



Stock Code : 3675

# ERIS Technology Corporation

## 2022 Annual Report

### Notice to readers

*This English version annual report is a translation of the Mandarin version. This document is created for the sole purpose of the convenience for its non-Mandarin readers and is not an official document to represent the financial status of the Company per Taiwan law. Should any discrepancy arise between the English and Mandarin versions, the Mandarin version shall prevail.*

Taiwan Stock Exchange Market Observation Post System:

<http://newmops.twse.com.tw>

The Company's Annual Report is available at: <http://www.ERIS.com.tw>

Printed in April 14, 2023

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**IV. Auditors for the Latest Financial Statements**

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**V. Overseas Securities Exchange: NA****VI. Corporate Website** <http://www.eris.com.tw>

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## Letter to Shareholders

### Dear Shareholders,

2022 is a year of global oscillation. The global new crown epidemic has not yet been fully controlled. On the other side of the earth, Russia and Ukraine are constantly fighting, which has severely damaged the global energy and food markets; global trade has erected barriers, and the global supply chain has been broken... Many events have merged and caused inflation. The central bank Interest rate hikes, exchange rate changes, and facing geopolitics are full of voices, forming a year of black swans. Global companies are struggling to find their own way out in troubled times.

In this status, the company is facing many unpredictable shocks and adjustments, and is cautiously dealing with various unknown situations. Due to limited resources, every decision must be very "precise" and "on the right way" at each critical point in time for decision making". With "precise decision-making", the Eris's team reversed the seemingly unstable year and created the best profit growth in the 28 years since the company was founded. The following are the company's 2022 business review and 2023 business plan summary, and the company's future development strategy is described as follows:

#### I. 2022 Financial Performance

The Company's consolidated revenue for the year 2022 was NT\$2,177,617 thousand, an increase of 5.88% at the same period in 2021. Gross profit was NT\$804,486 thousand an increase of 18.04% at the same period in 2021. Operating income was NT\$432,873 thousand an increase of 27.51% at the same period in 2021. Net profit was NT\$455,818 thousand an increase of 39.27% over the same period in 2021. Net profit attributable to company owners was NT\$455,818 thousand an increase of 39.36% over the same period in 2021. Earnings per share was NT\$10.26, an increase of 39.40% at the same period in 2021. Moreover, gross margin was 36.94%, compared to 33.14% in 2021. Operating margin was 19.88%, compared with 16.51% in 2021.

As a result, the company's revenue contribution in 2022 mainly came from products such as automotive electronics, and Industrial control, which driven the demand for diode applications of peripheral components.

**2022 Financial Performance Table ( Units: NTD thousand ; %)**

Year Items	2022	2021	Changed YoY(%)
Revenues	2,177,617	2,056,717	5.88%
Gross Profit	804,486	681,526	18.04%
Operating Income	432,873	339,485	27.51%
After-Tax Income	455,818	327,284	39.27%
Net profit attribution Owner of the company	455,818	327,088	39.36%
Earnings per share (NTD)	10.26	7.36	39.40%



## II. Financial income / expenditure and profitability analysis

Items		2022	2021	
Financial structure	Debt-to-asset ratio (%)	53.49	59.20	
	Long-term capital to fixed assets ratio (%)	147.60	145.73	
Profitability	Return on assets (%)	15.01	12.00	
	Return on shareholders' equity (%)	33.38	28.95	
	Occupancy capital ratio	Operating Income	97.43	76.41
		Pre-Tax income	99.85	73.78
	Net income rate (%)	20.93	15.91	
Earnings per share (NTD)	10.26	7.36		

## III. Corporate Governance and Sustainability

The company issued the sustainability report for the second consecutive year. Please refer to the TPEX's Market Observation Post System (M.O.P.S.) for detailed implementation details. Sustainable development is the guiding principle of operation that company adheres to, it is the core value of Eris's since its establishment by creating a new situation, caring for the society and the environment and co-prosperity. Since its establishment, the company has not only pursued the development of its own industry, but also actively maintained good interactions with all stakeholders. Through continuous participation in social welfare and the construction of an earth-friendly supply chain, it has fulfilled its corporate citizenship responsibilities and pursued sustainable operations. In terms of participating in social welfare, Eris outlines four main axes of work in 2022:

- (1) The company has participated in the children's education activity plan of World Vision since 2009, which has been supporting uninterruptedly for more than 13 years. Thanks to the enthusiastic participation of the company's colleagues.
- (2) Cooperated with the Andrew Charity Association to conduct one day only volunteer activity. More than 50 colleagues and relatives participated in the packaging of food boxes and helped distribute them to families in need.
- (3) The company has donated for last 2 years (a total of NT\$2.5 million) the community care equipment of the Tamsui Mackay Hospital Health Examination Center, hoping to use medical resources through the hospital's professionalism to continue to protect the health of community residents; the company also sponsors Taipei to operate The Institute of Management published 300 volumes of the health book "Hua Tuo's Lecture IX - The content is Taipei Veterans General's hospital famous medical doctor education and health" and donated it to the company's colleagues to enrich their medical knowledge.
- (4) In terms of environmental protection, sponsored the Leopard Cat Association of Taiwan(LCAT) to promote Leopard Cat conservation activities (donated NT\$350,000);

the company also received subsidies for low-carbon technology and energy-saving projects.

As we coexist on the same earth, Eris will continue to inherit the spirit of hunger and self-hungry, continue to give back to the society, build an earth-friendly supply chain, and fulfill the responsibility of corporate citizenship. It is expected that the company can contribute to the issue of protecting the earth.

#### **IV. 2023 Business outlook**

Looking forward to the company business overview in 2023, the company has introduced new automation equipment to focus on vehicles, and officially moved from a diode factory to an IDM factory that mainly produces automotive and IPC industrial control and other high-end product applications. It is expected to gradually show results this year and next.

When we look back in last year, inflation, interest rate hikes, the Russian-Ukraine war, and mainland China's blockade impacted the terminal market conditions, and the supply and demand of the semiconductor industry reversed. At this time, the general economic environment that seemed to be full of crises happened to provide Eris Tech. with a transformation best time.

The company had completed the three major tasks in 2022 (wafer process optimization, automated packaging process, and MPE system construction), the company will actively strive to integrate new and old production capacity and refine the plan, and at the same time start to build the next generation of new product line equipment into the factory for installation. It is estimated that the construction will be completed in the first half of 2023, and the verification/trial production/mass production stage will be carried out in the second half of the year; the company estimates that compared with the existing production capacity, it will show "multiple growth".

Since the new equipment is mainly fully automated, it is expected to save manpower and simplify the factory space, which is conducive to the company's implementation of carbon reduction plans. With the addition of new equipment in place and mass production, the overall production line will become high-value. In 2023, ERIS will officially enter the field of high-end IDM discrete component integration suppliers.

#### **V. Our Vision**

The company has been established 28 years. Since beginning that has always adhered to the belief of "focusing on the industry and sustainable operation". Convinced that this business philosophy is the foundation of the company's sustainable operation, the company will continue to accelerate the pace of globalization, strengthen product layout, improve key technologies, build quality service systems and market positioning and other business strategies, as to maintain the company's competitive advantages, look forward to a next new stage.

In terms of corporate sustainable development, adhering to the original intention of "taking from the society and using it for the society", ERIS Tech will continue to focus on sustainable

management in the four aspects of "corporate governance, environmental protection, social common good, and innovation breakthroughs" target. Drive the company's digital vision of "using technological innovation to improve the quality of life and the environment", and actively cooperate with the group's internal technical resources and external partners to continue to pursue sustainable business operations and profitable growth, and to enter a new era for Eris Tech, in the fourth decade of the new year, make preparations.

*(Notice: This translation document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)*

Sincerely yours,

Chairman:	Jonathan Chang
President & CEO:	Jonathan Chang
Chief Financial Officer:	Doris Hsu

## Company Profile

### 2.1 Date of Incorporation: 08 16, 1995

### 2.2 Company History

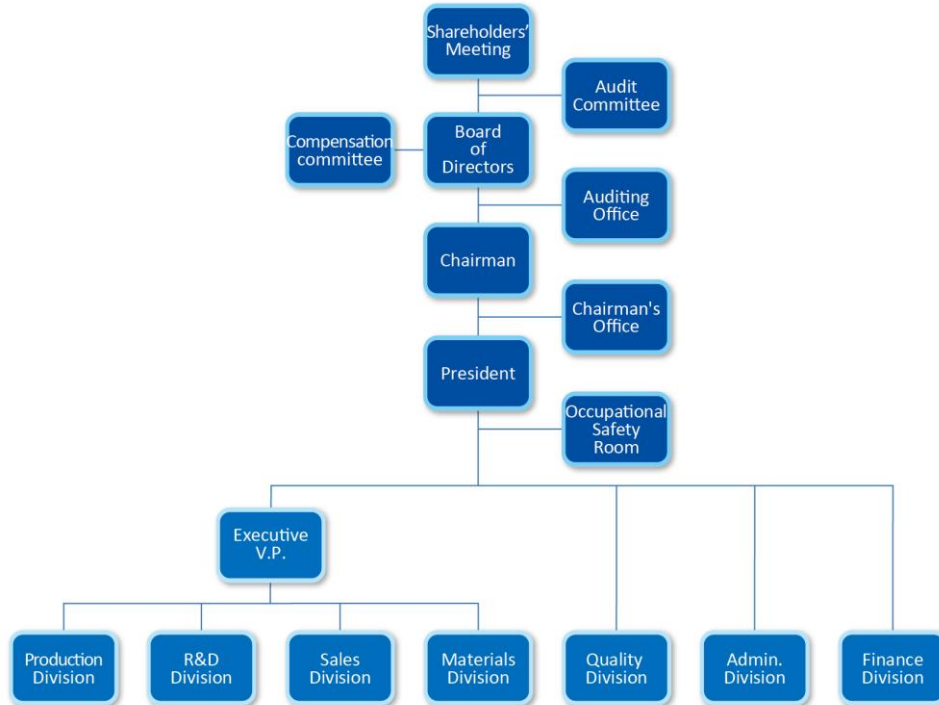
Year	Milestones
1995/08	Eris Technology was founded with paid-in capital of NT\$5 million. The company adopted “Eris” as the own brand and began entering into the strategic alliance with the German-based company SeCoS GmbH. It mainly sold the electronic upstream products, such as wafers, chips and others to Taiwan and China territories, etc.
2001/05	Cash flow reaches NT\$5 million and accumulated capital reaches NT\$10 million.
2002/05	Establishes test line in Taiwan to check wafer quality.
2002/12	Cash flow reaches NT\$7million and accumulated capital reaches NT\$17million.
2003/06	Entered sub-con franchises of finished-products.
2003/10	Eris receives ISO 9001 : 2000 certification.
2003/12	Eris establishes a reliability test laboratory in Taiwan.
2004/03	Eris establishes in-house quality assurance to supervise manufacturing process.
2004/06	Eris establishes its central laboratory
2004/08	Eris adopts Enterprise Information Portal (EIP).
2005/06	Eris adopts ERP system to organize and integrate records between various departments.
2005/07	Cash flow reaches NT\$8 million and accumulated capital reaches NT\$25 million.
2006/07	Cash flow reaches NT\$15 million and accumulated capital reaches NT\$40 million.
2007/07	Cash flow reaches NT\$25 million and accumulated capital reaches NT\$65 million.
2008/08	Investment Commission approved via third-party indirect investment in Jiecheng Electronic Co.,Ltd. in Shanghai, China.
2008/10	Cash flow reaches NT\$60 million and accumulated capital reaches NT\$125 million.
2009/07	Cash flow reaches NT\$22 million and accumulated capital reaches NT\$147 million.
2009/08	Initial public offering is authorized by Securities and Futures Bureau.
2009/09	Listed in the Taiwan Emerging Market ( Stock Code: 3675TT ).
2009/10	Eris establishes a TMTT line in Taiwan.
2009/12	Cash flow reaches NT\$17.88 million and accumulated capital reaches NT\$164.88 million.
2010/01	Eris adopts Knowledge management platform within the production management system.
2010/05	Settle-up automation diode encapsulation line.
2010/07	Eris receives ISO 9001 : 2008 certification.
2010/07	Accumulated capital reaches NT\$206.70 million at the end of July 2010.
2010/08	Eris is recognized among the 13th set of “Rising Star Award” recipients. Taiwan’s Ministry of Economic Affairs awards the prize to exemplary small and medium enterprises displaying competitiveness, export activity, and well-organized management structure.
2010/12	Cash flow reaches NT\$24 million and accumulated capital reaches NT\$230.70 million.

