518	\$ 740,353
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,609,082	1,660,924	1,530,069
Measured at fair value through profit or loss			
Held for trading	475	-	871

Note 1: The balance includes cash, debt instrument investments, notes receivable, accounts receivable, other receivables (excluding tax refunds receivable) and deposits and other financial assets measured at amortized cost.

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 29 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 three months ended March 31, 2022 would decrease/increase by \$156 thousand; the net profit after tax of the Group for the three months ended March 31, 2021 would decrease/increase by \$867 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:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Fair value interest rate risk			
— Financial assets	\$ 22,598	\$ 21,833	\$ 13,787
— Financial liabilities	9,113	10,613	5,440
Cash flow interest rate risk			
— Financial assets	425,492	383,657	318,855
— Financial liabilities	1,319,819	1,325,651	1,232,073

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 lead to a decrease of \$444 thousand and \$453 thousand on the Group's net profit after tax for the three months ended March 31, 2022 and 2021, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopted a policy of only dealing with creditworthy 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 69%, 72%, and 70% of the total trade receivable from the above-mentioned customer as of March 31, 2022, December 31 and March 31, 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.

March 31, 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</u>						
<u>financial liabilities</u>						
Non-interest bearing						
liabilities		\$ 372,804	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.00%	802	1,971	2,138	4,378	-
Floating-rate						
instruments	1.00%	<u>511,949</u>	<u>32,805</u>	<u>307,227</u>	<u>427,810</u>	<u>61,409</u>
		<u>\$ 885,555</u>	<u>\$ 34,776</u>	<u>\$ 309,365</u>	<u>\$ 432,188</u>	<u>\$ 61,409</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>

March 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		\$ 356,533	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.16%	1,619	2,409	1,101	350	-
Floating-rate instruments	0.97%	<u>324,621</u>	<u>212,443</u>	<u>156,760</u>	<u>458,955</u>	<u>105,175</u>
		<u>\$ 682,773</u>	<u>\$ 214,852</u>	<u>\$ 157,861</u>	<u>\$ 459,305</u>	<u>\$ 105,175</u>

ii. Financing facilities

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Secured bank financing facilities:			
— Amount used	\$ 1,319,819	\$ 1,325,651	\$ 1,232,073
— Amount unused	<u>257,007</u>	<u>257,680</u>	<u>253,927</u>
	<u>\$ 1,576,826</u>	<u>\$ 1,583,331</u>	<u>\$ 1,486,000</u>

26. 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

b. Operating revenue

Line Item	Related Party Category/Name	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Sales	Sister company		
	Diodes (HK)	\$ 240,540	\$ 207,069
	Diodes (TW)	<u>148,043</u>	<u>128,736</u>
		<u>\$ 388,583</u>	<u>\$ 335,805</u>

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

c. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Trade receivables from related parties	Sister company			
	Diodes(HK)	\$ 178,491	\$ 212,385	\$ 152,278
	Diodes(TW)	<u>163,094</u>	<u>167,334</u>	<u>135,176</u>
		<u>\$ 341,585</u>	<u>\$ 379,719</u>	<u>\$ 287,454</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 March 31, 2022 and 2021.

d. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2022	December 31, 2021	March 31, 2021
Equipment payable - Related parties	Sister company			
	Lite-on	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 5,633</u>

No collateral was provided for the outstanding amount of payables from related parties.

e. Purchase of Property, plant and equipment

Related Party Category/Name	Proceeds received	
	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Sister company		
Lite-on	<u>\$ _____</u>	<u>\$ 17,883</u>

f. Remuneration to the key management

	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021
Short-term employee benefits	\$ 6,728	\$ 4,009
Post-employment benefits	<u>27</u>	<u>27</u>
	<u>\$ 6,755</u>	<u>\$ 4,036</u>

The remuneration to directors and other key management is determined by the Remuneration Committee based on personal performances and market trends.

27. Pledged Assets

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

	March 31, 2022	December 31, 2021	March 31, 2021	Nature
Bank time deposits (classified as financial assets at amortized cost)	\$ 14,009	\$ 13,529	\$ 13,787	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	50,022	50,023	40,016	Short-term and long- term borrowings
Property and plant	<u>899,210</u>	<u>901,040</u>	<u>960,252</u>	Short-term and long- term borrowings
	<u>\$ 963,241</u>	<u>\$ 964,592</u>	<u>\$1,014,055</u>	

28. 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:

	March 31, 2022	December 31, 2021	March 31, 2021
Amount of Contract Commitments	<u>\$ 331,327</u>	<u>\$ 340,523</u>	<u>\$ 104,035</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 209,345</u>	<u>\$ 173,139</u>	<u>\$ 68,423</u>

29. 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

	March 31, 2022			
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 13,170	28.63 (USD:NTD)	\$ 377,057	\$ 377,057
USD	314	6.3538 (USD:RMB)	1,995	8,989
RMB	1,406	4.5060 (RMB:NTD)	6,335	6,335
EUR	540	31.92 (EUR:NTD)	17,237	17,237
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,157	28.63 (USD:NTD)	61,763	61,763
RMB	13,965	0.1574 (RMB:USD)	2,198	62,925
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	12,224	28.63 (USD:NTD)	349,973	349,973

