

# Eris Technology Corporation and Subsidiaries

## Consolidated Financial Statements

With Independent Auditors' Review Report

For the Six Months Ended

June 30, 2023 and 2022

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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 June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements (including a summary of significant accounting policies), which have been reviewed by our accountants. It is the management's responsibility to prepare consolidated financial statements that adequately express themselves in accordance with the financial reporting standards for securities issuers and International Accounting Standard No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

We have performed the review work in accordance with Review Standard No. 2410 "Review of Financial Statements". The procedures performed when reviewing the consolidated financial statements include inquiries (primarily to those responsible for financial and accounting matters), analytical procedures 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 the results of the accountant's review, it was not found that the consolidated financial statements of the above failed in all material aspects to comply with the preparation standards for financial reporting of securities issuers and the International Accounting Standard No. 34 "Interim Financial Reporting" approved and issued by the Financial Supervisory Commission. "preparation, resulting in the inability to adequately express the consolidated financial position of Eris Technology Corporation and its subsidiaries as of 2023 and June 30, 2022, as well as the consolidated financial performance from April 1 to June 30 2023 and 2022. , as well as the consolidated financial performance and consolidated cash flow from January 1 to June 30 2023 and 2022.

### Deloitte & Touche

Certified Public Accountant

Jimmy Wu

Approval number of  
the Financial Supervisory Commission  
the Jin Guan Zheng Shen Zi No.1010028123

Certified Public Accountant

Sabrina Liu

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of the Financial Supervisory Commission  
the Jin Guan Zheng Shen Zi No. 1100356048

July 21, 2023

### 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 June 30, 2023, and December 31 and June 30, 2022**

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

**(Expressed in Thousands of New Taiwan Dollars)**

Code	Assets	June 30, 2023 (Reviewed)		December 31, 2022 (Audited)		June 30, 2022 (Reviewed)	
		AMOUNT	%	AMOUNT	%	AMOUNT	%
	<b>Current assets</b>						
1100	Cash (Note 6)	\$ 638,852	20	\$ 493,065	15	\$ 419,666	13
1110	Financial assets at fair value through profit or loss - current (Note 7)	2,158	-	-	-	-	-
1136	Financial assets at amortized cost - current (Note 8 and 26)	65,956	2	55,794	2	73,196	2
1150	Notes receivable (Note 9 and 19)	588	-	1,494	-	682	-
1170	Trade receivables, net (Note 9 and 19)	89,672	3	91,272	3	149,997	5
1180	Trade receivables from related parties (Note 9, 19 and 25)	245,568	8	319,186	10	395,693	12
1200	Other receivables	3,772	-	3,841	-	8,394	-
130X	Inventories, net (Note 10)	233,748	7	308,850	10	349,917	11
1470	Prepayments and other current assets	15,626	1	14,000	-	12,078	-
11XX	Total current assets	<u>1,295,940</u>	<u>41</u>	<u>1,287,502</u>	<u>40</u>	<u>1,409,623</u>	<u>43</u>
	<b>Non-current assets</b>						
1535	Financial assets at amortized cost - non-current (Note 8 and 26)	10,034	-	10,014	-	10,004	-
1600	Property, plant and equipment (Note 12 and 26)	1,565,184	49	1,527,867	48	1,393,953	43
1755	Right-of-use assets (Note 13)	8,532	-	9,717	-	12,816	-
1805	Goodwill (Note 14)	24,070	1	24,070	1	24,070	1
1821	Other intangible assets (Note 15)	15,587	1	14,210	1	14,789	1
1840	Deferred tax assets (Note 4 and 21)	186,525	6	166,172	5	148,049	5
1915	Prepayments for equipment (Note 27)	76,445	2	132,373	4	242,581	7
1920	Refundable deposits	3,760	-	3,768	-	3,784	-
1990	Other non-current assets	12,464	-	12,608	1	12,448	-
15XX	Total non-current assets	<u>1,902,601</u>	<u>59</u>	<u>1,900,799</u>	<u>60</u>	<u>1,862,494</u>	<u>57</u>
1XXX	Total assets	<u>\$ 3,198,541</u>	<u>100</u>	<u>\$ 3,188,301</u>	<u>100</u>	<u>\$ 3,272,117</u>	<u>100</u>
	<b>Liabilities and equity</b>						
	<b>Current liabilities</b>						
2100	Short-term borrowings (Note 16 and 26)	\$ 450,000	14	\$ 500,000	16	\$ 470,000	14
2120	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	-	-	91	-
2170	Trade payables	122,166	4	157,357	5	260,955	8
2200	Other payables (Note 17)	393,190	12	197,325	6	407,723	13
2230	Current tax liabilities (Note 4 and 21)	16,342	1	29,261	1	27,465	1
2250	Provisions – current	4,190	-	4,798	-	6,811	-
2280	Lease liabilities - current (Note 13)	4,781	-	4,474	-	5,714	-
2320	Long-term liabilities due within one year (Note 16 and 26)	35,773	1	35,725	1	35,681	1
2399	Other current liabilities (Note 19)	1,133	-	4,202	-	4,459	-
21XX	Total current liabilities	<u>1,027,575</u>	<u>32</u>	<u>933,142</u>	<u>29</u>	<u>1,218,899</u>	<u>37</u>
	<b>Non-current liabilities</b>						
2540	Long-term borrowings (Note 16 and 26)	739,926	23	757,732	24	775,069	24
2570	Deferred tax liabilities (Note 4 and 21)	10,152	1	9,269	-	8,745	-
2580	Lease liabilities - non-current (Note 13)	3,831	-	5,320	-	7,166	-
2645	Deposit Margin	12	-	12	-	-	-
25XX	Total non-current liabilities	<u>753,921</u>	<u>24</u>	<u>772,333</u>	<u>24</u>	<u>790,980</u>	<u>24</u>
2XXX	Total liabilities	<u>1,781,496</u>	<u>56</u>	<u>1,705,475</u>	<u>53</u>	<u>2,009,879</u>	<u>61</u>
	<b>Equity attributable to owners of the Company (Note 18)</b>						
3110	Common stock capital	444,283	14	444,283	14	444,283	14
3150	Stock dividends to be distributed	57,756	2	-	-	-	-
3100	Total share capital	<u>502,039</u>	<u>16</u>	<u>444,283</u>	<u>14</u>	<u>444,283</u>	<u>14</u>
3200	Capital surplus	402,511	12	402,511	13	402,511	12
	<b>Retained earnings</b>						
3310	Legal reserve	142,722	4	97,141	3	97,141	3
3320	Special reserve	1,617	-	2,341	-	2,341	-
3350	Unappropriated earnings	371,276	12	538,167	17	317,240	10
3300	Total retained earnings	<u>515,615</u>	<u>16</u>	<u>637,649</u>	<u>20</u>	<u>416,722</u>	<u>13</u>
3400	Other equity	( 3,120 )	-	( 1,617 )	-	( 1,278 )	-
3XXX	Total equity	<u>1,417,045</u>	<u>44</u>	<u>1,482,826</u>	<u>47</u>	<u>1,262,238</u>	<u>39</u>
	<b>Total liabilities and equity</b>	<u>\$ 3,198,541</u>	<u>100</u>	<u>\$ 3,188,301</u>	<u>100</u>	<u>\$ 3,272,117</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 six months ended June 30, 2023 and 2022