Year	Milestones
2011/02	Eris receives ISO / IEC 17025: 2005 certification from the Taiwan Accreditation Foundation (TAF).
2011/07	Eris receives TS16949:2009 certification from the British Standards Institution (BSI).
2011/08	Eris receives ISO 14001:2004 certification from the BSI.
2011/09	Cash flow reaches NT\$100 million and accumulated capital reaches NT\$333.51 million (around USD 11 million).
2011/11	Accumulated capital reaches NT\$393.27 million (around USD 13 million).
2012/02	GreTai Securities Market listing application approved by SFC (Securities and Futures Commission)
2012/06	Eris Technology Corp. is scheduled for listing on GTSM on June 29, 2012.
2012/12	Accumulated capital reaches NT\$444.28 million.
2018/07	Eris acquired a 60.11% equity interest in Yea Shin Technology Co., Ltd.(Wafer Fab)
2018/07	Eris receives TS16949:2016 certification from the British Standards Institution (BSI).
2019/01	Luzhu Plant Completed of factory construction and pass for registration permission of competent authority.
2020/03	The fab of subsidiary (Yea-Shin Tech.) completed the development of 6-inch wafers based on GPP process, which is an innovative processes for diode GPP.
2020/03	Acquired the case of subsidiary the remaining shares of Yea Shin Technology (stock) Company, and the shareholding ratio was increased to 99.5% .
2020/09	The BOD meeting approved the Kick off plan of the fully automated (first) production line through the capital expenditure of NT\$70 million.
2020/12	The board of directors approved the acquisition of a full set of production equipment for automotive electronic components packaging from Liteon Semi. (Keelung Plant).
2021/03	New product (ESD and MOSFET) were officially mass produced and shipping.
2021/04	The BOD approved expanded the automated production line through a capital expenditure of about NTD300 million.
2021/05	Acquired the case of subsidiary the remaining shares of Yea Shin Technology (stock) Company, and the shareholding ratio was increased to 100%.
2021/07	Passed the VDA 6.3 auditing by Dahl Technology ( Nasdaq: DIOD), an international semiconductor manufacturer in the United States.
2021/11	New product (SiC) were officially shipping.
2021/11	Issued the 1st edition of the Company Sustainability Report.
2021/12	Subsidiary Yea Shin Tech. wafer manufactures 4-inch turn to 5-inch wafers, which have been put into production one after another.
2022/09	Finished /Set up the expansion of 110KK automated production lines.
2022/10	Issued the 2nd edition of the Company Sustainability Report.
2022/11	Awarded by the Environmental Protection Agency of the Executive Yuan for participating in the 4th National Enterprise Environmental Protection Award.

# I. Corporate Governance Report

## 3.1 Organization

### 3.1.1 Organizational Chart



### 3.1.2 Major Corporate Functions

Department	Functions
Chairman's Office	Strategic planning, business planning authorization and supervision
Audit Office	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement.
Production Division	Responsible for product manufacturing and production capacity allocation.
Materials Division	Implementation of supplier management and outsourcing processing and Warehouse Management
Quality Division	Planning and execution of quality control systems.

Department	Functions
Sales Division	Responsible for corporate image planning, maintaining and enhancing external public relations, corporate marketing activities worldwide, and analyzing industry data and trends. It is also in charge of formulating and implementing corporate marketing and product plans.
Admin. Division	Planning and execution of general affairs, factory affairs, and information systems.
Finance Division	Responsible for the summarization and supply of accounting information, management and operation of finance and investment, annual budgeting, credit control, and stocks services.
R & D Division	Advanced product and technology research and development, intellectual property development and management.

3.2 Directors, Supervisors and Management Team  
3.2.1 Information on the Company's BOD members

As of March 31, 2023

Title/ Name	Nationality/ Country of Origin	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman Jonathan Chang	R.O.C.	Male	2020/10/15	3	1995/08/08	2,111,332	4.75%	1,621,332	3.65%	NA	NA	NA	NA	CEO, ERIS Corp. Representative of KeepHigh Limited、 ForeverEagle、Jiecheng Electronic (Shanghai) Co., Ltd	CEO, ERIS Corp. NTU EMBA	NA	NA	NA	
Diodes Holdings UK.	UK	NA	2020/10/15	3	2011/10/11	22,687,604	51.07%	22,687,604	51.07%	NA	NA	NA	NA	Diodes Inc.(NASDAQ)100% Shareholders	Representative of DIODES TAIWAN S.A R.L., TAIWAN BRANCH	NA	NA	NA	
Representative Gary Yu	R.O.C.	Male				NA	NA	NA	NA	NA	NA	NA	NA	NA	Senior Vice President of Business Group at Diodes Inc.	Representative of DIODES TAIWAN S.A R.L., TAIWAN BRANCH	NA	NA	NA
Representative Maxine Lei	R.O.C.	Female				NA	NA	NA	NA	NA	NA	NA	NA	NA	CFO of DIODES TAIWAN S.A R.L., TAIWAN BRANCH	CFO of DIODES TAIWAN S.A R.L., TAIWAN BRANCH	NA	NA	NA
Representative Patricia Hwang	R.O.C.	Female				NA	NA	NA	NA	NA	NA	NA	NA	NA	Vice CFO of DIODES TAIWAN S.A R.L., TAIWAN BRANCH	Vice CFO of DIODES TAIWAN S.A R.L., TAIWAN BRANCH	NA	NA	NA
Independent Director Jackie Ding	R.O.C.	Female	2020/10/15	3	2017/10/13	NA	NA	NA	NA	NA	NA	NA	(Retire)VP of SIMPLO TECHNOLOGY CO., LTD.	NA	NA	NA	NA		
Independent Director Kun Shan Lin	R.O.C.	Male	2020/10/15	3	2017/10/13	NA	NA	NA	NA	NA	NA	NA	(Retire)Consultant of NUVOTON TECHNOLOGY CORPORATION	NA	NA	NA	NA		
Independent Director Ed Tang	R.O.C.	Male	2020/10/15	3	2020/10/15	NA	NA	NA	NA	NA	NA	NA	(Retire) Vice president of Texas Instruments, US	NA	NA	NA	NA		

Note 1: The shares held by the Chairman include 400,000 trust shares that reserve the right to exercise decisions.



**Major shareholders of the institutional shareholders**

As of March 31, 2023

Name of Institutional Shareholders	Major Shareholders
Diodes Holdings UK	Diodes Incorporated (100%)

**Major shareholders of the Company's major institutional shareholders**

Name of Institutional Shareholders	Major Shareholders
Diodes Incorporated	BlackRock Inc (15.5%) 、 The Vanguard Group(11.7%) 、 EARNEST Partners (5.6%)

**Professional qualifications and independence analysis of directors and supervisors**

Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Taiwanese Public Companies Concurrently Serving as a Compensation Committee Member
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Jonathan Chang			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Representative of DIODES HOLDINGS UK.: Gary Yu			✓			✓	✓			✓	✓	✓	✓	✓		NA
Representative of DIODES HOLDINGS UK: Maxine Lai			✓			✓	✓			✓	✓	✓	✓	✓		NA
Representative of DIODES HOLDINGS UK: Patricia Hwang			✓			✓	✓			✓	✓	✓	✓	✓		NA
Jackie Ding			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Kun Shan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA
Ed Tang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NA

Note: All board members met with the following conditions for the two years leading up to assuming their posts and while they held their posts.

Please place a tick mark "✓" in the box under number that represents their situation.

(1) Not an employee of the Company or its affiliated companies

(2) Not a director or supervisor of the Company's affiliates (unless the person is an independent director of the Company, the Company's parent company or any subsidiary of the Company)

(3) Not a shareholder whose total holdings, including those of his/her spouse and minor children, or shares held under others' names, reach or exceed 1 percent of the total

outstanding shares of the Company or rank among the top 10 individual shareholders

- (4) Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to the managers listed in (1) and persons listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, a top-five shareholder, or authorized representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where more than half of the director positions or voting shares of that other company and the Company are controlled by the same person (however, this does not apply when serving concurrently and mutually as independent director established by the Company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (7) Not a director (managing director), supervisor (managing supervisor) or employee of another company or institution where any of its chairmen, presidents, or other equivalent positions are served by the same person or is the spouse of the Company's chairmen, presidents, or other equivalent positions (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (8) Not a director (managing director), supervisor (managing supervisor), manager, or shareholder with 5% or more shareholding of a specific company or institution with which the Company has financial or business dealings (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations, if that specific company or institution holds no less than 20%, but no more than 50%, of the total issued shares of the Company).
- (9) Not a professional who provides auditing to the Company or its affiliates, or a professional who provides commercial, legal, financial, accounting, or related services to the Company or its affiliates with a total remuneration of less than NT\$500,000 in the past two years, nor is an owner, partner, director (managing director), supervisor (managing supervisor), or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee or Special Committee for Merger/Consolidation and Acquisition who perform their functions in accordance with laws relevant to the Securities and Exchange Act or the Business Mergers And Acquisitions Act.
- (10) Not a spouse or relative within second degree by affinity to other directors
- (11) Not in contravention of Article 30 of the Company Act
- (12) Not an institutional shareholder or its representative pursuant to Article 27 of the Company Act

### 3.2.2 Management Team

Title	Nationality/ Country of Origin	Name	Date Effective	Shareholding (Note 1)		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
President	R.O.C.	Jonathan Chang	1997.01.01	1,621,332	3.65%	NA	NA	NA	NA	CEO, ERIS Corp. NTU EMBA	CEO, ERIS Corp. Representative of KeepHighLimited · ForeverEagle · Jiecheng Electronic (Shanghai) Co., Ltd	NA	NA	NA
Vice President	R.O.C.	Calvin Chu	2018.07.19	NA	NA	NA	NA	NA	NA	University of Manchester, UK Master Degree in Materials Science	NA	NA	NA	NA
Production Division Vice President	R.O.C.	Wenyi Huang	2019.01.26	NA	NA	NA	NA	NA	NA	B.S. in IE Nan Jeon University of Science and Technology	NA	NA	NA	NA
Quality Division Manager	R.O.C.	Mac Huang	2019.01.26	NA	NA	NA	NA	NA	NA	MBA, NTUST	NA	NA	NA	NA
Materials Division Manager	R.O.C.	Grace Huang	2010.07.05	NA	NA	NA	NA	NA	NA	BS in SooChow University Dep. of Business Administration	NA	NA	NA	NA
financial accounting Manager	R.O.C.	Doris Hsu	2008.04.01	58,518	0.13%	10,075	0.02%	NA	NA	BS in Accounting Chung Yuan Christian University	NA	NA	NA	NA
Internal Auditor	R.O.C.	Holmes Wu	2021.07.26	NA	NA	NA	NA	NA	NA	BS in Law of Cultural University	NA	NA	NA	NA

Note 1: The shares held by the Chairman include 400,000 trust shares that reserve the right to exercise decisions.

### 3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

#### Remuneration of Directors

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration received from the parent company and all investee companies
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)						
		The company	companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Jonathan Chang																					
Director	DIODES HOLDINGS UK. Representative Gary Yu Maxine Lai Patricia Hwang	0	0	0	0	0	0	202	202	0.044%	0.044%	8,262	8,262	0	0	420	0	0	0	1.949%	1.949%	0
Independent Director	Jackie Ding Kun Shan Lin Ed Tang	1,760	1,760	0	0	0	0	370	370	0.467%	0.467%	0	0	0	0	0	0	0	0	0.467%	0.467%	0

### Remuneration of the President and Vice President

Unit: NT\$ thousands

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration received from all investee companies (other than subsidiaries) or the parent company
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Jonathan Chang	9,804	9,804	0	0	6,660	6,660	667	0	0	0	3.758%	3.758%	0
Vice President	Calvin Chu													
Vice President	Wenyi Huang													

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 2,000,000	-	-
NT\$2,000,001 ~ NT\$5,000,000	Calvin Chu 、Wenyi Huang	Calvin Chu 、Wenyi Huang
NT\$5,000,001 ~ NT\$10,000,000	Jonathan Chang	Jonathan Chang
Over NT\$10,000,000	0	0
Total	3	3

Managers and employee bonuses

Unit: NT\$ thousands

Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
President	Jonathan Chang	None	1,191	1,191	0.261%
Vice President	Calvin Chu				
Production Division Vice President	Wenyi Huang				
Quality Division Manager	Mac Huang				
Materials Division Manager	Grace Huang				
Financial accounting Manager	Doris Hsu				

### 3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Title	Total remuneration paid to directors, supervisors, presidents and vice president and to net income (%)			
	2021		2022	
	Companies in the consolidated financial statements	%	Companies in the consolidated financial statements	%
Directors	1,753	0.53	2,332	0.51
presidents and vice president	11,279	3.45	17,131	3.76

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

The compensation to directors and other key management personnel were determined by the Remuneration Committee of the Company in accordance with the individual performance and the market trends.

The compensation is measured based on the employee's personal achievements, contribution made to the business operation, and the market averages. It has a positive correlation with the performance of the Company's business.



### 3.3 Implementation of Corporate Governance

#### 3.3.1 Board of Directors

A total of 6 (A) meetings of the Board of Directors were held in the previous period.