March 31, 2022				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Non-monetary items</u>				
Derivatives				
USD	2,000	28.63 (USD:NTD)	57,260	57,260
December 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,691	27.68 (USD:NTD)	\$ 434,327	\$ 434,327
USD	177	6.372(USD:RMB)	1,128	4,899
RMB	1,390	4.344 (RMB:NTD)	6,038	6,038
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,103	27.68 (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	27.68 (USD:NTD)	380,268	380,268
March 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,622	28.54 (USD:NTD)	\$ 445,852	\$ 445,852
USD	198	6.57 (USD:RMB)	1,301	5,652
RMB	1,417	4.344 (RMB:NTD)	6,155	6,155
EUR	294	33.48 (EUR:NTD)	9,843	9,843
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	1,822	28.54 (USD:NTD)	52,001	52,001
RMB	11,997	0.1522 (RMB:USD)	1,826	52,113
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	9,558	28.54 (USD:NTD)	272,785	272,785
<u>Non-monetary items</u>				
Derivatives				
USD	2,500	28.54 (USD:NTD)	71,350	71,350

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 March 31, 2022		Three Months Ended March 31, 2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.155 (USD:NTD)	\$ 9,177	28.51 (USD:NTD)	\$ 71
USD	6.363 (USD:RMB)	(23)	6.54 (USD:RMB)	34
EUR	31.920 (EUR:RMB)	1,237	33.48 (EUR:RMB)	(246)
Others		582		47
		<u>\$ 10,973</u>		<u>(\$ 94)</u>

30. Supplementary Disclosures

a. Information on significant transactions:

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided to others: Please refer to 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 Table 2.
- 8) Receivables from related parties amounting to NT\$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- 9) Derivatives transactions: Please refer to Note 7.
- 10) Other: Intercompany relationships and significant intercompany transactions: Please refer to Table 4.

b. Information on investees: Please refer to Table 5.

c. Information on investments in mainland China:

- 1) Information on investments in mainland China, showing the name of investee company, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, income of investments, 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 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 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 Table 7.
 - iii. The amount of property transactions and the amount of the resultant gains or losses: None.
 - iv. The balance of notes for endorsements/guarantees or collateral provided at the end of the period and the purposes: Please refer to 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 Table 8.

31. Segment Information

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on each operating entity and the types of goods or services delivered or provided in addition to considering the managers of segments. The Group's reportable segments were 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.

Three Months Ended March 31, 2022

	Eris Technology and Jie Cheng	Yea Shin	Adjustments and write-offs	Total
Revenue from external customers	\$ 489,832	\$ 38,647	\$ -	\$ 528,479
Inter-segment revenue	<u>7,232</u>	<u>223,816</u>	<u>(231,048)</u>	<u>-</u>
Segment revenue	<u>\$ 497,064</u>	<u>\$ 262,463</u>	<u>(\$ 231,048)</u>	<u>\$ 528,479</u>
Segment income	<u>\$ 109,912</u>	<u>\$ 81,293</u>	<u>(\$ 82,901)</u>	<u>\$ 108,304</u>
Segment assets	<u>\$3,184,608</u>	<u>\$ 817,952</u>	<u>(\$ 901,799)</u>	<u>\$3,100,761</u>
Segment liabilities	<u>\$1,824,931</u>	<u>\$ 188,101</u>	<u>(\$ 270,787)</u>	<u>\$1,742,245</u>

Three Months Ended March 31, 2021

	Eris Technology and Jie Cheng	Yea Shin	Adjustments and write-offs	Total
Revenue from external customers	\$ 415,406	\$ 33,472	\$ -	\$ 448,878
Inter-segment revenue	<u>9,341</u>	<u>145,985</u>	<u>(155,326)</u>	<u>-</u>
Segment revenue	<u>\$ 424,747</u>	<u>\$ 179,457</u>	<u>(\$ 155,326)</u>	<u>\$ 448,878</u>
Segment income	<u>\$ 48,773</u>	<u>\$ 26,589</u>	<u>(\$ 30,016)</u>	<u>\$ 45,346</u>
Segment assets	<u>\$2,765,766</u>	<u>\$ 533,987</u>	<u>(\$ 613,437)</u>	<u>\$2,686,316</u>
Segment liabilities	<u>\$1,657,722</u>	<u>\$ 164,455</u>	<u>(\$ 193,532)</u>	<u>\$1,628,645</u>

Eris Technology Corp. and Subsidiaries

Endorsements/Guarantees Provided to Others

For the three months ended March 31, 2022

Unit: NT\$ Thousands, Unless Specified 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)	\$ 135,852	\$ 30,000 (USD 1,000 thousand)	\$ 30,000 (USD1,000 thousand)	\$ 1,630 (USD 57 thousand)	\$ 8,589	2.21%	\$ 407,555	Y	N	Y

Note 1: Relationship between the endorser/guarantor and the endorsee/guarantee is classified into the following 7 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 endorsements/guarantees provided to an external entity by the Company and the limits on endorsement/guarantee given to an individual entity shall not exceed 30% and 10%, respectively, of the Company's net worth. The maximum endorsement/guarantee limit was calculated by the Company's net worth as of March 31, 2022.