**(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 June 30, 2023		For the three months ended June 30, 2022		For the six months ended June 30, 2023		For the six months ended June 30, 2022	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Operating revenue (Note 19 and 25)								
4110	Sales	\$ 441,243	100	\$ 579,495	100	\$ 874,729	100	\$ 1,109,073	100
4170	Less: Sales return and allowance	( 560 )	-	( 780 )	-	( 862 )	-	( 1,879 )	-
4000	Net operating revenue	440,683	100	578,715	100	873,867	100	1,107,194	100
5000	Operating costs (Note 10 and 20)	275,768	62	362,578	63	556,532	64	706,808	64
5900	Gross Profit	164,915	38	216,137	37	317,335	36	400,386	36
	Operating expenses (Note 20)								
6100	Selling and Marketing expenses	14,903	4	18,642	3	28,325	3	36,536	3
6200	General and Administrative expenses	36,588	8	41,985	7	68,423	8	81,891	8
6300	Research and Development expenses	34,867	8	33,617	6	65,188	7	65,566	6
6450	Expected credit loss (Note 9)	-	-	639	-	-	-	639	-
6000	Total operating expenses	86,358	20	94,883	16	161,936	18	184,632	17
6900	Net operating income	78,557	18	121,254	21	155,399	18	215,754	19
	Non-operating income and expenses								
7100	Interest income	1,838	1	142	-	2,228	-	201	-
7190	Other income	278	-	13	-	801	-	45	-
7210	Gains on disposal of property, plant and equipment	-	-	-	-	85	-	-	-
7235	Net profit (loss) of financial instruments at fair value through profit or loss (Note 7)	1,683	-	( 1,740 )	-	2,184	-	( 2,645 )	-
7510	Interest expense	( 5,536 )	( 1 )	( 3,812 )	( 1 )	( 11,224 )	( 1 )	( 7,032 )	( 1 )
7230	Foreign currency exchange gain-net (Note 20)	5,387	1	10,538	2	3,779	-	21,511	2
7000	Total non-operating income and expenses	3,650	1	5,141	1	( 2,147 )	( 1 )	12,080	1
7900	Net profit before income tax	82,207	19	126,395	22	153,252	17	227,834	20
7950	Income tax benefit (Notes 4 and 22)	18,024	4	192	-	22,383	3	7,057	1
8200	Net profit for the period	100,231	23	126,587	22	175,635	20	234,891	21
	Other comprehensive income (loss)								
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	( 2,218 )	( 1 )	( 905 )	-	( 1,879 )	-	1,329	-
8399	Income tax relating to items that may be reclassified subsequently to other comprehensive income (Note 4 and 21)	444	-	181	-	376	-	( 266 )	-
8300	Other comprehensive income (loss) for the period, net of income tax	( 1,774 )	( 1 )	( 724 )	-	( 1,503 )	-	1,063	-
8500	Total comprehensive income for the period	\$ 98,457	22	\$ 125,863	22	\$ 174,132	20	\$ 235,954	21
	Earnings per share (Note 22)								
9710	Basic	\$ 2.26		\$ 2.85		\$ 3.95		\$ 5.29	
9810	Diluted	\$ 2.26		\$ 2.85		\$ 3.95		\$ 5.28	

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 six months ended June 30, 2023 and 2022  
**(Reviewed only, not audited in accordance with Generally Accepted Auditing Standards)**  
**(Expressed in Thousands of New Taiwan Dollars)**

Code		Share capital (Note 18)			Retained earnings				Other equity (Note 18)	Total equity
		Ordinary shares (in thousands)	Stock dividends to be distributed	Capital surplus (Note 18)	Legal reserve	Special reserve	Unappropriated earnings (Note 18)	Total	Exchange differences on translating the financial statements of foreign operations	
A1	Balance as of January 1, 2022	\$ 444,283	\$ -	\$ 402,511	\$ 64,432	\$ 2,013	\$ 337,527	\$ 403,972	( \$ 2,341 )	\$ 1,248,425
	Appropriation of 2021 earnings									
B1	Legal reserve	-	-	-	32,709	-	( 32,709 )	-	-	-
B3	Special reserve	-	-	-	-	328	( 328 )	-	-	-
B5	Cash dividends	-	-	-	-	-	( 222,141 )	( 222,141 )	-	( 222,141 )
		-	-	-	32,709	328	( 255,178 )	( 222,141 )	-	( 222,141 )
D1	Net profit for the six months ended June 30, 2022	-	-	-	-	-	234,891	234,891	-	234,891
D3	Other comprehensive income/(loss) for the six months ended June 30, 2022 after tax	-	-	-	-	-	-	-	1,063	1,063
D5	Total comprehensive income/(loss) for the six months ended June 30, 2022	-	-	-	-	-	234,891	234,891	1,063	235,954
Z1	Balance as of June 30, 2022	\$ 444,283	\$ -	\$ 402,511	\$ 97,141	\$ 2,341	\$ 317,240	\$ 416,722	( \$ 1,278 )	\$ 1,262,238
A1	Balance as of January 1, 2023	\$ 444,283	\$ -	\$ 402,511	\$ 97,141	\$ 2,341	\$ 538,167	\$ 637,649	( \$ 1,617 )	\$ 1,482,826
	Appropriation of 2022 earnings									
B1	Legal reserve	-	-	-	45,581	-	( 45,581 )	-	-	-
B3	Special surplus reserve	-	-	-	-	( 724 )	724	-	-	-
B5	Cash dividends	-	-	-	-	-	( 239,913 )	( 239,913 )	-	( 239,913 )
B9	Stock dividends	-	57,756	-	-	-	( 57,756 )	( 57,756 )	-	-
		-	57,756	-	45,581	( 724 )	( 342,526 )	( 297,669 )	-	( 239,913 )
D1	Net profit for the six months ended June 30, 2023	-	-	-	-	-	175,635	175,635	-	175,635
D3	Other comprehensive income/(loss) for the six months ended June 30, 2023 after tax	-	-	-	-	-	-	-	( 1,503 )	( 1,503 )
D5	Total comprehensive income/(loss) for the six months ended June 30, 2023	-	-	-	-	-	175,635	175,635	( 1,503 )	174,132
Z1	Balance as of June 30, 2023	\$ 444,283	\$ 57,756	\$ 402,511	\$ 142,722	\$ 1,617	\$ 371,276	\$ 515,615	( \$ 3,120 )	\$ 1,417,045

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

## Eris Technology Corporation and Subsidiaries

### Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

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

(Expressed in Thousands of New Taiwan Dollars)