The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Chairman	Jonathan Chang	6	0	100	
Director	Representative of DIODES HOLDINGS UK: Gary Yu	6	0	100	
Director	Representative of DIODES HOLDINGS UK: Maxine Lai	6	0	100	
Director	Representative of DIODES HOLDINGS UK: Patricia Hwang	6	0	100	
Independent director	Jackie Ding	6	0	100	
Independent director	Kun Shan Lin	6	0	100	
Independent director	ED Tang	6	0	100	

#### Other mentionable items:

1. If there are circumstances referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the directors' meetings objected to by independent directors or subject to qualified opinion and recorded or declared in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: None
2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. TWSE/TPEX listed companies shall disclose information such as evaluation cycle and period, evaluation scope:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation result
Once per year	2022/01/01- 2022/12/31	Performance evaluation of the overall board of directors.	Self- evaluation by individual Board members.	Overall condition is excellent

4. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

### 3.3.2 Audit Committee ( or Attendance of Supervisors at Board Meetings )

#### A. Audit Committee

A total of 6 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Independent Director/ Convener	Jackie Ding	6	0	100	
Independent director/ Committee Members	Kun Shan Lin	6	0	100	
Independent director/ Committee Members	ED Tang	6	0	100	

#### Other mentionable items:

1. If there are the circumstances referred to in Article 14-5 of the Securities and Exchange Act and resolutions which were not approved by the Audit Committee but were approved by two thirds or more of all directors, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:  
None
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None
3. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)
  - (1)The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. The communication channel between the Audit Committee and the internal auditor has been functioning well.
  - (2)The Company's CPAs have presented the findings or the comments for the quarterly corporate financial reports, as well as those matters communication of which is required by law, in the regular quarterly meetings of the Audit Committee. Under applicable laws and regulations, the CPAs are required to communicate to the Audit Committee any material matters that they have discovered. The communication channel between the Audit Committee and the CPAs has been functioning well.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The information has been disclosed on the Company’s website.	None
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?  (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?  (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?  (4) Does the company establish internal rules against insiders trading with undisclosed information?		✓	In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders’ suggestions, doubts, disputes and litigation.  The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares.  The company formulates "internal control system - supervision and management of subsidiaries" and "internal control system - investment cycle - transfer investment management" and "operational specifications related to mutual financial business between related companies", establishes and implements firewalls and risk control with related companies tube mechanism. On July 31, 2020, the company passed the resolution of the board of directors to revise the "General Principles of Internal Control System-Definition" and "Internal Control System Self-inspection and Evaluation Operation Procedures".  To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	None
3. Composition and Responsibilities of the Board of Directors	✓			None

Evaluation Item	Implementation Status <sup>1</sup>		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	
<p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p>			

Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively chooses candidates to meet the goal of member diversification.

The company has set up a remuneration committee and an audit committee to strengthen corporate governance functions. To enhance the functions of the board of directors and functional committees, clearly define performance goals to improve operational efficiency. In the future, various other functional committees will be added according to the needs of the company's operation scale.

The company has formulated rules and procedures for evaluating the Board's performance and conducts it annually. The Company uses two methods to evaluate the performance of the Board.

1. Self-assessment of Board members  
Board members fill in the "Self-Assessment Questionnaire for Board Members" at the end of each year. To evaluate the performance of each members effectively, the questionnaire contains the following factors:

- A. Their grasp of the Company's goals and missions;
- B. Their recognition of director's duties;
- C. Their degree of participation in the Company's operations;
- D. Their management of internal relationships and communications;
- E. Their professionalism and continuing professional education;
- F. Internal controls.

2. Assessment of the Board:

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			<p>The Secretary Office of the Board conducts the assessment of the Board’s performance. The following aspects are taken into consideration:</p> <p>A. The degree of participation in the Company's operations;  B. Improvement in the quality of decision making by the Board of Directors;  C. The composition and structure of the Board of Directors;  D. The election of the directors and their continuing professional education.  E. Internal controls.</p> <p>The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.</p>	
4. Has the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?	✓		<p>Since the company's paid-in capital is less than NT\$2 billion, according to this standard, the company has not met the need to set up a corporate governance committee. Therefore, at this stage, the chairman's office is responsible for corporate governance-related affairs in order to improve the operational efficiency of the organization.</p> <p>The corporate governance-related matters in the preceding paragraph shall include the following:</p> <p>(1) Handle matters related to the meetings of the board of directors and the shareholders' meeting in accordance with the law.  (2) To prepare the minutes of the board of directors and shareholders' meetings.  (3) To assist directors in taking office and continuing their education.  (4) Provide the information required by the directors to execute their business.  (5) Assist directors to comply with laws and regulations.  (6) Other matters stipulated in the articles of association or contracts of</p>	

Evaluation Item	Implementation Status <sup>1</sup>		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>the company.</p> <p>The execution of the Company's corporate governance-related business in 2021 is as follows:</p> <ol style="list-style-type: none"> <li>1. Formulate the meeting agenda of the board of directors, audit committee, and compensation committee, and prepare meeting materials; if the content of the agenda is related to stakeholders, remind the counterparty to avoid interests in advance. In 2021, 7 meetings of the Board of Directors, 7 meetings of the Audit Committee, and 2 meetings of the Remuneration and Remuneration Committee were held. Please refer to the description on pages 19-32 of this annual report for details of the holding of the above meetings.</li> <li>2. Responsible for the announcement of important information of the important resolutions of the board of directors and the shareholders' meeting, and release important information according to law.</li> <li>3. Arrange all directors, company managers and other insiders to conduct a 6-hour course. The topics of the course are "Business Opportunities for Third-Generation Semiconductor Power Components Technology Application" and "Development Trends and Application Business Opportunities for Electric Vehicles and Battery Systems".</li> <li>4. Arrange for independent directors to communicate with the internal audit supervisor and certified accountants at the quarterly audit committee meeting.</li> <li>5. The performance evaluation of the 2022 annual board of directors, and report the performance evaluation results to the board of directors on February 20, 2023 and upload it to the TWSE/TPEX MOPS (Market Observation Post System).</li> </ol>	
5. Does the company establish a communication channel and build a designated section on its website for involved parties (including but not limited to	✓		The Company provides detailed contact information, including telephone numbers and email addresses in the “Stakeholder Area” section of the corporate website. In addition, personnel are in place to exclusively deal	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?			with issues of social responsibility, ensuring that various interested parties have channels to communicate with the Company.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company designates KGI Securities Co.Ltd. Registrar Dep. to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?  (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?  (3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report for the first, second and third quarters and the operating conditions	✓		The Company has set up a Chinese/English website (www.ERIS.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status.  The company's website contains information in both Chinese and English, and the responsible unit is responsible for the collection and disclosure of company information. Set up spokespersons and acting spokespersons, and implement the spokesperson system. Regular and irregular corporate briefings are held and disclosed on the company's website and the exchange's audio-visual communication network  The company is currently reporting financial reports and monthly operations in accordance with the specified date of "Occupational Listed Companies"; the company has announced and reported the annual financial report within two months after the end of the fiscal year, and announced the annual financial report before the specified deadline. quarterly financial report. Important financial	None

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
of each month before the specified deadline?			figures and XBRL information will be announced on the day the board of directors approves the financial report, and the complete financial report e-book will be announced on the next day.	
8. Does the company have other important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, risk management) The implementation of policies and risk measurement standards, the implementation of customer policies, the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		<p>1. Employee rights and employee care: Set up an employee welfare committee, implement a pension system to protect the rights and interests of employees, and hold quarterly labor-management meetings to coordinate labor-management relations. The company also plans employee group insurance, regular health checks, and conducts various employee education and training. The company attaches great importance to the physical and mental health and learning and development of each employee.</p> <p>2. Investor Relations: The main task of the company's investor relations department is to provide global investors with the latest company information. Investors learn about the latest developments and decision-making motives of the company through the Investor Relations Department. The main purpose is to strengthen the communication between the company and investors, increase the transparency of finance and corporate governance, and build a good corporate image.</p> <p>3. Situation of directors' further education: please refer to the description on page 28 of this annual report.</p> <p>4. Implementation of risk management policies and risk measurement standards: All major proposals are submitted to the board of directors for approval, and internal audits are carried out.</p> <p>5. Implementation of consumer or customer protection policy: Implement quality policy in accordance with ISO standards. Situation and social responsibility of the company to purchase liability insurance for directors and supervisors: The directors of the</p>	None



Evaluation Item	Implementation Status <sup>1</sup>		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			<p>company adhere to the principle of integrity management, and there is no lawsuit or illegal behavior, and have purchased liability insurance for directors and independent directors (please refer to page 23) .</p> <p>6. Code of Conduct for Directors and Managers, Code of Conduct for Employees (please refer to pages 34-35)</p> <p>7. Supplier relationship:  In order to maintain the company's long-term advantages in new technology research and development, quality control and price competition, and sufficient supply, and to provide green products that meet energy conservation and environmental protection, and on the basis of integrity, audit and management of suppliers are carried out to confirm that suppliers are in compliance with various environmental protection treaties and social responsibilities, we can continue to provide products that meet the company’s standards and have competitive prices. The company will continue to uphold the spirit of mutual trust and mutual benefit for suppliers, in order to grow together with Eris and create Win-win.</p> <p>8. Rights of interested parties:  Depending on the situation, the company instructs the departments including investor relations, public relations, stock affairs, legal affairs and other departments to communicate with stakeholders, and there are spokespersons and contact information for relevant</p>	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			business departments on the company's website.	
<p>9. Please explain the improvement situation in the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancements and measures for those who have not yet improved.</p> <ul style="list-style-type: none"> <li>● In 2022, in order to establish performance goals and strengthen the operational efficiency of the board of directors, according to the performance evaluation method of the board of directors of the company, an internal performance evaluation of the board of directors will be completed before the end of the first quarter of the next year, and the performance evaluation of functional committees (audit committee and remuneration committee) will be added, the above has indeed been reported to the board of directors on February 20, 2023, and uploaded to the TWSE/TPEX MOPS (Market Observation Post System) and disclosed in the annual report.</li> <li>● The company would be continue to strengthen its continuous efforts to respond to the directions that the competent authority needs to improve in the content of the 2022 (company self-assessment) evaluation project, so as to meet the requirements of the competent authority on the corporate governance evaluation project.</li> <li>● In 2022, in order to establish performance goals to enhance the operational efficiency of the board of directors, the operation status and annual work priorities of the audit committee and remuneration committee will be disclosed in the annual report and the company website.</li> <li>● Following the official (first) release of the "Sustainable Development (ESG) Report" in November 2021, the company will continue to issue the second edition in October 2022; Companies with a paid-in capital of NT\$2 billion or less only need to adopt voluntary issuance), the company's report has been electronically uploaded to the TWSE/TPEX MOPS (Market Observation Post System), and a ESG area has been established on the company's official website. Its reporting period is one year once.</li> </ul> <p>10. Other important information on the operation of corporate governance:</p> <p>(1) The company purchases liability insurance for directors, supervisors and managers The insurance amount of the company in 2021 is USD 5,000,000, and the important content of insurance coverage will be reported to the board of directors.</p>				

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	

(2) Directors’ and supervisors’ training records:

Title	Name	Training hours	Study period		Sponsoring Organization	Course	
			From	To			
Directors	Jonathan Chang	6H	2022/10/28	2022/10/28	Securities and Futures Institute	Fourth-generation semiconductor and display technology application business opportunities	
	Gary Yu						
	Maxine Lai						
	Patricia Hwang						
Independent directors	Jackie Ding				Taiwan Corporate Governance Association		Looking at corporate sustainable governance from the perspective of risk-from corporate governance to ESG
	Kun Shan Lin						
	Ed Tang						

● Operation of risk management

The purpose of the company's risk management policy is to discover in advance the risk factors that are sufficient to adversely affect the operation, and after appropriate assessment procedures and processing procedures, the risks can be transformed, reduced, and then the occurrence of losses can be prevented; Changes in the external environment can detect and warn of risks in a timely manner, so that colleagues in various locations around the world can implement risk management in a timely manner within the scope of business. In accordance with the "Public Issuing Companies Establishing Internal Control System Handling Standards" and relevant laws and regulations, the company has established financial, business and accounting management systems, as well as the supervision and management of the subsidiary's financial and business information, as well as credit and funds for affiliated companies. For important risk matters such as loan and endorsement guarantee, acquisition and disposal of assets, relevant management policies, risk measurement standards and handling procedures are formulated for all employees to conduct risk assessment, review and management operations in accordance with their operating procedures; In the business unit, there are also full-time personnel responsible for the relevant risk management operations to control, reduce and prevent the company's various risks.

### 3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company's compensation and benefits policies, plans and programs, and the evaluation of the directors' and executives' compensation.

The Chairman of the Remuneration Committee convened two regular meetings in 2021. The Remuneration Committee Charter is available on the Company's corporate website.

#### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Criteria	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks	
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent director	Jackie Ding			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Independent director	Kun Shan Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None
Independent director	Ed Tang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	None

Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

- (1) Not an employee of the Company or its affiliated companies
- (2) Not a director or supervisor of the Company or its affiliated companies (unless the person is an independent director of the Company, the Company's parent company or of any subsidiary in which the Company holds, directly or indirectly, more than 50 percent of the voting shares)
- (3) Not a shareholder whose total holdings, including that of his/her spouse and minor children, or shares held under others' names reach or exceed 1 percent of the total outstanding shares of the Company or rank among the top 10 individual shareholders
- (4) Not a spouse, relative of second degree or closer, or direct blood relative of third degree or closer to the managers listed in (1) and persons listed in (2) or (3).
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total issued shares of the Company, a top-five shareholder, or authorized representative to be a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (6) Not a director, supervisor, or employee of another company where more than half of the director positions or voting shares of that other company and the Company are controlled by the same person (however, this does

not apply when serving concurrently and mutually as independent director established by the Company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).