Eris Technology Corp. and Subsidiaries

Purchases or Sales with Related Parties Amounting to NTS100 Million or 20% of Paid-in Capital or More
For the three months ended March 31, 2022
Unit: NTS Thousands

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	(\$ 148,043)	31.05%	Net 60 payment term	None	None	\$ 163,094	39.62%	-
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	Sales	(240,540)	50.45%	Net 60 payment term	None	None	178,491	43.36%	-
Eris Technology Corp.	Yea Shin Technology Co., Ltd.	The Company's subsidiary	Purchases	221,080	68.50%	Net 60 payment term	None	None	(252,060)	81.05%	Note 1

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

Eris Technology Corp. and Subsidiaries

Receivables from Related Parties Amounting to NTS100 Million or 20% of the Paid-in Capital or More
 March 31, 2022
 Unit: NTS Thousands

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 1)	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	\$ 163,094	3.58	\$ -	—	\$ 50,877	\$ -
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	178,491	4.92	-	—	95,327	-
Yea Shin Technology Co., Ltd.	Eris Technology Corp.	Parent company	252,060	3.46	-	—	88,231	-

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

Eris Technology Corp. and Subsidiaries

Intercompany Relationships and Significant Intercompany Transactions
For the three months ended March 31, 2022
Unit: NT\$ Thousands

No. (Note 1)	Company	Counterparty	Relationship with Investor (Note 2)	Transactions Details			Ratio of Consolidated Total Revenue or Total Assets (Note 3)
				Ledger Account	Amount (Note 4)	Transaction Term	
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Trade receivables	\$ 2,746	-	0.08%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Trade payables	326	-	0.01%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Sales	1,190	No significant difference from general customers	0.22%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Purchases	5,799	No significant difference from general customers	1.10%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Other operating expenses	183	No significant difference from general customers	0.03%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade receivables	7,735	-	0.25%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade payables	252,060	-	8.13%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Other receivables	701	-	0.02%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Sales	7,232	No significant difference from general customers	1.37%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Purchases	221,080	No significant difference from general customers	41.75%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Processing fees	2,736	No significant difference from general customers	0.52%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Rental income	857	No significant difference from general customers	0.16%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other receivables	1,385	-	0.04%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other income	968	No significant difference from general customers	0.18%

Note 1: The numbers shall be filled in the column of No. for intercompany relationships in a manner of following instructions:

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.

Eris Technology Corp. and Subsidiaries

Related Information on Name of Investee, Location, and So On
For the three months ended March 31, 2022
Unit: NT\$ Thousands, Unless Specified 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 6)	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 (USD670 thousand)	\$ 20,776 (USD 670 thousand)	N/A	100	\$ 61,763	\$ 1,608 (USD 57 thousand)	\$ 1,807 (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	643,727	81,293	80,876 (Note 4)	Subsidiary
Keep High Limited	Forever Eagle Incorporation	MAURITIUS	Holding of investments	20,473 (USD660 thousand)	20,473 (USD 660 thousand)	N/A	100	62,925 (USD 2,198 thousand)	1,608 (USD 57 thousand)	1,608 (USD 57 thousand)	Sub-subsidiary

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 of USD in the investment period.

Note 3: Related transactions were eliminated in the consolidated financial statements.

Note 4: Including adjustments for unrealized gross profit.

Note 5: Please refer to Table 6 for related information on investee in Mainland China.

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

Eris Technology Corp. and Subsidiaries

Information on Investments in Mainland China

For the three months ended March 31, 2022

Unit: NT\$ Thousands, Unless Specified 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, 5 and 6)	Carrying Amount of Investments at End of Period (Note 6)	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 (USD650 thousand)	\$ -	\$ -	\$ 20,170 (USD 650 thousand)	\$ 1,608 (RMB363thousand)	100%	\$ 1,608 (RMB363thousand)	\$ 62,925	\$ -

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)	\$18,610 (USD 650 thousand)	\$815,110

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 March 31, 2022.

Note 4: The information was calculated as 60% of the Company's net worth on March 31, 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 balances have been eliminated in the consolidated financial statements.

Eris Technology Corp. 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 three months ended March 31, 2022
 Unit: NT\$ Thousands, Unless Specified 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	(\$ 1,190)	0.22%	None	None	\$ 2,746	0.56%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	5,799	1.68%	None	None	(326)	0.15%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Others	(968)	-	None	None	1,385	10.82%	Note 1

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

Eris Technology Corp.

Information on Major Shareholders
 March 31, 2022

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Ratio
The investment account of Diodes Holdings U.K. of which Yuanta Commercial Bank entrusted with the custody	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.