Code		For the six months ended June 30, 2023	For the six months ended June 30, 2022
	Cash flows from operating activities		
A10000	Net Profit before tax for the period	\$ 153,252	\$ 227,834
A20010	Adjustments for:		
A20100	Depreciation expenses	63,461	59,558
A20200	Amortization expenses	5,771	5,583
A20300	Expected credit loss	-	639
A20400	Net gain on financial instruments at fair value through profit or loss	( 2,158)	91
A20900	Interest expense	11,224	7,032
A21200	Interest income	( 2,228)	( 201)
A22500	Gains on disposal of property, plant and equipment	( 85)	-
A23800	Write-downs of inventories	2,000	( 5,000)
A24100	Unrealized gain on foreign currency exchange	( 8,582)	( 3,007)
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	906	2,430
A31150	Trade receivables	6,333	( 9,831)
A31160	Trade receivables from related parties	78,967	( 12,759)
A31180	Other receivables	69	2,514
A31200	Inventories	73,102	( 4,447)
A31240	Prepayments and other current assets	( 1,605)	( 1,752)
A32150	Trade payables	( 36,766)	( 1,266)
A32180	Other payables	( 39,869)	15,729
A32200	Provisions	( 608)	111
A32230	Other current liabilities	( 3,069)	3,475
A33000	Cash generated from operations	300,115	286,733
A33100	Interest received	2,207	198
A33300	Interest paid	( 11,279)	( 7,154)
A33500	Income tax paid	( 9,630)	( 8,865)
AAAA	Net cash generated from operating activities	<u>281,413</u>	<u>270,912</u>

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<u>Code</u>		<u>For the six months ended June 30, 2023</u>	<u>For the six months ended June 30, 2022</u>
	Cash flows from investing activities		
B00040	Acquisition of financial assets at amortized cost	(\$ 10,076)	(\$ 10,007)
B02700	Acquisition of property, plant and equipment	( 25,428)	( 24,500)
B02800	Proceeds from disposal of property, plant and equipment	220	-
B04500	Payments for intangible assets	( 2,810)	( 1,765)
B06700	Increase in other non-current assets	( 4,196)	( 4,821)
B07100	Increase in prepayments for equipment	( <u>20,564</u> )	( <u>99,043</u> )
BBBB	Net cash used in investing activities	( <u>62,854</u> )	( <u>140,136</u> )
	Cash flows from financing activities		
C00100	Proceeds from short-term borrowings	( 50,000)	( 30,000)
C01600	long-term borrowing	419,475	-
C01700	Repayments of long-term borrowings	( 437,233)	( 14,901)
C04020	Repayments of principal portion of lease liabilities	( <u>3,119</u> )	( <u>2,185</u> )
CCCC	Net cash used in financing activities	( <u>70,877</u> )	( <u>47,086</u> )
DDDD	Effect of exchange rate changes on cash	( <u>1,895</u> )	<u>1,343</u>
EEEE	Increase in cash	145,787	85,033
E00100	Cash at the beginning of the period	<u>493,065</u>	<u>334,633</u>
E00200	Cash at the ending of the period	<u>\$ 638,852</u>	<u>\$ 419,666</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 six months ended June 30, 2023 and 2022

(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 June 30, 2023, 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 July 21, 2023.

### 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. 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 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, 2024
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Financing Arrangements"	January 1, 2024

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendment to IAS 12 "International Tax Changes - Pillar 2 Model Rules"	Note 3

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

Note 3: After the issuance of these amendments, the exceptions and disclosure of applicable facts will apply immediately and retroactively in accordance with the provisions of IAS 8; other disclosure requirements will apply to the annual reporting period starting after January 1, 2023, and the end of the interim period. These other disclosure requirements do not apply to interim financial reports for the period before December 31, 2023.

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, 2022.

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, 2022.

**6. Cash**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Foreign currency demand deposits	\$ 129,742	\$ 137,040	\$ 156,251
Demand deposits	508,119	354,992	262,380
Cash on hand	978	1,020	1,022
Check deposits	<u>13</u>	<u>13</u>	<u>13</u>
	<u>\$ 638,852</u>	<u>\$ 493,065</u>	<u>\$ 419,666</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Demand deposits	0.05%~1.35%	0.01%~1.05%	0.001%~0.35%

**7. Financial Instruments at Fair Value through Profit or Loss**

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets - current</u>			
Held for trading			
– Cross-currency swap contracts(a)	<u>\$ 2,158</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities - current</u>			
Held for trading			
– Forward foreign exchange contracts(b)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91</u>

- (a) At the balance sheet date, outstanding forward foreign exchange contracts not applicable to hedge accounting were as follows (December 31 and June 30, 2022: None):

June 30, 2023

<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount (In Thousands)</u>
USD : NTD	From October 2023 to March 2024	USD 2,000/NTD 58,855

- (b) At the balance sheet date, outstanding forward foreign exchange contracts not applicable to hedge accounting were as follows (June 30, 2023 and December 31, 2022: None)

June 30, 2022

	<u>Currency</u>	<u>Maturity Period</u>	<u>Notional Amount (In Thousands)</u>
Sales of forwarding foreign exchange	USD : NTD	August 2022	USD 1,000/NTD 29,617

From April 1 to June 30, 2023 and 2022, and from January 1 to June 30, 2023 and 2022, the Group's financial instruments at fair value through profit or loss that incurred a net (loss) gain NT\$1,683 thousand, (NT\$1,740 thousand), NT\$2,184 thousand, and (NT\$2,645 thousand).

## 8. Financial assets at amortized cost

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Current</u>			
Un-Pledged bank deposits			
Time deposits with original maturity of more than 3 months	\$ 9,342	\$ 9,213	\$ 8,916
Pledged bank deposits			
Time deposits with original maturity of more than 3 months	14,492	14,515	14,255
Restricted demand deposits	<u>42,122</u>	<u>32,066</u>	<u>50,025</u>
	<u>\$ 65,956</u>	<u>\$ 55,794</u>	<u>\$ 73,196</u>
<u>Non-current</u>			
Pledged bank deposits			
Restricted demand deposits	<u>\$ 10,034</u>	<u>\$ 10,014</u>	<u>\$ 10,004</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Time deposits with original maturity of more than 3 months	1.80%~4.35%	1.80%~2.90%	0.37%~2.45%
Restricted demand deposits	0.51%~0.60%	0.40%~0.48%	0.15%~0.21%

Please refer to Note 26 for information relating to financial assets at amortized cost pledged as security.

## 9. Notes Receivable and Trade Receivables

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Notes receivable</u>			
Measured at amortized cost			
Total carrying amount	\$ <u>588</u>	\$ <u>1,494</u>	\$ <u>682</u>
<u>Trade receivables</u>			
Measured at amortized cost			
Total carrying amount	\$ 93,561	\$ 95,192	\$ 153,925
Less: loss allowance	( <u>3,889</u> )	( <u>3,920</u> )	( <u>3,928</u> )
Trade receivables, net	\$ <u>89,672</u>	\$ <u>91,272</u>	\$ <u>149,997</u>
<u>Receivables from related parties</u>			
Measured at amortized cost			
Total carrying amount	\$ <u>245,568</u>	\$ <u>319,186</u>	\$ <u>395,693</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 allowance losses for accounts receivable (including receivables from related parties) of the Group was as follows:

### June 30, 2023

	<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	\$ 22,014	\$ 261,010	\$ 52,791	\$ 2,494	\$ 820	\$ 339,129
Loss allowance (lifetime expected credit losses)	( <u>1,101</u> )	( <u>1,702</u> )	( <u>264</u> )	( <u>2</u> )	( <u>820</u> )	( <u>3,889</u> )
Amortized cost	\$ <u>20,913</u>	\$ <u>259,308</u>	\$ <u>52,527</u>	\$ <u>2,492</u>	\$ <u>-</u>	\$ <u>335,240</u>