- (7) Not a director (managing director), supervisor (managing supervisor) or employee of another company or institution where any of its chairmen, presidents, or other equivalent positions are served by the same person or is the spouse of the Company's chairmen, presidents, or other equivalent positions (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations).
- (8) Not a director (managing director), supervisor (managing supervisor), manager, or shareholder with 5% or more shareholding of a specific company or institution with which the Company has financial or business dealings (however, this does not apply when serving concurrently and mutually as independent director established by the Company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with provisions hereof or local laws and regulations, if that specific company or institution holds no less than 20%, but no more than 50%, of the total issued shares of the Company).
- (9) Not a professional who provides auditing to the Company or its affiliates, or a professional who provides commercial, legal, financial, accounting, or related services to the Company or its affiliates with a total remuneration of less than NT\$500,000 in the past two years, nor is an owner, partner, director (managing director), supervisor (managing supervisor), or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the Company or its affiliates. However, this does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee or Special Committee for Merger/Consolidation and Acquisition who perform their functions in accordance with laws relevant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not in contravention of Article 30 of the Company Act

#### B. Attendance of Members at Remuneration Committee Meetings

There are 3 members in the Remuneration Committee. A total of 3 (A) Remuneration Committee meetings were held in the previous period. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B/A 】	Remarks
Convener	Kun Shan Lin	3	0	100	
Committee Member	Jackie Ding	3	0	100	
Committee Member	Ed Tang	3	0	100	

#### Other mentionable items:

- If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
- The results of the 2021 annual discussion proposal and resolution of the Compensation and Remuneration Committee, and the company's handling of members' opinions:

Meeting Date	Discussion	Committee Resolution	Consequent
2022/01/19	"2021 Annual Managers' Year-end Bonus Payment Proposal" and "2022 Annual Managers' Compensation Payment Standards"	Approved	Approved by the BOD

2022/04/26	The 2022-year remuneration case for dire	Approved	Approved by the BOD
2022/07/25	The case of managers who manager ca issued 2021 employee compensation	Approved	Approved by the BOD

### 3.3.5 Implementation of sustainable development/Guidelines and Regulations

Please refer to the Company's website at [http:// www. eris.com.tw](http://www.eris.com.tw)

### 3.3.6 Other Important Information Regarding Corporate Governance: None.

### 3.3.7 Internal Control Systems

Please refer to page 36 of the Chinese annual report.

### 3.3.8 Major Resolutions of Shareholders' Meeting and Board Meetings

Please refer to page 36 of the Chinese annual report.

### 3.3.9 Major Issues of Record or Written Statements Made by Any Director or Supervisor

Dissenting to Important Resolutions Passed by the Board of Directors: None

### 3.3.10 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None

## 3.4 Information Regarding the Company's Audit Fee and Independence

### 3.4.1 Audit Fee

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Hsiu-Chun Huang Jimmy Wu	2022.01.01~2022.12.31	

Note: If the Company has changed CPA or Accounting Firm during the current fiscal year, the company shall report the information regarding the audit period covered by each CPA and the replacement reason.

Fee Range		Fee Items	Audit Fee	Non-audit Fee	Total
1	Under NT\$ 2,000,000			280	280
2	NT\$2,000,001 ~ NT\$4,000,000		2,600		2,600

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-audit Fee					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Tzu-Jung Kuo	2,600	-	-	-	280	2,880	2022.01.01	
	Hsiu-Chun Huang							2022.12.31	

### 3.4.2 Replacement of CPA

#### A. Regarding the former CPA

Replacement Date	July 25, 2022		
Replacement reasons and explanations	Due to internal restructuring at Deloitte & Touche firm, the CPAs of the Company were changed to Jimmy Wu from Tzu-Jung Ku since July 25, 2022		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	-	-
	No longer accepted (continued) appointment	-	-
Other issues (except for unqualified issues) in the audit reports within the last two years	None		
Differences with the company	Yes	-	Accounting principles or practices
		-	Disclosure of Financial Statements
		-	Audit scope or steps
		-	Others
	None	✓	
	Remarks/specify details:		
Other Revealed Matters	None		

## B. Regarding the successor CPA

Name of accounting firm	Deloitte & Touche firm
Name of CPA	Jimmy Wu
Date of appointment	July 25, 2022
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

### 3.4.3 Audit Independence

The Company's Chairman, Chief Executive Officer, Chief Financial Officer, and managers in charge of its finance and accounting operations did not hold any positions in the Company's independent auditing firm or its affiliates during 2022.

### 3.5 Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders:

NONE

3.5.1 Shares Trading with Related Parties: None

3.5.2 Shares Pledge with Related Parties: None



### 3.6 Relationship among the Top Ten Shareholders

Please refer to Mandarin version on pages 42.

As of 03/18/2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Diodes Holdings UK	22,687,604	51.07%	None	None	None	None	None	None	None
Mr. Chang	1,323,000	2.98%	None	None	None	None	None	None	None
Jonathan Chang	1,221,332	2.75%	None	None	None	None	None	None	None
Taiwan Life insurance	1,150,000	2.59%	None	None	None	None	None	None	None
Allianz Taiwan Intelligence Trends Fund	900,000	2.03%	None	None	None	None	None	None	None
Allianz Taiwan Fund	857,000	1.93%	None	None	None	None	None	None	None
Capital OTC Fund	466,000	1.05%	None	None	None	None	None	None	None
Taipei Fubon Commercial Bank Trusted Property Account by Jonathan Chang	400,000	0.90%	None	None	None	None	None	None	None
Citi Trustee Berkeley SBL/PB Investment Account	351,000	0.79%	None	None	None	None	None	None	None
Citi custody UBS European SE investment account	258,000	0.58%	None	None	None	None	None	None	None

### 3.7 Ownership of Shares in Affiliated Enterprises

As of 03/18/2023 Unit: shares/ %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Keep High Limited	-	100%	-	-	-	100%
Forever Eagle Inc.	-	100%	-	-	-	100%
Jiecheng Electronic (Shanghai) Co., Ltd.	-	100%	-	-	-	100%
Yea Shin Technology Corp.	29,342,218	100%	-	-	-	100%

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### A. Issued Shares

As of 03/18/2023

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2012.10	10	50,000	500,000	44,428	444,283	Options exercised 1,510	-	

##### B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Share	44,428,250	25,571,750	70,000,000	Listed on TPEx

#### 4.1.2 Status of Shareholders

As of 03/18/2023

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	-	6	63	5,578	31	5,678
Shareholding (shares)	-	1,342,000	4,830,400	14,315,131	23,940,719	44,428,250
Percentage	-	3.02%	10.87%	32.22%	53.89%	100.00%

#### 4.1.3 Shareholding Distribution Status

##### A. Common Shares

As of 03/18/2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	1,816	193,111	0.43%
1,000~5,000	3,468	5,530,467	12.45%
5,001~10,000	188	1,492,148	3.36%
10,001~15,000	59	764,255	1.72%
15,001~20,000	38	688,141	1.55%
20,001~30,000	25	632,571	1.42%
30,001~40,000	17	595,000	1.34%
40,001~50,000	13	612,020	1.38%
50,001~100,000	29	2,077,907	4.68%
100,001~200,000	12	1,553,694	3.50%
200,001~400,000	6	1,684,000	3.79%
400,001~600,000	1	466,000	1.05%
600,001~800,000	-	-	-
800,001~1,000,000	2	1,757,000	3.95%
Above 1,000,001	4	26,381,936	59.38%
Total	5,678	44,428,250	100.00%

#### 4.1.4 List of Major Shareholders

As of 03/18/2023

Shareholder's Name	Shareholding	
	Shares	Percentage %
Diodes Holdings UK	22,687,604	51.07%
Mr. Chang	1,323,000	2.98%
Jonathan Chang	1,221,332	2.75%
Taiwan Life insurance	1,150,000	2.59%
Allianz Taiwan Intelligence Trends Fund	900,000	2.03%
Allianz Taiwan Fund	857,000	1.93%
Capital OTC Fund	466,000	1.05%
Taipei Fubon Commercial Bank Trusted Property Account by Jonathan Chang	400,000	0.90%
Citi Trustee Berkeley SBL/PB Investment Account	351,000	0.79%
Citi custody UBS European SE investment account	258,000	0.58%

#### 4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items	2021	2022	01/01/2023-03/31/2023
<b>Market Price per Share</b>			
Highest Market Price	320.00	367.00	322.50
Lowest Market Price	64.50	150.00	160.50
Average Market Price	150.50	239.00	263.00
<b>Net Worth per Share</b>			
Before Distribution	28.10	33.38	—
After Distribution	23.10	Note 1	—
<b>Earnings per Share</b>			
Weighted Average Shares (thousand shares)	44,428	44,428	44,428
Diluted Earnings Per Share	7.36	10.26	—
Adjusted Diluted Earnings Per Share	7.36	Note 1	—
<b>Dividends per Share</b>			
Cash Dividends	5.0	5.4 ( Note 1)	—
Stock Dividends			
• Dividends from Retained Earnings	Not applicable	1.3 ( Note 1)	—
• Dividends from Capital Surplus	Not applicable	Note 1	—
Accumulated Undistributed Dividends	-	-	-
<b>Return on Investment</b>			
Price / Earnings Ratio (Note2)	20.45	23.29	—
Price / Dividend Ratio (Note 3)	30.10	Note 1	—
Cash Dividend Yield Rate (Note 4)	3.32	Note 1	—

Note 1: Approved by the BOD meeting on 20 February 2023, that need to pending on approval of shareholders at Annual General Shareholders' Meeting in May 16<sup>th</sup> 2023.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

#### 4.1.6 Dividend Policy and Implementation Status

##### A. Dividend Policy

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal. Dividends will be distributed in accordance with the resolution approved by the Board of Directors and at the annual shareholders' meeting. The remaining balances will be distributed in the following manner:

##### B. Proposed Distribution of Dividend

The 2022 surplus distribution plan was approved by the board of directors on February 20, 2023. It is proposed to distribute a cash dividend of NT\$5.4 per share and a stock dividend of NT\$1.3. The dividend payout ratio is 65.30%.

Years.	2021	2022
Cash Dividends (NT\$)	5.00	5.40
Stock Dividends (NT\$)	-	1.30
EPS (NT\$)	7.36	10.26
dividend payout ratio %	67.93%	65.30%

C. When it is expected that there will be major changes in the dividend policy, it should be explained: None.

#### 4.1.7 Employee Bonus and Directors' and Supervisors' Remuneration

##### A. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation

If earnings are available for distribution at the end of a fiscal year, 10% of net earnings – that is, after offsetting any loss from prior year(s) and paying all taxes and dues – shall be set aside as legal reserve and appropriated in accordance with the Securities Exchange Law. The remaining net earnings can be distributed along with prior accumulated unappropriated retained earnings. The Board of Directors will consider the above-mentioned factors when making the dividend distribution proposal.

The company charter prescribes the following for the employee bonus and compensation for directors and supervisors:

1. 1%~5% as a bonus for employees;  
If the above-mentioned bonus for employees is in the form of a stock bonus, it may also be distributed to employees of subsidiary companies. The Board of Directors is authorized to work out the conditions and procedures of making such distribution.

##### B. The estimated basis for the estimated remuneration of employees, directors and supervisors in the current period, the basis for the calculation of the number of shares for employee compensation distributed by stock, and the accounting treatment when the actual distribution amount is different from the estimated amount: no difference.

##### C. Profit Distribution for Employee Bonus and Directors' and Supervisors' Remuneration for 2022 Approved in Board of Directors Meeting:

(1) Recommended Distribution of Employee Bonus: (NT\$ thousands)	
Employee Bonus – in Cash	\$11,000

#### 4.2 Bonds

4.2.1 Corporate Bonds: None

4.3 Global Depository Receipts: None

4.4 Employee Stock Options: None

4.5 Financing Plans and Implementation: None

## V. Operational Highlights

### 5.1 Business Activities

Please refer to page 47 of the Chinese annual report.

### 5.2 Market and Sales Overview

Unit: NT\$ thousands

Shipments & Sales  Major Products	Year	2021				2022			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Diodes		3,172,584	982,302	2,218,974	972,487	4,454,230	1,079,685	1,417,397	1,044,648
wafer		1,316,957	51,253	337,427	45,172	702,048	19,697	201,976	27,126
other		1,030	538	1,070	4,965	-	-	1,961	6,461
Total		4,490,571	1,034,093	2,557,471	1,022,624	5,156,278	1,099,382	1,621,334	1,078,235

### 5.3 Human Resources

Year		2021	2022	3/31/2023
Number of Employees	Manager	6	6	6
	Sales & Marketing	164	189	179
	Operator	129	113	106
	Total	299	308	291
Average Age		34.20	34.62	35.19
Average Years of Service		4.90	4.99	5.30
Education	Ph.D.	0	0	0
	Masters	18	17	15
	Bachelor's Degree	155	169	162
	Senior High School	115	112	105
	Below Senior High School	11	10	9
	Total	299	308	291

### 5.4 Environmental Protection Expenditure

Please refer to page 54 of the Chinese annual report.