### December 31, 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	\$ 21,693	\$ 345,705	\$ 44,737	\$ 1,423	\$ 820	\$ 414,378
Loss allowance (lifetime expected credit losses)	( <u>1,085</u> )	( <u>1,791</u> )	( <u>223</u> )	( <u>1</u> )	( <u>820</u> )	( <u>3,920</u> )
Amortized cost	\$ <u>20,608</u>	\$ <u>343,914</u>	\$ <u>44,514</u>	\$ <u>1,422</u>	\$ <u>-</u>	\$ <u>410,458</u>

## June 30, 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	\$ 38,101	\$ 442,869	\$ 66,262	\$ 1,567	\$ 819	\$ 549,618
Loss allowance (lifetime expected credit losses)	( <u>1,826</u> )	( <u>952</u> )	( <u>331</u> )	-	( <u>819</u> )	( <u>3,928</u> )
Amortized cost	<u>\$ 36,275</u>	<u>\$ 441,917</u>	<u>\$ 65,931</u>	<u>\$ 1,567</u>	<u>\$ -</u>	<u>\$ 545,690</u>

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

	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Beginning balance	\$ 3,920	\$ 8,026
Add: Loss on impairment recognized in the period	-	639
Less: Impairment loss in the current period	-	( 4,757)
Foreign exchange translation differences	( <u>31</u> )	<u>20</u>
Ending balance	<u>\$ 3,889</u>	<u>\$ 3,928</u>

The aging analysis of trade receivables was as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Not Overdue	\$ 337,472	\$ 406,942	\$ 533,323
Less than 60 days overdue	772	3,104	12,194
61~90 days overdue	-	-	15
91~120 days overdue	-	671	-
More than 120 days overdue	<u>885</u>	<u>3,661</u>	<u>4,086</u>
	<u>\$ 339,129</u>	<u>\$ 414,378</u>	<u>\$ 549,618</u>

## 10. Inventory

	June 30, 2023	December 31, 2022	June 30, 2022
Raw Material	\$ 108,279	\$ 113,524	\$ 139,800
Work in progress	85,898	114,591	127,995
Finished goods	<u>39,571</u>	<u>80,735</u>	<u>82,122</u>
	<u>\$ 233,748</u>	<u>\$ 308,850</u>	<u>\$ 349,917</u>

The cost of goods sold from January 1 to June 30, 2023 includes provision for inventory depreciation and sluggish losses of NT\$ 2,000 thousand (April to June 30, 2023: None). The cost of goods sold from April 1 to June 30, 2022 and from January 1 to June 30, 2022 includes gains from inventory price declines of NT\$ 6,000 thousand and NT\$ 5,000 thousand.

## 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		
			June 30, 2023	December 31, 2022	June 30, 2022
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 June 30, 2023, the paid-in capital of Jie Cheng was US\$650 thousand.

## 12. Property, Plant and Equipment

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Carrying amount of each category</u>			
Land	\$ 574,129	\$ 574,129	\$ 574,129
Houses and buildings	397,115	399,103	404,141
Machinery Equipment	585,354	544,792	404,723
Transportation Equipment	3,423	4,049	4,704
Leasehold Improvements	148	226	664
Other Equipment	<u>5,015</u>	<u>5,568</u>	<u>5,592</u>
	<u>\$ 1,565,184</u>	<u>\$ 1,527,867</u>	<u>\$ 1,393,953</u>

	Six Months Ended June 30, 2023					Ending balance
	Beginning balance	Increase of the period	Decrease of the period	Internal transfer	Effect of exchange rate	
<u>Cost</u>						
Land	\$ 574,129	\$ -	\$ -	\$ -	\$ -	\$ 574,129
Houses and buildings	537,698	5,709	229	7,827	-	551,005
Machinery Equipment	1,190,852	15,393	36,179	68,665	-	1,238,731
Transportation Equipment	15,411	-	-	-	( 52)	15,359
Leasehold Improvements	4,371	-	86	-	-	4,285
Other Equipment	<u>15,061</u>	<u>249</u>	<u>-</u>	<u>-</u>	<u>( 28)</u>	<u>15,282</u>
Total Cost	<u>2,337,522</u>	<u>\$ 21,351</u>	<u>\$ 36,494</u>	<u>\$ 76,492</u>	<u>(\$ 80)</u>	<u>2,398,791</u>
<u>Accumulated depreciation</u>						
Houses and buildings	138,595	\$ 15,524	\$ 229	\$ -	\$ -	153,890
Machinery Equipment	646,060	43,361	36,044	-	-	653,377
Transportation Equipment	11,362	624	-	-	( 50)	11,936
Leasehold Improvements	4,145	78	86	-	-	4,137
Other Equipment	<u>9,493</u>	<u>799</u>	<u>-</u>	<u>-</u>	<u>( 25)</u>	<u>10,267</u>
Total accumulated depreciation	<u>809,655</u>	<u>\$ 60,386</u>	<u>\$ 36,359</u>	<u>\$ -</u>	<u>(\$ 75)</u>	<u>833,607</u>
Net balance	<u>\$1,527,867</u>					<u>\$1,565,184</u>





Intervals of discount rates for lease liabilities were as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Buildings	1%~1.25%	1%~1.25%	1%~1.25%

c. Other lease information

	<u>For the Three Months ended June 30, 2023</u>	<u>For the Three Months ended June 30, 2022</u>	<u>For the Six Months Ended June 30, 2023</u>	<u>For the Six Months Ended June 30, 2022</u>
Total cash outflow for leases	<u>\$ 1,575</u>	<u>\$ 1,036</u>	<u>\$ 3,119</u>	<u>\$ 2,185</u>

## 14. Goodwill

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cost	<u>\$ 24,070</u>	<u>\$ 24,070</u>	<u>\$ 24,070</u>

The acquisition of Yea-Shin Technology 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, 2023	\$ 617	\$ 19,671	\$ 20,288
Separate acquisition	-	2,810	2,810
Gains on disposal	-	( 360 )	( 360 )
Balance as of June 30, 2023	<u>\$ 617</u>	<u>\$ 22,121</u>	<u>\$ 22,738</u>

Accumulated amortization and impairment

Balance as of January 1, 2023	\$ 559	\$ 5,519	\$ 6,078
Amortization expenses	30	1,403	1,433
Gains on disposal	-	( 360 )	( 360 )
Balance as of June 30, 2023	<u>\$ 589</u>	<u>\$ 6,562</u>	<u>\$ 7,151</u>

Net balance as of June 30, 2023

<u>\$ 28</u>	<u>\$ 15,559</u>	<u>\$ 15,587</u>
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	<u>Patent</u>	<u>Computer Software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 617	\$ 18,908	\$ 19,525
Separate acquisition	-	1,765	1,765
Gains on disposal	-	( 331 )	( 331 )
Balance as of June 30, 2022	<u>\$ 617</u>	<u>\$ 20,342</u>	<u>\$ 20,959</u>

Accumulated amortization and impairment

Balance as of January 1, 2022	\$ 497	\$ 4,716	\$ 5,213
Amortization expenses	31	1,257	1,288
Gains on disposal	-	( 331 )	( 331 )
Balance as of June 30, 2022	<u>\$ 528</u>	<u>\$ 5,642</u>	<u>\$ 6,170</u>

Net balance as of June 30, 2022

<u>\$ 89</u>	<u>\$ 14,700</u>	<u>\$ 14,789</u>
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Amortization charge is accrued on a straight-line basis over the following useful years:

Patent	10 years
Computer Software	2 to 15 years

## 16. Borrowings

### a. Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans</u>			
Bank loans	\$ 450,000	\$ 400,000	\$ 370,000
<u>Unsecured loans</u>			
Line of credit loans	-	100,000	100,000
	<u>\$ 450,000</u>	<u>\$ 500,000</u>	<u>\$ 470,000</u>

The interest rates of bank revolving borrowings on June 30, 2023 and December 31 and June 30, 2022 were 1.78%~1.92% , 1.73%~2.00% and 1.24%~1.36%, respectively.

Please refer to Note 26 for information relating to assets pledged for secured borrowings.

### b. Long-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
<u>Secured loans</u>			
Bank loans (1)	\$ 60,578	\$ 63,349	\$ 66,134
Bank loans (2)	-	425,068	436,254
Bank loans (3)	7,573	8,468	9,362
Bank loans (4)	43,666	46,572	49,000
Bank loans (5)	-	-	50,000
Bank loans (6)	-	-	100,000
Bank loans (7)	-	-	100,000
Bank loans (8)	50,000	50,000	-
Bank loans (9)	100,000	100,000	-
Bank loans (10)	100,000	100,000	-
Bank loans (11)	413,882	-	-
	<u>775,699</u>	<u>793,457</u>	<u>810,750</u>
Less: listed as portion matured in 1 year	( <u>35,773</u> )	( <u>35,725</u> )	( <u>35,681</u> )
Long-term borrowings	<u>\$ 739,926</u>	<u>\$ 757,732</u>	<u>\$ 775,069</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 Company as collateral, with an interest rate of the loan calculated by the fixed savings deposit flexible interest rate plus 0.115%, and is amortized in 15 years. The maturity date of the loan is June 28, 2033. The effective annual interest rates were 1.7400%, 1.6078% and 1.3436% as of June 30, 2023, December 31 and June 30 2022, 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 is May 27, 2024, that had been paid off in May 2023. The effective interest rate was 1.7093% and 1.2300% as of December 31 and June 30 2022, respectively.
- 3) 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 one-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 rate was 1.68%, 1.43% and 1.14% as of June 30, 2023, December 31 and June 30 2022, respectively.

- 4) 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 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 rate was 1.68%, 1.43% and 1.14% as of June 30, 2023, December 31 and June 30 2022, respectively.
- 5) The bank loan of NT\$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, which had been paid off all in September 2022. The effective annual interest rates were 1.4081% as of June 30, 2022, respectively.
- 6) The bank loan of NT\$100,000 thousand was obtained by the Group on 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, which had been paid off all in December 2022. The effective annual interest rates were 1.2294% as of June 30, 2022, respectively.
- 7) The bank loan of NT\$100,000 thousand was obtained by the Group on 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, which had been paid off all in December 2022. The effective annual interest rates were 1.44% as of June 30, 2022, respectively.
- 8) The bank loan of NT\$50,000 thousand was obtained by the Group on Sep.30, 2022, 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%, to be paid monthly for the interests and repaid in a one-time payment at maturity for the principal. The loan maturity date is September 30, 2024. The effective annual interest rates were 1.8044% and 1.6723% as of June 30, 2023 and December 31 2022, respectively.
- 9) The bank loan of NT\$100,000 thousand was obtained by the Group on December 26, 2022, 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 26, 2024. The effective annual interest rates were 1.68% and 1.43% as of June 30, 2023 and December 31 2022, respectively.
- 10) The bank loan of NT\$100,000 thousand was obtained by the Group on December 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 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, 2024. The effective annual interest rates were 1.80% and 1.8587% as of June 30, 2023 and December 31, 2022, respectively.

11) The bank loan of NT\$419,475 thousand was obtained by the Group in May 2023, 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 quarterly for the interests, the principal is amortized to a specified amount quarterly, and the remaining amount is paid off in one lump sum when due. The maturity date of the loan was May 21, 2028. The effective annual interest rate was 1.8300% as of June 30, 2023, respectively.

Please refer to Note 26 for information relating to assets pledged for secured borrowings.

## 17. Other Payables

	June 30, 2023	December 31, 2022	June 30, 2022
Cash dividend payable	\$ 239,913	\$ -	\$ 222,141
Salary and bonus payable	64,727	91,547	89,472
Processing fees payable	15,662	17,760	17,219
Equiement fees payable	5,909	9,986	450
Other	66,979	78,032	78,441
	<u>\$ 393,190</u>	<u>\$ 197,325</u>	<u>\$ 407,723</u>

## 18. Equity

### a. Share capital

	June 30, 2023	December 31, 2022	June 30, 2022
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>
Number of stock dividend shares to be distributed(Thousands of shares)	<u>5,776</u>	<u>-</u>	<u>-</u>
Stock dividend shares to be distributed	<u>\$ 57,756</u>	<u>\$ -</u>	<u>\$ -</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

	June 30, 2023	December 31, 2022	June 30, 2022
Issuance of shares at a premium	\$ 401,662	\$ 401,662	\$ 401,662
Others	849	849	849
	<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 20(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.

On May 16, 2023 and May 16, 2022, the company held general shareholders' meetings, and the resolutions were passed respectively to approve the 2022 and 2021 annual profit distribution proposals as follows:

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Legal reserve	\$ 45,581	\$ 32,709
Special reserve	( \$ 724 )	\$ 328
Cash dividends	\$ 239,913	\$ 222,141
Stock dividends	\$ 57,756	\$ -
Cash Dividends Per Share (\$)	\$ 5.4	\$ 5.0
Stock Dividends Per Share (\$)	\$ 1.3	\$ -

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Beginning balance	( \$ 1,617 )	( \$ 2,341 )
Derived from this period		
Exchange differences on translating the financial statements of foreign operations	( 1,879 )	1,329
Income tax related to the components of other comprehensive income	376	( 266 )
Ending balance	( \$ 3,120 )	( \$ 1,278 )

**19. Revenue**

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 440,683	\$ 578,715	\$ 873,867	\$1,107,194

Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Notes and trade receivables	\$ 335,828	\$ 411,952	\$ 546,372	\$ 523,247
Contract liabilities (included in other current liability)				
Sales of goods	\$ 78	\$ 264	\$ 42	\$ 38

## 20. Net Profit

Additional information on the net profit includes the following items:

### a. Depreciation and amortization

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Property, plant and equipment	\$ 31,515	\$ 29,921	\$ 60,386	\$ 56,500
Right-of-use assets	1,530	1,533	3,075	3,058
Unamortized expenses	2,230	1,745	4,338	4,295
Intangible assets	<u>742</u>	<u>693</u>	<u>1,433</u>	<u>1,288</u>
	<u>\$ 36,017</u>	<u>\$ 33,892</u>	<u>\$ 69,232</u>	<u>\$ 65,141</u>
Depreciation expenses summarized by function				
Operating costs	\$ 16,202	\$ 15,713	\$ 32,604	\$ 30,513
Operating Expenses	<u>16,843</u>	<u>15,741</u>	<u>30,857</u>	<u>29,045</u>
	<u>\$ 33,045</u>	<u>\$ 31,454</u>	<u>\$ 63,461</u>	<u>\$ 59,558</u>
Amortization expenses summarized by function				
Operating costs	\$ 2,063	\$ 1,642	\$ 4,024	\$ 3,500
Sales Expenses	144	132	277	249
Management Expenses	187	163	354	309
R&D Expenses	<u>578</u>	<u>501</u>	<u>1,116</u>	<u>1,525</u>
	<u>\$ 2,972</u>	<u>\$ 2,438</u>	<u>\$ 5,771</u>	<u>\$ 5,583</u>

### b. Gains or losses on foreign currency exchange

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Total foreign exchange gains	\$ 8,688	\$ 32,344	\$ 16,446	\$ 52,337
Total foreign exchange losses	( 3,301 )	( 21,806 )	( 12,667 )	( 30,826 )
Net balance	<u>\$ 5,387</u>	<u>\$ 10,538</u>	<u>\$ 3,779</u>	<u>\$ 21,511</u>

### c. Employee benefits expense

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Post-employment benefits				
Defined benefit plans	\$ 2,636	\$ 2,410	\$ 5,077	\$ 4,724
Salaries and bonus	<u>76,114</u>	<u>90,144</u>	<u>144,729</u>	<u>174,775</u>
Total	<u>\$ 78,750</u>	<u>\$ 92,554</u>	<u>\$ 149,806</u>	<u>\$ 179,499</u>
Summarized by function				
Operating costs	\$ 39,393	\$ 49,499	\$ 77,904	\$ 93,818
Operating Expenses	<u>39,357</u>	<u>43,055</u>	<u>71,902</u>	<u>85,681</u>
	<u>\$ 78,750</u>	<u>\$ 92,554</u>	<u>\$ 149,806</u>	<u>\$ 179,499</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 June 30, 2023 and 2022, and for six months ended January 1 to June 30, 2023 and 2022 were as follows:

## Accrual rate

	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Employees' compensation	2.2%	2.3%

## Amount of Cash

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Employees' compensation	<u>\$ 2,400</u>	<u>\$ 3,200</u>	<u>\$ 3,800</u>	<u>\$ 5,800</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 20, 2023 and February 24, 2022 to approve the employees' compensation for years ended December 31, 2022 and 2021 as follows:

## Amount of Cash

	For the Year Ended December 31, 2022	For the Year Ended December 31, 2021
Employees' compensation	\$ 11,000	\$ 8,400

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

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.

## **21. Income Tax**

### a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Current income tax				
In respect of the current year	(\$ 3,362)	(\$ 8,394)	(\$ 8,564)	(\$ 14,420)
Adjustments for prior years	<u>12,269</u>	<u>-</u>	<u>12,269</u>	<u>3,839</u>
	<u>8,907</u>	<u>(8,394)</u>	<u>3,705</u>	<u>(10,581)</u>
Deferred income tax				
In respect of the current year	<u>\$ 9,117</u>	<u>\$ 8,586</u>	<u>\$ 18,678</u>	<u>\$ 17,638</u>
Income tax recognized in profit or loss	<u>\$ 18,024</u>	<u>\$ 192</u>	<u>\$ 22,383</u>	<u>\$ 7,057</u>

### b. Income tax recognized in other comprehensive income

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
<u>Deferred income tax</u>				
In respect of the current period:				
-Translations of foreign operations	<u>\$ 444</u>	<u>\$ 181</u>	<u>\$ 376</u>	<u>( \$ 266 )</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, 2021; The profit-seeking enterprise income tax filing case of the subsidiary, Yea Shin, had been approved by the tax authority through the year ended December 31, 2021.

## 22. Earnings per Share

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

Unit : NT\$	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Earnings per share	<u>\$ 2.26</u>	<u>\$ 2.85</u>	<u>\$ 3.95</u>	<u>\$ 5.29</u>
Earnings per share will be adjusted retrospectively on the basis date of free allotment after the financial reporting date	<u>\$ 2.00</u>	<u>\$ 2.52</u>	<u>\$ 3.50</u>	<u>\$ 4.68</u>
Diluted earnings per share	<u>\$ 2.26</u>	<u>\$ 2.85</u>	<u>\$ 3.95</u>	<u>\$ 5.28</u>
Earnings per share will be adjusted retrospectively on the basis date of free allotment after the financial reporting date	<u>\$ 2.00</u>	<u>\$ 2.52</u>	<u>\$ 3.50</u>	<u>\$ 4.68</u>

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

### Current Net Profit

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Net profit for the current period used to calculate basic and diluted earnings per share	<u>\$ 100,231</u>	<u>\$ 126,587</u>	<u>\$ 175,635</u>	<u>\$ 234,891</u>

### Number of shares

Unit: Thousand shares	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Weighted average number of common shares used to calculate basic earnings per share	44,428	44,428	44,428	44,428
Effect of potentially dilutive ordinary shares				
Employees' compensation	<u>12</u>	<u>25</u>	<u>23</u>	<u>34</u>
Weighted average number of common shares used to calculate diluted earnings per share	<u>44,440</u>	<u>44,453</u>	<u>44,451</u>	<u>44,462</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.

## 23. 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.



## 24. Financial Instruments

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

#### 1) Fair value hierarchy (December 31, 2022: None)

June 30, 2023

	<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	\$ -	\$ 2,158	\$ -	\$ 2,158

June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Derivatives	\$ -	\$ 91	\$ -	\$ 91

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2023 and 2022.

#### 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.
Derivatives - cross-currency swap contract	Discounted cash flow method: Estimate the future cash flow according to the observable forward exchange rate and the exchange rate stipulated in the contract at the end of the period, and discount it at a discount rate that can reflect the credit risk of each counterparty.

### b. Categories of financial instruments

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
<u>Financial assets</u>			
Financial assets at amortized cost (Note 1)	\$ 1,055,334	\$ 974,787	\$ 1,053,058
Measured at fair value through profit or loss			
Held for trading	2,158	-	-
<u>Financial liabilities</u>			
Measured at amortized cost (Note 2)	1,612,679	1,545,677	1,850,461
Measured at fair value through profit or loss			
Held for trading	-	-	91

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

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

### 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 main market risks that the Group's is exposed to are the risk of changes in foreign currency exchange rates and the risk of changes in 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-audit members who will be 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 28, 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 six months ended June 30, 2023 would decrease/increase by \$2,228 thousand; the net profit after tax of the Group for the six months ended June 30, 2022 would decrease/increase by \$76 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:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
– Financial assets	\$ 23,834	\$ 23,728	\$ 23,171
– Financial liabilities	8,612	9,794	12,880
Cash flow interest rate risk			
– Financial assets	690,017	534,112	478,660
– Financial liabilities	1,225,699	1,293,457	1,280,750

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 \$264 thousand and \$528 thousand on the Group's net profit after tax for the three months and six months ended June 30, 2023; It also, would impact to a decrease or increase of \$398 thousand and \$795 thousand on the Group's net profit after tax for the three months and six months ended June 30, 2022, 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 72%, 77%, and 72% of the total trade receivable from the above-mentioned customer as of June 30, 2023, and December 31 and June 30, 2022, respectively. Therefore, 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.