### 5.5 Labor Relations

Please refer to page 54 of the Chinese annual report.

### 5.6 IT Security Control

Please refer to page 55 of the Chinese annual report.

### 5.7 Important Contracts

Please refer to page 56 of the Chinese annual report.

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet

##### A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		921,865	925,835	893,684	1,281,299	1,287,502
Property, Plant and Equipment		703,102	1,474,486	1,434,110	1,400,289	1,527,867
Intangible assets		25,817	40,185	39,980	38,382	38,280
Other assets		295,355	191,569	193,194	339,584	334,652
Total assets		1,946,139	2,632,075	2,560,968	3,059,554	3,188,301
Current liabilities	Before distribution	676,010	765,250	823,204	1,018,882	933,142
	After distribution	764,867	823,006	912,061	1,241,023	(Note 2)
Non-current liabilities		131,207	705,721	725,133	792,247	772,333
Total liabilities	Before distribution	807,217	1,470,971	1,548,337	1,811,129	1,705,475
	After distribution	896,074	1,528,727	1,637,194	2,033,270	(Note 2)
Equity attributable to shareholders of the parent		1,023,626	1,035,764	1,011,018	1,248,425	1,482,826
Capital stock		444,283	444,283	444,283	444,283	444,283
Capital surplus		402,511	402,511	402,511	402,511	402,511
Retained earnings	Before distribution	178,316	191,556	166,237	403,972	637,649
	After distribution	89,459	133,800	77,380	181,831	(Note 2)
Other equity interest		(1,484)	(2,586)	(2,013)	(2,341)	(1,617)
Treasury stock		-	-	-	-	-
Non-controlling interest		115,296	125,340	1,613	-	-
Total equity	Before distribution	1,138,922	1,161,104	1,012,631	1,248,425	1,482,826
	After distribution	1,050,065	1,103,348	923,774	1,026,284	(Note 2)

Note 1: Have been reviewed by CPAs.

Note 2: Pending on approval of shareholders at Annual General Shareholders' Meeting.

## 6.1.2 Condensed Statement of Comprehensive Income/Condensed Statement of Income

### A. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Operating revenue		1,508,500	1,547,880	1,537,470	2,056,717	2,177,617
Gross profit		278,483	307,751	408,003	681,526	804,486
Income from operations		139,181	131,500	133,446	339,485	432,873
Non-operating income (expenses)		7,497	6,983	(20,864)	(11,692)	10,736
Income before tax		146,678	138,483	112,582	327,793	443,609
Net income (Loss)		115,315	112,141	93,681	327,284	455,818
Other comprehensive income (income after tax)		-	-	-	-	-
Total comprehensive income		115,315	112,141	93,681	327,284	455,818
Other comprehensive gains and losses for the period (after Tax of Net)		(544)	(1,102)	573	(328)	724
Total comprehensive profit & loss for the period		114,771	111,039	94,254	326,956	456,542
Net income attributable to shareholders of the parent		112,701	102,097	93,335	327,088	455,818
Net income attributable to non-controlling interest		2,614	10,044	346	196	-
Comprehensive income attributable to Shareholders of the parent		112,157	100,995	93,908	326,760	456,542
Comprehensive income attributable to non-controlling interest		2,614	10,044	346	196	-
Earnings per share(NT\$)		2.54	2.30	2.10	7.36	10.26

### 6.1.3 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2018	Deloitte & Touche	Jimmy Wu 、 Hsiu-Chun Huang	An Unqualified Opinion
2019	Deloitte & Touche	Tzu-Jung Kuo 、 Hsiu-Chun Huang	An Unqualified Opinion
2020	Deloitte & Touche	Tzu-Jung Kuo 、 Hsiu-Chun Huang	An Unqualified Opinion
2021	Deloitte & Touche	Tzu-Jung Kuo 、 Hsiu-Chun Huang	An Unqualified Opinion
2022	Deloitte & Touche	Hsiu-Chun Huang 、 Jimmy Wu	An Unqualified Opinion



## 6.2 Five-Year Financial Analysis

### A. Consolidated Financial Analysis – Based on IFRS

Unit: NT\$ thousands

Item		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	41.48	55.89	60.46	59.20	53.49
	Ratio of long-term capital to property, plant and equipment	180.65	126.61	121.17	145.73	147.60
Liquidity Analysis	Current ratio (%)	136.37	120.98	108.56	125.76	137.97
	Quick ratio (%)	96.68	86.70	76.52	91.41	103.45
	Interest Coverage	36.23	13.99	9.84	27.58	27.91
Operating performance Analysis	Accounts receivable turnover (times)	4.81	4.19	4.05	4.55	4.60
	Average collection period	76	87	90	80	79
	Inventory turnover (times)	5.24	4.24	4.02	4.31	3.98
	Accounts payable turnover (times)	7.28	6.53	6.08	6.46	6.58
	Average days in sales	70	86	91	85	92
	Property, plant and equipment turnover (times)	2.36	1.42	1.06	1.45	1.49
	Total assets turnover (times)	0.92	0.68	0.59	0.73	0.70
Profitability Analysis	Return on total assets (%)	7.22	5.27	4.00	12.00	15.01
	Return on stockholders' equity (%)	10.78	9.75	8.62	28.95	33.38
	Pre-tax income to paid-in capital (%)	33.01	31.17	25.34	73.78	99.85
	Profit ratio (%)	7.64	7.24	6.09	15.91	20.93
	Earnings per share (NT\$)	2.54	2.30	2.10	7.36	10.26
Cash flow	Cash flow ratio (%)	21.33	34.79	30.23	30.90	66.94
	Cash flow adequacy ratio (%)	147.38	67.29	58.64	59.05	81.68
	Cash reinvestment ratio (%)	2.93	6.89	7.58	7.93	13.13
Leverage	Operating leverage	2.09	2.15	2.09	1.38	1.31
	Financial leverage	1.03	1.09	1.11	1.04	1.04

### 6.3 Audit Committee's Report for the Most Recent Year

To: Shareholders' Annual General Meeting for Year 2023, ERIS Technology Corporation

The Board of Directors had prepared and submitted to the undersigned, Audit Committee of ERIS Technology Corporation the 2022 Business Report, Financial Statements and the proposal of distribution of earnings. The Financial Statements have been duly audited by Certified Public Accountants Tzu-Jung Kuo and Hsiu-Chun Huang of Deloitte Touche Tohmatsu International Taiwan. The above Business Report, Financial Statements and the proposal of distribution of earnings had been examined and determined to be corrected by the undersigned. This Report is duly submitted in accordance with Article 14-4 of Securities and Exchange Law and Article 219 of the Company Law.

The Audit Committee, Chairman: Jackie Ding

February 22, 2023

### 6.4 Financial statement for the most recent fiscal year

Please refer to page 52 ~ 103 of this annual report.

### 6.5 Consolidated Financial Statements for the most recent fiscal year

Please refer to page 104 ~ 158 of this annual report.

## VII. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Current Assets	1,281,299	1,287,502	6,203	0.48
Non-Current Assets	1,778,255	1,900,799	122,544	6.89
<b>Total Assets</b>	<b>3,059,554</b>	<b>3,188,301</b>	<b>128,747</b>	<b>4.21</b>
Current Liabilities	1,018,882	933,142	(85,740)	(8.42)
Non-Current Liabilities	792,247	772,333	(19,914)	(2.51)
<b>Total Liabilities</b>	<b>1,811,129</b>	<b>1,705,475</b>	<b>(105,654)</b>	<b>(5.83)</b>
Ordinary Share	444,283	444,283	-	-
Capital surplus	402,511	402,511	-	-
Retained Earnings	403,972	637,649	233,677	57.84
Other Equity Interest	(2,341)	(1,617)	724	(30.93)
<b>Total Equity</b>	<b>1,248,425</b>	<b>1,482,826</b>	<b>234,401</b>	<b>18.78</b>
<p>The changes in the most recent two years are more than 20% and the amount of changes is more than NT\$10 million, the main reasons are analyzed and explained as follows:</p> <p>(1) Retained surplus: mainly due to the improvement in the product mix of automotive electronics and high-end industrial products in 2022, which pushed up both revenue and gross profit margin.</p>				

- **Effect of changes on the company's financial condition:** The Company's financial condition has not changed significantly.
- **Future response actions:** Not applicable

## 7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference	
			Amount	%
Net Sales	2,063,406	2,184,741	121,335	5.88
Less: Sales Returns & Allowances	6,689	7,124	435	6.50
Net Sales	2,056,717	2,177,617	120,900	5.88
Cost of Sales	1,375,191	1,373,131	(2,060)	(0.15)
Gross Profit	681,526	804,486	122,960	18.04
Operating Expenses	342,041	371,613	29,572	8.65
Operating Income	339,485	432,873	93,388	27.51
Non-operating Income (Expense)	(11,692)	10,736	22,428	(191.82)
Profit Before Tax	327,793	443,609	115,816	35.33
Less: Income Tax Expense	(509)	12,209	12,718	(2,498.62)
Net Profit (loss)	327,284	455,818	128,534	39.27
Other comprehensive income (loss)	(328)	724	1,052	(320.73)
Total comprehensive income (loss)	326,956	456,542	129,586	39.63
<p>The changes in the most recent two years are more than 20% and the amount of changes is more than 10 million yuan, the main reasons are analyzed and explained as follows:</p> <p>(1) Other items of shareholders' equity: The main reason is that in 2022, the performance of the product sales mix of automotive electronics and high-end industrial products will improve, which will drive up both revenue and gross profit margin.</p>				

- **Effect of changes on the company's future business:** The Company's business scope has not changed significantly.
- **Future response actions:** Not applicable.

### 7.3 Analysis of Cash Flow

#### 7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item	Year		
	2021	2022	Variance (%)
Cash Flow Ratio (%)	30.90	66.94	116.63
Cash Flow Adequacy Ratio (%)	59.05	81.68	38.32
Cash Reinvestment Ratio (%)	7.93	13.13	65.57
Analysis of financial ratio change: Major reason for the increase in profit in 2022, resulting in an increase in net cash flow from operating activities.			

#### 7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
493,065	554,433	559,585	487,913	None	None

7.4 Major Capital Expenditure Items: None

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

Unit: NT\$ thousands

Item	Remarks		Policies	Action Plan	Investment Plan for the Next 12 Months
	2022 Gain or Loss				
Yea Shin Technology Corp	\$320,033		Manufacturing of electronic parts and Wafer	—	—
Keep High Limited	\$4,395		Holding company	—	—
Forever Eagle Incorporation	\$4,370		Holding company	—	—
Jiecheng Electronic (Shanghai) Co., Ltd	\$4,370		Wholesaling of electronic components and international trading business	—	—

## 7.6 Analysis of Risk Management

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

#### **(1) Interest rate**

The company's net interest expenses for the year 2021 and 2022 were NT\$ 12,331 thousands and NT\$ 16,484 thousands, respectively, accounting for 0.60% and 0.76% of the operating income of each period. The ratio is still low, and it has not yet had a significant impact on the company's finances.

#### **(2) Foreign exchange rates**

The company's main trading currency is mainly quoted in US dollars, so it can still achieve the effect of natural hedging, and engage in foreign exchange exchange interest contract transactions to avoid exchange rate fluctuations. In 2021, foreign exchange gains (losses) and derivative financial products (losses) were NT\$ (5,123) thousand and 262 thousand respectively, accounting for (0.25)% and 0.01% of the operating income in 2021; For 2022, Foreign exchange (loss) and derivative financial product (loss) gains and losses were NT\$32,107thousand and NT\$(5,384) thousand respectively, accounting for 1.47% and (0.25)% of the operating income in 2022, respectively. Operations have not yet had a significant impact.

#### **(3) Inflation**

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

### **7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions**

The Company did not engage in any high-risk or high-leveraged investments. The transactions and procedures related to lending and endorsement are based on the Company's "Procedures for Lending" and "Procedures for Endorsement Guarantee". Furthermore, derivative transactions follow the "Procedures for Acquisition and Disposal of Assets".

### **7.6.3 Future Research & Development Projects and Corresponding Budget**

In Thousands of New Taiwan Dollars

Item	2022	2023 Budget
Research & development expenses	135,191	136,200

#### **7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales**

The Company consistently pays close attention to any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2021 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

#### **7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales**

The Company attaches great importance to improvements in technology and carefully monitors market trends and assesses the impact they may have on the company's operations.

#### **7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures**

Since its inception, the Company has consistently maintained an ethical business philosophy and fulfilled its social responsibilities. Aside from working to strengthen internal management and conforming to all relevant corporate governance requirements, the Company has also organized numerous public welfare activities.

#### **7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans**

In response to the Group's development strategy, the company expanded its business in the automotive market. After acquiring a 60.11% stake in Yea Shin Technology in July 2018, it also acquired the remaining ordinary shares from March to April 2020 and April 2021, respectively. To increase the shareholding ratio from 60.11% to 100%. It is hoped that through integration and synergy, the overall operating efficiency of the group will be improved.