#### June 30, 2023

	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		\$ 515,356	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.07%	1,552	3,437	1,787	2,290	-
Floating-rate instruments	1.80%	<u>413,640</u>	<u>86,998</u>	<u>296,317</u>	<u>415,944</u>	<u>46,511</u>
		<u>\$ 930,548</u>	<u>\$ 90,435</u>	<u>\$ 298,104</u>	<u>\$ 418,234</u>	<u>\$ 46,511</u>

#### December 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 financial liabilities</u>						
Non-interest bearing liabilities		\$ 354,682	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.07%	1,593	2,955	2,350	3,032	-
Floating-rate instruments	1.70%	<u>413,356</u>	<u>136,323</u>	<u>672,194</u>	<u>43,798</u>	<u>53,376</u>
		<u>\$ 769,631</u>	<u>\$ 139,278</u>	<u>\$ 674,544</u>	<u>\$ 46,830</u>	<u>\$ 53,376</u>

## June 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		\$ 668,678	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.08%	1,566	4,251	3,343	3,936	-
Floating-rate instruments	1.25%	<u>482,116</u>	<u>34,111</u>	<u>684,066</u>	<u>43,993</u>	<u>58,852</u>
		<u>\$1,152,360</u>	<u>\$ 38,362</u>	<u>\$687,409</u>	<u>\$ 47,929</u>	<u>\$ 58,852</u>

### ii. Financing facilities

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Secured bank financing facilities:			
— Amount used	\$ 1,225,699	\$ 1,293,457	\$ 1,280,750
— Amount unused	<u>481,140</u>	<u>480,710</u>	<u>379,720</u>
	<u>\$ 1,706,839</u>	<u>\$ 1,774,167</u>	<u>\$ 1,660,470</u>

## 25. 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

Related Party	Relationship with the Group
Diodes Taiwan S.A R.L., Taiwan Branch (Luxembourg) (Diodes (TW))	Sister company
Diodes Taiwan S.A R.L., Keelong Branch (Luxembourg) (Diodes (KL))	Sister company
Diodes Hong Kong Limited ( Diodes (HK) )	Sister company
Shanghai KaiHong Electronic Co., Ltd (Kaihong Electronics )	Sister company

### b. Operating revenue

Line Item	Related Party Category/Name	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Sales	Sister company				
	Diodes (TW)	\$ 197,580	\$ 167,802	\$ 434,595	\$ 315,845
	Diodes (HK)	136,558	260,950	236,602	501,490
	Kaihong Electronics	<u>2,649</u>	<u>2,472</u>	<u>5,321</u>	<u>2,472</u>
		<u>\$ 336,787</u>	<u>\$ 431,224</u>	<u>\$ 676,518</u>	<u>\$ 819,807</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	June 30, 2023	December 31, 2022	June 30, 2022
Trade receivables from related parties	Sister company			
	Diodes(TW)	\$ 134,222	\$ 215,735	\$ 186,360
	Diodes(HK)	111,346	103,451	207,755
	Kaihong Electronics	-	-	1,578
		\$ 245,568	\$ 319,186	\$ 395,693

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 June 30, 2023, and December 31 and June 30, 2022.

d. Transactions with other related parties

On July 5, 2023, the company passed a resolution of the board of directors to acquire the wafer manufacturing business planned to be divided by the Diodes Taiwan S.A R.L., Keelung Branch (Luxembourg) (hereinafter referred to as Diodes (KL) ) by the company or the newly established subsidiary in cash. The two parties also signed a division contract, agreeing that Diodes (KL) would divide and transfer the assets and liabilities related to its wafer manufacturing business (subject assets and liabilities) to the company or a newly established subsidiary. After the split, the merged company will continue to operate at the original location. The calculation of the split consideration is based on the operating value of the underlying assets and liabilities on the split base date plus the operating premium agreed by both parties, and is adjusted based on the underlying assets and liabilities at the time of delivery. The split base date is tentatively set as December 29, 2023. The transaction is not yet to be approved by the extraordinary shareholders' meeting on August 21, 2023. The company expects to issues increase cash capital to complete the aforementioned transaction.

e. Remuneration to the major management

	For the Three Months ended June 30, 2023	For the Three Months ended June 30, 2022	For the Six Months Ended June 30, 2023	For the Six Months Ended June 30, 2022
Short-term employee benefits	\$ 4,624	\$ 5,593	\$ 12,896	\$ 12,321
Post-employment benefits	27	27	54	54
	\$ 4,651	\$ 5,620	\$ 12,950	\$ 12,375

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

## 26. Pledged Assets

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

	June 30, 2023	December 31, 2022	June 30, 2022	Nature
Bank time deposits (classified as financial assets at amortized cost)	\$ 14,492	\$ 14,515	\$ 14,255	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	52,156	42,080	60,029	Short-term and long- term borrowings
Property and plant	890,045	893,713	897,380	Short-term and long- term borrowings
	\$ 956,693	\$ 950,308	\$ 971,664	

## 27. 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 order machinery equipment and system software, etc. The amounts paid were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Amount of Contract Commitments	\$ <u>102,429</u>	\$ <u>201,380</u>	\$ <u>327,877</u>
Amount Paid (classified as prepayments for equipment)	\$ <u>76,445</u>	\$ <u>132,373</u>	\$ <u>242,581</u>

## 28. 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				
June 30, 2023				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 11,171	31.14 (USD:NTD)	\$ 347,865	\$ 347,865
USD	432	7.27 (USD:RMB)	3,142	13,454
RMB	1,419	4.28 (RMB:NTD)	6,076	6,076
EUR	360	33.81 (EUR:NTD)	12,172	12,172
<u>Non-monetary items</u>				
<u>Derivatives</u>				
USD	2,000	31.14 (USD:NTD)	62,280	62,280
<u>Investments accounted for using the equity method</u>				
USD	2,075	31.14 (USD:NTD)	64,607	64,607
RMB	15,257	0.14 (RMB:USD)	2,098	65,333
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	4,740	31.14 (USD:NTD)	147,604	147,604
December 31, 2022				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 8,376	30.71 (USD:NTD)	\$ 257,227	\$ 257,227
USD	1,186	6.97 (USD:RMB)	8,263	36,422
RMB	1,420	4.41 (RMB:NTD)	6,259	6,259
<u>Non-monetary items</u>				
<u>Investments accounted for using the equity method</u>				
USD	2,063	30.71 (USD:NTD)	63,353	63,353
RMB	14,600	0.14 (RMB:USD)	2,096	64,335
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	\$ 6,086	30.71 (USD:NTD)	\$ 186,901	\$ 186,901
USD	98	6.97 (USD:RMB)	683	3,010