#### **7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans**

The company purchased the Luzhu plant in 2018 and carried out the relocation operation. Through the efforts of the company team to train employees to improve the

management and control capabilities of the automation engineering system, the overall production efficiency has been improved, and the benefits of the initial plant expansion and production flexibility have been improved. The advantages of reducing the risk of outsourcing manufacturing operations and developing new application areas of the business market will strengthen the overall competitiveness of the company.

**7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

The Company has consistently focused on identifying alternative sources for purchasing, and has worked to diversify its customer base in order to reduce the concentration of sales.

**7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10% : None**

**7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights s: None**

**7.6.12 Litigation or Non-litigation Matters**

(1)Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.

(2)Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

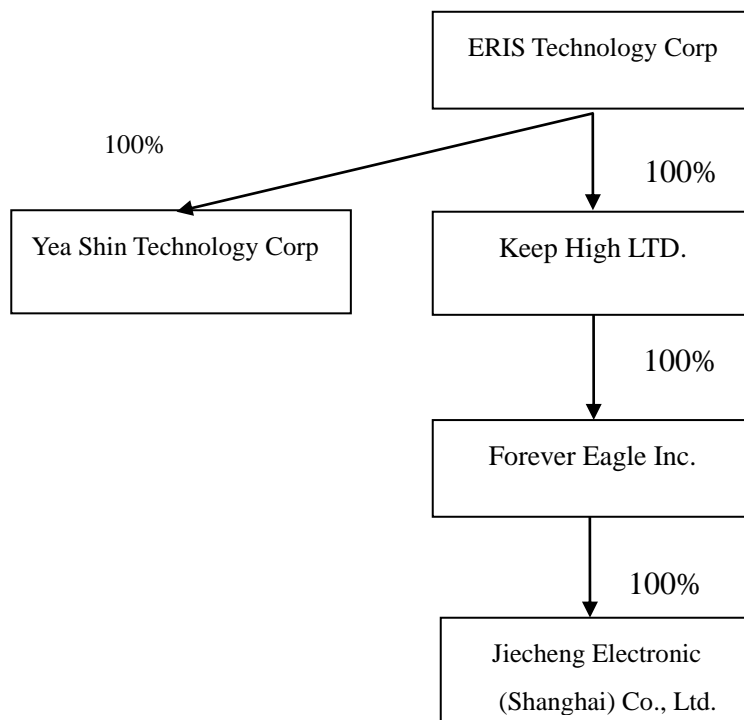
**7.6.13 Other Major Risks: None**



## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

Please refer to page 67~ page 69 of the Chinese annual report.



### 8.2 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

As of 4/20/2022

Investee Company	Established Date	Paid-in Capital	Number of Shares	%
Keep High LTD.	2008.01.03	USD670 thousands	Inapplicable	100.00
Forever Eagle Inc.	2008.01.09	USD660 thousands	Inapplicable	100.00
Jiecheng Electronic (Shanghai) Co., Ltd.	2008.06.05	USD650 thousands	Inapplicable	100.00
Yea Shin Technology Corp.	2005.10.13	NTD293,422 thousands	293,422 shares	100.00

# **Eris Technology Corporation**

## **Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report**

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

Note: The accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

# ERIS TECHNOLOGY CORPORATION

## BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 232,422	7	\$ 255,139	8
Financial assets at amortized cost - current (Notes 4,8 and 26)	55,794	2	61,852	2
Notes receivable (Notes 4,9 and 19)	1,068	-	1,751	-
Net trade receivables (Notes 4,9 and 19)	39,311	1	46,327	2
Trade receivables from related parties (Notes4, 9, 19 and 25)	329,119	11	389,908	13
Other receivables (Note 4 )	2,012	-	8,276	-
Other receivables from related parties (Notes4 and 25)	1,020	-	856	-
Inventories (Notes 4, 5 and 10)	221,914	7	226,023	7
Prepayments and other current assets	7,919	-	6,407	-
Total current assets	<u>890,579</u>	<u>28</u>	<u>996,539</u>	<u>32</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at amortized cost – non-current (Notes 4,8 and 26)	10,014	-	10,004	-
Investments associated for the equity method (Notes 4 and 11)	766,213	24	621,008	20
Property, plant and equipment (Notes 4, 12, 25 and 26)	1,310,660	41	1,197,396	39
Right-of-use assets - non-current (Notes4 and 13)	9,206	-	10,080	1
Investment properties (Notes 4,14 and 26)	55,828	2	57,032	2
Other intangible assets (Note 4 and 15)	14,210	1	14,312	1
Deferred tax assets (Note 4 and 21)	4,646	-	4,496	-
Prepayments for equipment (Note 27 )	131,402	4	161,857	5
Refundable deposits	2,484	-	2,498	-
Other non-current assets	9,363	-	7,752	-
Total non-current assets	<u>2,314,026</u>	<u>72</u>	<u>2,086,435</u>	<u>68</u>
<b>TOTAL</b>	<u>3,204,605</u>	<u>100</u>	<u>\$ 3,082,974</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note16 and 26)	\$ 500,000	16	\$ 500,000	16
Trade payables	45,025	2	66,097	2
Trade payables from related parties (Notes 25)	167,414	5	259,930	9
Other payables(Note 17)	160,906	5	135,062	4
Current tax liabilities (Note 4 and 21)	29,218	1	25,430	1
Provisions (Note 4 )	3,347	-	3,489	-
Lease liabilities - current (Notes 4 and 13)	3,961	-	3,052	-
Current portions of long-term borrowings (Note16 and 26)	35,725	1	48,549	2
Other current liabilities (Note 19 )	3,850	-	693	-
Total current liabilities	<u>949,446</u>	<u>30</u>	<u>1,042,302</u>	<u>34</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Note16 and 26)	757,732	24	777,102	26
Deferred tax liabilities (Note 4 and 21)	9,269	-	8,090	-
Lease liabilities - non-current (Notes 4 and 13)	5,320	-	7,055	-
Deposit Margin	12	-	-	-
Total non-current liabilities	<u>772,333</u>	<u>24</u>	<u>792,247</u>	<u>26</u>
Total liabilities	<u>1,721,779</u>	<u>54</u>	<u>1,834,549</u>	<u>60</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 11and 18)</b>				
Share capital	444,283	14	444,283	14
Capital surplus	402,511	12	402,511	13
Retained earnings				
Legal reserve	97,141	3	64,432	2
Special reserve	2,341	-	2,013	-
Unappropriated earnings	538,167	17	337,527	11
Total retained earnings	<u>637,649</u>	<u>20</u>	<u>403,972</u>	<u>13</u>
Other equity	(1,617)	-	(2,341)	-
Total equity	<u>1,482,826</u>	<u>46</u>	<u>1,248,425</u>	<u>40</u>
<b>TOTAL</b>	<u>\$ 3,204,605</u>	<u>100</u>	<u>\$ 3,082,974</u>	<u>100</u>

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

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note4,19 and 25)				
Sales	\$ 2,005,693	100	\$ 1,793,466	100
Less: Sales return and allowance	( 7,124)	-	( 6,038)	-
Net operating revenue	1,998,569	100	1,787,428	100
OPERATING COSTS (Note 10,20 and 25)	1,537,643	77	1,411,495	79
GROSS PROFIT	460,926	23	375,933	21
OPERATING EXPENSES (Note 9 and 20 )				
Selling and marketing expenses	71,076	4	70,868	4
General and administrative expenses	120,295	6	107,362	6
Research and development expenses	105,369	5	87,856	5
Expected credit impairment loss	200	-	-	-
<b>Total operating expenses</b>	<b>296,940</b>	<b>15</b>	<b>266,086</b>	<b>15</b>
PROFIT/(LOSS) FROM OPERATIONS	163,986	8	109,847	6
NON-OPERATING INCOME AND EXPENSES				
Profit and loss share of subsidiaries recognized using the equity method (Note4 and 11)	324,428	16	247,865	14
Interest income	770	-	226	-
Other income (Note 25)	3,504	-	3,478	-
(Gain)/Loss on disposal or retirement of property, plant and equipment	( 1,140)	-	4,869	-
Foreign exchange loss, net (Note20 and 28)	9,753	1	( 5,084)	-
Gain (loss) on financial debt at fair value through profit or loss(Note 7)	( 5,384)	-	262	-
Interest expense	( 16,448)	( 1)	( 11,916)	( 1)
<b>Total non-operating income and expenses</b>	<b>315,483</b>	<b>16</b>	<b>239,700</b>	<b>13</b>
PROFIT BEFORE INCOME TAX	479,469	24	349,547	19
INCOME TAX EXPENSE(Note4 and 21)	( 23,651)	( 1)	( 22,459)	( 1)
NET PROFIT FOR THE YEAR	455,818	23	327,088	18

(Continued)

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	905	-	( 410)	-
Income tax relating to items that may be reclassified subsequently to profit or loss(Note4 and 21)	( 181)	-	82	-
Other comprehensive income/(loss) for the year, net of income tax	<u>724</u>	-	<u>( 328)</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 456,542</u>	<u>23</u>	<u>\$ 326,760</u>	<u>18</u>
EARNINGS PER SHARE (Note 22)				
Basic	<u>\$ 10.26</u>		<u>\$ 7.36</u>	
Diluted	<u>\$ 10.24</u>		<u>\$ 7.36</u>	

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

(Concluded)

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital(Note 18)		Capital Surplus (Note 18)	Retained Earnings			Other Equity Exchange Differences on Translating the Financial Statements of Foreign Operations (Note 18)	Total Equity	
	Share (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings (Note 11 and 18)			Total
BALANCE AT JANUARY 1, 2021	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 108,553	\$ 166,237	(\$ 2,013)	\$ 1,011,018
Appropriation of 2020 earnings									
Legal reserve	-	-	-	9,334	-	( 9,334)	-	-	-
Special reserve	-	-	-	-	( 573)	573	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	( 88,857)	( 88,857)	-	( 88,857)
	-	-	-	9,334	( 573)	( 97,618)	( 88,857)	-	( 88,857)
Gain part of the equity of the subsidiary	-	-	-	-	-	( 496)	( 496)	-	( 496)
2021 Net profit	-	-	-	-	-	327,088	327,088	-	327,088
2021 Other comprehensive income/(loss)	-	-	-	-	-	-	-	( 328)	( 328)
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	327,088	327,088	( 328)	326,760
BALANCE AT DECEMBER 31, 2021	44,428	444,283	402,511	64,432	2,013	337,527	403,972	( 2,341)	1,248,425
Appropriation of 2021 earnings									
Legal reserve	-	-	-	32,709	-	( 32,709)	-	-	-
Special reserve	-	-	-	-	328	( 328)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	( 222,141)	( 222,141)	-	( 222,141)
	-	-	-	32,709	328	( 255,178)	( 222,141)	-	( 222,141)
2022 Net profit	-	-	-	-	-	455,818	455,818	-	455,818
Other comprehensive income/(loss)	-	-	-	-	-	-	-	724	724
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	455,818	455,818	724	456,542
BALANCE AT DECEMBER 31, 2022	44,428	\$ 444,283	\$ 402,511	\$ 97,141	\$ 2,341	\$ 538,167	\$ 637,649	(\$ 1,617)	\$ 1,482,826

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

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Code		2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
A10000	Income before income tax	\$ 479,469	\$349,547
A20010	Adjustments for:		
A20100	Depreciation expenses	107,613	102,605
A20200	Amortization expenses	8,457	10,160
A20300	Expected credit impairment loss	200	-
A20400	Net (gain)/loss on fair value changes of financial assets and debts designated as at fair value through profit or loss	-	( 1,277)
A20900	Interest expense	16,448	11,916
A21200	Interest income	( 770)	( 226)
A22400	Profit and loss share of subsidiaries recognized using the equity method	( 324,428)	(247,865)
A22500	(Gain)/loss on disposal or retirement of property, plant and equipment	1,140	( 4,869)
A23900	Unrealized gain on transactions with associates and joint ventures	128	30
A23700	Write-downs of inventories	1,500	-
A24100	Unrealized (gain)/loss on foreign currency exchange	( 3,613)	( 2,248)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	683	( 890)
A31150	Trade receivables	5,147	( 11,027)
A31160	Trade receivables from related parties	61,748	(123,086)
A31180	Other receivables	6,264	( 5,239)
A31190	Other receivables from related parties	( 164)	( 81)
A31200	Inventories	2,609	( 39,567)
A31240	Prepayments and other current assets	( 1,475)	1,719
A32150	Trade payables	( 21,220)	( 18,639)
A32160	Trade payables from related parties	( 89,940)	167,904
A32180	Other payables	20,203	22,829
A32200	Provisions	( 142)	1,901
A32230	Other current liabilities	3,157	165
A33000	Cash generated from operations	273,014	213,762
A33100	Interest received	733	219
A33200	Received dividends from subsidiaries	180,000	32,276
A33300	Interest paid	( 16,402)	( 11,717)
A33500	Income tax paid	( 19,015)	( 11,414)
AAAA	Net cash generated from operating activities	<u>418,330</u>	<u>223,126</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
B00400	Purchase of financial assets at amortized cost	-	( 26,283)
B00500	Proceeds from financial assets at amortized cost	7,943	-
B02200	Obtaining net cash outflow from subsidiaries	-	( 2,305)
B02700	Payments for property, plant and equipment	( 103,579)	( 74,488)
B02800	Proceeds from disposal of property, plant and equipment	1,076	70,416
B03800	Refundable deposits	14	1,552
B04500	Payments for intangible assets	( 2,600)	( 697)
B06700	Payments for other non-current assets	( 7,366)	( 5,646)
B07100	Increase in prepayments for equipment	( 78,054)	( 145,480)
BBBB	Net cash generated from/(used in) investing activities	<u>( 182,566)</u>	<u>( 182,931)</u>

(Continued)

# ERIS TECHNOLOGY CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

Code	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
C00200	-	180,000
C01600	250,000	250,000
C01700	( 282,194)	( 278,662)
C03000	12	-
C04020	( 4,158)	( 6,156)
C04500	( 222,141)	( 88,857)
CCCC	( 258,481)	56,325
EEEE	( 22,717)	96,520
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
E00100	255,139	158,619
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
E00200	\$ 232,422	\$ 255,139
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		

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

(Concluded)



# ERIS TECHNOLOGY CORPORATION

## NOTES TO Independent FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

#### 1. COMPANY HISTORY

Eris Technology Corporation (the “Company”) was incorporated in the Republic of China (“ROC”) in August 16, 1995. The Company mainly manufactures tests and sells rectifier diode, wafer and light-emitting diode. The Securities and Futures Bureau of Financial Supervisory Commission approved The Company public offering of its capital stock on August 13, 2009. The Company shares have been listed on the Taipei Exchange (“TPEX”) Mainboard since June 29, 2012.