June 30, 2022

	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<b>Financial assets</b>				
<u>Monetary items</u>				
USD	\$ 13,476	29.72 (USD:NTD)	\$ 400,507	\$ 400,507
USD	304	6.70 (USD:RMB)	2,035	9,033
RMB	1,413	4.44 (RMB:NTD)	6,272	6,272
EUR	509	31.05 (EUR:NTD)	15,804	15,804
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,108	29.72 (USD:NTD)	62,638	62,638
RMB	14,330	0.15 (RMB:USD)	2,140	63,613
<b>Financial liabilities</b>				
<u>Monetary items</u>				
USD	12,519	29.72 (USD:NTD)	372,065	372,065
<u>Non-monetary items</u>				
Derivatives				
USD	1,000	29.72 (USD:NTD)	29,720	29,720

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 June 30, 2023		Three Months Ended June 30, 2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.71 (USD:NTD)	\$ 4,228	29.46 (USD:NTD)	\$ 10,255
USD	7.01 (USD:RMB)	588	6.61 (USD:RMB)	374
Others		571		(91)
		<u>\$ 5,387</u>		<u>\$ 10,538</u>
Foreign Currency	Six Months Ended June30, 2023		Six Months Ended June30, 2022	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.93 (USD:NTD)	\$ 2,420	28.70 (USD:NTD)	\$ 19,432
USD	7.12 (USD:RMB)	559	6.53 (USD:RMB)	351
Others		800		1,728
		<u>\$ 3,779</u>		<u>\$ 21,511</u>

## 29. 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.

### **30. 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.



### Six Months Ended June 30, 2023

	<u>Eris Technology and Jie Cheng</u>	<u>Yea Shin</u>	<u>Adjustments and write-offs</u>	<u>Total</u>
Revenue from external customers	\$ 819,179	\$ 54,688	\$ -	\$ 873,867
Inter-segment revenue	<u>15,335</u>	<u>345,223</u>	<u>( 360,558 )</u>	<u>-</u>
Segment revenue	<u>\$ 834,514</u>	<u>\$ 399,911</u>	<u>( \$ 360,558 )</u>	<u>\$ 873,867</u>
Segment income	<u>\$ 178,492</u>	<u>\$ 127,770</u>	<u>( \$ 130,627 )</u>	<u>\$ 175,635</u>
Segment assets	<u>\$ 3,233,913</u>	<u>\$ 981,593</u>	<u>( \$ 1,016,965 )</u>	<u>\$ 3,198,541</u>
Segment liabilities	<u>\$ 1,751,537</u>	<u>\$ 454,968</u>	<u>( \$ 425,009 )</u>	<u>\$ 1,781,496</u>

### Six Months Ended June 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	\$ 1,027,375	\$ 79,819	\$ -	\$ 1,107,194
Inter-segment revenue	<u>18,481</u>	<u>461,348</u>	<u>( 479,829 )</u>	<u>-</u>
Segment revenue	<u>\$ 1,045,856</u>	<u>\$ 541,167</u>	<u>( \$ 479,829 )</u>	<u>\$ 1,107,194</u>
Segment income	<u>\$ 238,094</u>	<u>\$ 175,641</u>	<u>( \$ 178,844 )</u>	<u>\$ 234,891</u>
Segment assets	<u>\$ 3,357,765</u>	<u>\$ 929,150</u>	<u>( \$ 1,014,798 )</u>	<u>\$ 3,272,117</u>
Segment liabilities	<u>\$ 2,093,677</u>	<u>\$ 384,951</u>	<u>( \$ 468,749 )</u>	<u>\$ 2,009,879</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 Six Months ended June 30, 2023

(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)	\$ 141,705	\$ 30,000 ( USD 1,000 thousand )	\$ 30,000 ( USD1,000 thousand)	\$ -	\$ 9,342	2.12%	\$ 425,114	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 June 30, 2023.

**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 Six Months ended June 30, 2023

(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	( \$ 434,595 )	54.61%	Net 60 payment term	None	None	\$ 134,222	44.71%	-
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	Sales	( 236,602 )	29.73%	Net 60 payment term	None	None	111,346	37.09%	-
Eris Technology Corp.	Yea Shin Technology Co., Ltd.	The Company's subsidiary	Purchases	334,748	54.29%	Net 60 payment term	None	None	( 118,083 )	75.05%	Note 1

Note 1: Related transactions have been written off 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**

June 30, 2023

(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 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	\$ 134,222	4.97	\$ -	—	\$ 66,974	\$ -
Eris Technology Corp.	Diodes Hong Kong Limited	Same as the Company's ultimate parent company	111,346	4.41	-	—	36,937	-
Yea Shin Technology Co., Ltd.	Eris Technology Corp.	Parent company	118,083	4.73	-	—	1,953	-

Note 1: Related transactions were eliminated in the consolidated 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 Six Months ended June 30, 2023

(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	\$ 993	-	0.03%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Trade payables	2,032	-	0.06%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Sales	3,946	No significant difference from general customers	0.45%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Purchases	17,637	No significant difference from general customers	2.02%
0	Eris Technology Corp.	Jie Cheng Electronic (Shanghai) Co., Ltd.	1	Other operating expenses	389	No significant difference from general customers	0.04%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade receivables	8,710	-	0.27%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Trade payables	118,083	-	3.69%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Other receivables	1,292	-	0.04%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Sales	14,771	No significant difference from general customers	1.69%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Purchases	334,748	No significant difference from general customers	38.31%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Processing fees	7,702	No significant difference from general customers	0.88%
0	Eris Technology Corp.	Yea Shin Technology Co., Ltd.	1	Rental income	1,714	No significant difference from general customers	0.20%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Sales	2,773	No significant difference from general customers	0.32%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Trade receivables	560	-	0.02%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Trade payables	130	-	-
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Purchases	694	No significant difference from general customers	0.08%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other income	1,857	No significant difference from general customers	0.21%
1	Yea Shin Technology Co., Ltd.	Jie Cheng Electronic (Shanghai) Co., Ltd.	3	Other receivables	854	-	0.03%

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.

**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 Six Months ended June 30, 2023

(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 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 (USD 670 thousand)	\$ 20,776 (USD 670 thousand)	N/A	100	\$ 64,607	\$ 2,858 (USD 92 thousand)	\$ 2,889 (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	536,004	127,770	126,438 (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	65,333 (USD 2,098 thousand)	2,857 (USD 92 thousand)	2,857	Sub-subsubsidiary

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: Related transactions were eliminated in the consolidated financial statements.

Note 4: It includes the adjustment of unrealized sales 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.

**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 Six Months ended June 30, 2023  
(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, 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 )	\$ 2,857 (RMB 658 thousand)	100%	\$ 2,857 (RMB 658 thousand )	\$ 65,333	\$ -

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)	\$20,241 (USD 650 thousand)	\$850,227

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 June 30, 2023.

Note 4: The information was calculated as 60% of the Company's net worth on June 30, 2023.

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: Related transactions were eliminated 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 Six Months ended June 30, 2023

(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	( \$ 6,719 )	0.56%	None	None	\$ 1,553	0.35%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	18,331	2.79%	None	None	( 2,162 )	0.91%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd	Other Income	( 1,857 )	-	None	None	854	0.29%	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**

June 30, 2023

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>).