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. Ended of December 31, 2022, Diodes Holdings UK Limited held 51.07% of the Company’s shares. The ultimate parent of the Company is Diodes Incorporated (Diodes), and the ultimate parent and its subsidiaries are hereinafter referred to as the Diodes Group, respectively.

The parent company only financial statements are presented in The Company functional currency, the New Taiwan dollar.

#### 2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company board of directors on February 20, 2023.

#### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC") (hereinafter referred to as "IFRSs" )

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the Company's accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

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

Note 1: The application of this amendment will be available during the annual reporting period beginning on January 1, 2023.

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

Note 3: This amendment is applicable to transactions occurring after January 1, 2022, except that deferred income tax is recognized on January 1, 2022 (the earliest expression period start date) for temporary differences in lease and decommissioning obligations.

As of the date of approval of this individual financial report, the company view of other standards and interpretations revision will not cause major changes in the company's accounting policies.

c. The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board ("IASB"), but have yet to be endorsed by the FSC:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their affiliates or joint ventures"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless otherwise stated, the above newly issued/amended/revised standards or interpretations are effective for each annual reporting period beginning after that date.

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

As of the date the individual financial statements were authorized for issue, The Company is continuously assessing the possible impact that the application of other standards and interpretations will have on The Company'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**

These parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

Except for financial instruments measured at fair value, the parent company of the financial statements have been prepared on the historical cost basis.

The fair value measurements, which are Company's seed into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are 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 are unobservable inputs for an asset or liability.

When the parent company prepares the individual financial report, it adopts the equity method for investment subsidiaries. In order to make the current year's profit and loss, other comprehensive profit and loss and equity in this individual financial report the same as the current year's profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in the company's consolidated financial report, certain differences in accounting treatment between the individual basis and the consolidated basis are adjusted that "Investments using the equity method", "Share of profit and loss of subsidiaries using the equity method", "Share of other comprehensive profits and losses of subsidiaries using the equity method" and related equity items.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents (but excluding that subject to restrictions on exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;

- 2) Liabilities due to be settled within 12 months after the balance sheet date; and
- 3) Liabilities that cannot unconditionally defer the settlement period to at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements, transactions in currencies other than The Company functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing exchange rates on each balance sheet date. Exchange differences arising from delivery of monetary items or translation of monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and the resulting exchange difference is listed as current profit or loss. However, if the change in fair value is recognized in other comprehensive profit or loss, the resulting exchange difference is listed as in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, which is not retranslated.

When preparing independent financial reports, the assets and liabilities of foreign operating organizations (including subsidiaries in the country where they operate or whose currency is different from that of the company) are converted into New Taiwan dollars at the exchange rate on each balance sheet date. Income and expense items are converted at the average exchange rate of the current period, and the resulting conversion difference is listed in other comprehensive income.

e. Inventories

Inventories include raw materials, finished goods and work-in-progress. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value, it is based on individual items except for inventories of the same category. Net realizable value represents the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of completion of the sale. The cost of inventories is calculated using the weighted average method.

f. Investments in subsidiaries

The Company invests the subsidiaries with the equity method.

A subsidiary refers to an individual that controlled by the Company.

Under the equity method, the investment is initially recognized at cost, and the carrying amount after the

acquisition increases or decreases with the Company's share of the subsidiary's profit and loss and other comprehensive profit and loss and profit distribution. In addition, changes in other equities that the Company can enjoy in subsidiaries are recognized in proportion to shareholding.

When the change of the company's ownership interest in the subsidiary does not lead to the loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly as equity.

When the Company's share of losses in a subsidiary equal or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are substantially part of the Company's net investment in the subsidiary), continue to recognize losses in proportion to shareholding.

The amount of the acquisition cost exceeding the company's share of the net fair value of the identifiable assets and liabilities of the subsidiary that constitutes the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and shall not be amortized. Moreover, the excess of the share of the net fair value of the identifiable assets and liabilities of the subsidiary that constitutes the business on the date of acquisition over the cost of acquisition is recorded as current income.

In assessing impairment, the Company considers the cash-generating unit as a whole in its financial report and compares its recoverable amount with its carrying amount. If the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as a benefit, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the amount of the asset in the case of an unrecognized impairment loss, the deduction shall be accrued. The carrying amount after amortization. Impairment losses attributable to goodwill cannot be reversed in subsequent periods. If happened, it loses control over a subsidiary, the company measures its remaining investment in the former subsidiary at the fair value on the date of loss of control. The difference between the fair value of the remaining investment and any disposal price and the book value of the investment on the date of loss of control is included in the Current profit and loss. In addition, the accounting treatment of all amounts related to the subsidiary recognized in other comprehensive profit or loss is the same as that which must be followed by the Company to directly dispose of the relevant assets or liabilities.

Unrealized gains and losses from downstream transactions between the Company and its subsidiaries are eliminated from individual financial reports. Profits and losses arising from counter-current and side-stream transactions between the Company and its subsidiaries are recognized in the individual financial report only to the extent not related to the Company's interests in subsidiaries.

g. Property, plant, and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are stated at cost less accumulated impairment losses. Costs include professional service fees and borrowing costs eligible for capitalization. When these assets

are completed and ready for their intended use, they are classified to the appropriate category of property, plant and equipment and depreciation begins.

Property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful lives. The combining company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

On de-recognition of an item of property, plant and equipment, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### h. Investment property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both. Owned investment property is initially measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses.

Investment property is depreciated on a straight-line basis.

On de-recognition of an investment property, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis during their useful life. The company reviews the estimated service life, residual value and amortization method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

On de-recognition of an intangible asset, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### j. Impairment of assets related to real property, plant and equipment, right-of-use assets, investment property, intangible assets and contract costs

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment, right-of-use assets, investment property and intangible assets may be impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, real property, plant and equipment and intangible assets recognized in the customer contract are first recognized as impairment in accordance with the inventory impairment regulations and the above regulations, and the book value of the relevant assets is based on the contract cost. The amount after deducting the directly related costs is recognized as an impairment loss, and the book value of the contract cost-related assets is continuously included in the cash-generating unit to perform the impairment assessment of the cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset, cash-generating unit or contract cost. If the relevant asset is not in the previous year, the book value determined when the impairment loss is recognized (less amortization or depreciation) The reversal of the impairment loss is recognized in the profit and loss.

#### k. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments, and writ on the balance sheet.

When initially recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss.

##### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

##### a) Measurement categories

The types of financial assets held by the company are financial assets measured at amortized cost.

##### Financial assets measured at amortized cost.

If the company's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- A. It is held under a business model for the purpose of holding financial assets to receive contractual cash flows;
- B. The terms of the contract generate cash flows on specific dates, and that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost (including cash, notes receivable at amortized cost, accounts receivable (including related parties) and other receivables (including related parties)) are initially recognized, It is measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- A. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.
- B. For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, it should use the effective interest rate multiplied by the amortized cost of the financial asset to calculate the interest income from the next reporting period after the impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, defaulted, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

b) Impairment of financial assets and contract assets

The Company assesses impairment losses on financial assets (including accounts receivable) measured at amortized cost on the basis of expected credit losses on each balance sheet date.

For accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, it is recognized based on the duration of the expected credit loss Allowance for losses.

Expected credit losses are weighted average credit losses weighted by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible default events of the financial instrument within 12 months after the reporting date, and the lifetime expected credit losses represent the expected credit losses arising from all possible default events



of the financial instrument during the expected duration.

For the purpose of internal Credit Risk Management (CRM), the company determines that there is internal or external information indicating that the debtor is unable to pay off the debt without considering the collateral held, which represents that the financial asset has defaulted.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When a financial asset measured at amortized cost is deducted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive profit or loss are deducted as a whole, the difference between their carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive profit or loss is recognized in profit or loss. When equity instrument investments at fair value through other comprehensive profit or loss are deducted as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

The return of the company's own equity instruments is recognized and deducted under equity. The purchase, sale, issue or cancellation of the Company's own equity instruments is not recognised in profit or loss.

### 3) Financial liabilities

#### a) Subsequent measurement

Except for derivatives, all financial liabilities of the company are measured at amortized cost using the effective interest method.

#### b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

### 4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swaps.

Derivatives are initially recognized at fair value when a derivative contract is entered into, and subsequently re-measured at fair value on the balance sheet date, and the gain or loss arising from subsequent measurement is directly included in profit or loss. When the fair value of a derivative is positive, it is classified as a financial asset; when the fair value is negative, it is classified as a financial liability.

### 1. Debt Provisions

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The liability provision is the estimated liability for sales returns and discounts. The liability provision is the estimated product returns and a discount that may occur based on the judgment of management and other known reasons, and is recognized as a deduction of operating income in the period when the relevant product is sold Subtract items.

### m. Revenue recognition

The company identifies contract with the customers; it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

#### 1) Revenue from the sale of goods

Revenue from the sale of goods is derived from the sale of electronic component products. When the product arrives at the place designated by the customer, the customer has the right to set the

price and the use of the product and bears the main responsibility for resale, and bears the risk of the product becoming obsolete. The company recognizes revenue and receivables at this point in time and accounts.

When the material is removed for processing, the control of the ownership of the processed product has not been transferred, so revenue is not recognized when the material is removed.

When processing with supplied materials, the company processes and manufactures diodes according to the raw materials provided by the customer and the agreed specifications. Since the customer has control over the diodes when they are strengthened, the company will gradually recognize income over time.

#### n. Leasing

At the inception of a contract, The Company's assesses whether the contract is, or contains, a lease.

##### 1) The Company's as lessor

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

The operating leases, lease payments after deduction of lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis.

##### 2) The Company's as lessee

The Company's recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, lease benefits paid before the lease commencement less lease incentives received, original direct costs and estimated cost of restoring the underlying asset) and subsequently at cost less accumulated depreciation and The amount after the accumulated impairment loss is measured and adjusted for the re-measurement of the lease liability. The right-of-use asset is presented separately on the individual balance sheet.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

The lease liability was originally measured at the present value of the lease payments (included both fixed and in-substance fixed payments). If the interest rate implied by the lease is easily determined, the lease payment is discounted using that rate. If this rate is not readily determinable, the lessee incremental borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is apportioned over the lease term. If there is a change in the lease term, the Company re-measures the lease liability and adjusts the right-of-use asset relatively, but if the carrying amount of the right-of-use asset has been reduced to zero, the remaining re-measured amount is recognized in profit or loss. Lease liabilities are presented separately on the individual balance sheet.

o. Retirement benefits

1) Short-term employee benefits

Liabilities related to short-term employee benefits are measured at undiscounted amounts expected to be paid in exchange for employee services.

2) Retirement benefits

The retirement benefits of the defined contribution retirement plan are recognized as expenses during the service period of the employees.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax on undistributed surplus calculated in accordance with the income tax law of the Republic of China shall be recognized in the annual resolution of the shareholders' meeting.

Adjustments to income tax payable in previous years are included in current income tax.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income to deduct temporary differences, loss deductions, or purchases of machinery and equipment. The resulting income tax deduction is recognized when it is used.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary difference, and within the range expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes for the year

Current and deferred income taxes are recognized in profit or loss, but current and deferred incomes taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

**5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY:**

The Company's adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those that are not easy to obtain relevant information from other sources. Actual results may differ from estimates.

Estimates and underlying assumptions will be continuously reviewed by management. If the revision of the estimate affects only the current period, it is recognized in the revision period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the revision period and the future period.

### Write-down of inventories

The net realizable value of inventories is the estimated selling price in the normal course of business less the estimated cost to be invested in completion and the estimated cost to complete the sale. These estimates are based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

## 6. CASH

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Foreign currency demand deposit	\$ 69,670	\$ 140,579
Demand deposits	161,811	113,661
Cash in hand	928	886
Check deposits	<u>13</u>	<u>13</u>
	<u>\$ 232,422</u>	<u>\$ 255,139</u>

The market interest rate range of demand deposits on the balance sheet date is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Demand deposits	0.01%~1.05%	0.001%-0.100%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company has no outstanding foreign exchange contracts and forward foreign exchange contracts on December 31, 2022 and 2021.

As of December 31, 2022 and 2021, the company engaged in financial instruments measured at fair value through profit and loss, resulting in a net loss of NTD 5,384 thousand and a net gain of NTD 262 thousand, respectively.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Current</u>		
Unpledged time deposits		
Time deposits with original maturities of more than 3 months	\$ 9,213	\$ 8,304
Pledged time deposits		
Time deposits with original maturities of more than 3 months	14,515	13,529
Restricted demand deposit	<u>32,066</u>	<u>40,019</u>
	<u>\$ 55,794</u>	<u>\$ 61,852</u>

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Non-current</u>		
Pledged time deposits		
Restricted demand deposit	<u>\$ 10,014</u>	<u>\$ 10,004</u>

The market interest rate range of the above assets on the balance sheet date was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Time deposits with original maturities of more than 3 months	1.80%~2.90%	0.21%~2.15%
Restricted demand deposit	0.40%~0.48%	0.01%~0.05%

Please refer to Note 26 for information on pledges of financial assets measured at amortized cost.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Notes receivable</u>		
Measured at amortized cost		
total book value	<u>\$ 1,068</u>	<u>\$ 1,751</u>

### Trade receivables

Measured at amortized cost		
total book value	\$ 40,911	\$ 47,727
Less: Allowance for loss	( 1,600)	( 1,400)
Net Accounts Receivable	<u>\$ 39,311</u>	<u>\$ 46,327</u>

### Trade receivables from related parties

Measured at amortized cost		
total book value	<u>\$ 329,119</u>	<u>\$ 389,908</u>

The credit period of the company for commodity sales is about 30 days to 120 days. Since the credit period is short, no interest will be calculated.

In order to mitigate credit risks, the management of the company assigns a dedicated team to be responsible for the determination of credit dates, credit approvals and other monitoring procedures to ensure that appropriate actions have been taken for the collection of overdue accounts receivable. In addition, the company will review the recoverable amount of accounts receivable on the balance sheet date to ensure that accounts receivable that cannot be recovered have been properly deducted. Accordingly, the management of the company believes that the company's credit risk has been significantly reduced.

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

The allowance losses for the Company's accounts receivable (including receivables from related parties) are as follows:

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>Total</u>
Gross carrying amount	\$ 19,939	\$ 334,079	\$ 16,012	\$ -	\$ 370,030
Loss allowance (Lifetime ECLs)	( 997)	( 523)	( 80)	-	( 1,600)
Amortized cost	<u>\$ 18,942</u>	<u>\$ 333,556</u>	<u>\$ 15,932</u>	<u>\$ -</u>	<u>\$ 368,430</u>

December 31, 2021

	<u>Payment Terms of 30 days</u>	<u>Payment Terms of 60 days</u>	<u>Payment Terms of 90 days</u>	<u>Payment Terms of 120 days</u>	<u>Total</u>
Gross carrying amount	\$ 15,090	\$399,531	\$ 23,014	\$ -	\$437,635
Loss allowance (Lifetime ECLs)	( 755)	( 530)	( 115)	-	( 1,400)
Amortized cost	<u>\$ 14,335</u>	<u>\$399,001</u>	<u>\$ 22,899</u>	<u>\$ -</u>	<u>\$436,235</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>2022</u>	<u>2021</u>
At the beginning of the year	\$ 1,400	\$ 1,400
Add: The impairment loss is listed for the current year	<u>200</u>	<u>-</u>
At the end of the year	<u>\$ 1,600</u>	<u>\$ 1,400</u>

The aging of receivables was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Not past due	\$ 369,252	\$ 436,850
1-60 days overdue	224	785
91-120 days overdue	<u>554</u>	<u>-</u>
	<u>\$ 370,030</u>	<u>\$ 437,635</u>

## 10. INVENTORIES

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 97,830	\$ 110,614
Work in progress	62,129	67,601
Finished goods	<u>61,955</u>	<u>47,808</u>
	<u>\$ 221,914</u>	<u>\$ 226,023</u>

The cost of goods sold in 2022 includes the price reduction of the revolving inventory and the sluggish loss of NTD 1,500 thousands (2021: None).



## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2022		December 31, 2021	
	carrying amount	%	carrying amount	%
Keep High Ltd. (“Keep High”)	\$ 63,353	100	\$ 58,199	100
Yea Shin Technology Co., Ltd. (“Yea Shin”)	<u>702,860</u>	100	<u>562,809</u>	100
	<u>\$ 766,213</u>		<u>\$ 621,008</u>	

On April 3, 2008, Eris set up as of Jie Cheng with the investment in Mainland China companies through a company invested and established in a third region approved by the Investment Commission, Ministry of Economic Affairs. Jie Cheng mainly manufacturing of electronic parts and wholesaling of electronic components. December 31, 2022, the capital of Jie Cheng was US\$650 thousand.

In order to vertically integrate upstream suppliers, expand new product business and respond to the group's development strategy, the company has successively acquired shares in Yea Shin Technology from 2018 to 2021, and the shareholding ratio will be 100% by April 2021. The price paid by the company in 2021 is NTD 2,305,000, and the retained surplus is reduced by NTD 496,000.

For the details of the investment subsidiaries indirectly held by the company, please refer to Note 29 and Attached Tables 4 and 5.

The share of profits and losses and other comprehensive profits and losses of the subsidiaries that adopted the equity method in 2022 and 2021 are recognized based on the financial statements of the subsidiaries that have been audited by accountants during the same period.

## 12. PROPERTY, PLANT AND EQUIPMENT

<u>Carrying amount of each category</u>	December 31, 2022	December 31, 2021
Land	\$ 574,129	\$ 574,129
House and Buildings	316,783	327,005
Machinery Equipment	410,234	282,888
Transportation Equipment	3,959	5,503
Leasehold Improvements	225	1,750
Other Equipment	<u>5,330</u>	<u>6,121</u>
	<u>\$ 1,310,660</u>	<u>\$ 1,197,396</u>

	<b>2022</b>				
	<b>Balance at January 1, 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassifications</b>	<b>Balance at December 31, 2022</b>
<b><u>Cost</u></b>					
Land	\$ 574,129	\$ -	\$ -	\$ -	\$ 574,129
House and Buildings	385,997	10,189	430	2,199	397,955
Machinery Equipment	857,070	98,231	110,123	106,310	951,488
Transportation Equipment	13,586	-	-	-	13,586
Leasehold Improvements	11,693	-	7,322	-	4,371
Other Equipment	<u>14,754</u>	<u>754</u>	<u>1,667</u>	<u>-</u>	<u>13,841</u>
<b>Total</b>	<u>1,857,229</u>	<u>\$ 109,174</u>	<u>\$ 119,542</u>	<u>\$ 108,509</u>	<u>1,955,370</u>
<b><u>Accumulated depreciation</u></b>					
House and Buildings	\$ 58,992	\$ 22,610	\$ 430	\$ -	\$ 81,172
Machinery Equipment	574,182	74,979	107,907	-	541,254
Transportation Equipment	8,083	1,544	-	-	9,627
Leasehold Improvements	9,943	1,525	7,322	-	4,146
Other Equipment	<u>8,633</u>	<u>1,545</u>	<u>1,667</u>	<u>-</u>	<u>8,511</u>
<b>Total</b>	<u>659,833</u>	<u>\$ 102,203</u>	<u>\$ 117,326</u>	<u>\$ -</u>	<u>644,710</u>
Net amount	<u>\$ 1,197,396</u>				<u>\$ 1,310,660</u>
<b>2021</b>					
	<b>Balance at January 1, 2021</b>	<b>Additions</b>	<b>Disposals</b>	<b>Reclassification s</b>	<b>Balance at December 31, 2021</b>
<b><u>Cost</u></b>					
Land	\$ 612,895	\$ -	\$ 38,766	\$ -	\$ 574,129
House and Buildings	394,151	12,569	22,617	1,894	385,997
Machinery Equipment	830,285	56,927	60,260	30,118	857,070
Transportation Equipment	13,869	1,122	1,405	-	13,586
Leasehold Improvements	16,991	-	5,298	-	11,693
Other Equipment	<u>13,096</u>	<u>3,618</u>	<u>1,960</u>	<u>-</u>	<u>14,754</u>
<b>Total</b>	<u>1,881,287</u>	<u>\$ 74,236</u>	<u>\$ 130,306</u>	<u>\$ 32,012</u>	<u>1,857,229</u>
<b><u>Accumulated depreciation</u></b>					
House and Buildings	45,364	\$ 21,290	\$ 7,662	\$ -	58,992
Machinery Equipment	556,274	66,400	48,492	-	574,182
Transportation Equipment	7,347	2,083	1,347	-	8,083
Leasehold Improvements	11,472	3,769	5,298	-	9,943
Other Equipment	<u>8,844</u>	<u>1,749</u>	<u>1,960</u>	<u>-</u>	<u>8,633</u>
<b>Total</b>	<u>629,301</u>	<u>\$ 95,291</u>	<u>\$ 64,759</u>	<u>\$ -</u>	<u>659,833</u>
Net amount	<u>\$ 1,251,986</u>				<u>\$ 1,197,396</u>

As there was no sign of impairment in 2022 and 2021, the company did not conduct impairment assessment.

For the below items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

House and Buildings	
Office's main buildings	35-50 years
Building improvement	5-15 years
Machinery equipment	3-15 years
Transportation equipment	5 years
Leasehold Improvements	5 years
Other equipment	5 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 26.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Buildings	\$ <u>9,206</u>	\$ <u>10,080</u>
	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	\$ <u>3,332</u>	\$ <u>10,642</u>
Depreciation charge for right-of-use assets		
Buildings	\$ <u>4,206</u>	\$ <u>6,111</u>

#### b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amounts		
Current	\$ <u>3,961</u>	\$ <u>3,052</u>
Non-current	\$ <u>5,320</u>	\$ <u>7,055</u>

Range of discount rate for lease liabilities was as follows:

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

#### c. Other lease information

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>4,262</u>	\$ <u>6,232</u>

#### 14. INVESTMENT PROPERTIES MEASURED AT COST

	<u>Buildings</u>
<u>Cost</u>	
Begging & year end	<u>\$ 60,139</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 3,107
Depreciation expense	<u>1,204</u>
Balance at December 31, 2022	<u>\$ 4,311</u>
Carrying amount at December 31, 2022	<u>\$ 55,828</u>
<u>Cost</u>	
Begging & year end	<u>\$ 60,139</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 1,904
Depreciation expense	<u>1,203</u>
Balance at December 31, 2021	<u>\$ 3,107</u>
Carrying amount at December 31, 2021	<u>\$ 57,032</u>

The lease term for investment properties is 2 years. The lessee does not have the preferential acquisition right of investment real estate at the end of the lease period.

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2022 and 2021 are as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
1 year	\$ 2,100	\$ 3,600
2 year	<u>-</u>	<u>2,100</u>
	<u>\$ 2,100</u>	<u>\$ 5,700</u>

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	50 years
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Management was unable to reliably measure the fair value of investment property located at Luzhu Dist., Taoyuan City, because transactions are infrequent. The market for comparable properties is inactive and alternative reliable measurements of fair value are not available; therefore, the Group determined that the fair value of the investment property is not reliably measurable.

Refer to Note 26 for information relating to prepayments for property.

## 15. OTHERS INTANGIBLE ASSETS

<u>Cost</u>	<u>Patents</u>	<u>Computer software</u>	<u>Total</u>
Balance at January 1, 2022	\$ 617	\$ 18,908	\$ 19,525
Obtained separately	-	2,600	2,600
Disposals	<u>-</u>	<u>( 1,837)</u>	<u>( 1,837)</u>
Balance at December 31, 2022	<u>\$ 617</u>	<u>\$ 19,671</u>	<u>\$ 20,288</u>

### Accumulated amortization and Loss

Balance at January 1, 2022	\$ 497	\$ 4,716	\$ 5,213
Amortization expenses	62	2,640	2,702
Disposals	<u>-</u>	<u>( 1,837)</u>	<u>( 1,837)</u>
Balance at December 31, 2022	<u>\$ 559</u>	<u>\$ 5,519</u>	<u>\$ 6,078</u>
Carrying amount at December 31, 2022	<u>\$ 58</u>	<u>\$ 14,152</u>	<u>\$ 14,210</u>

### Cost

Balance at January 1, 2021	\$ 617	\$ 19,625	\$ 20,242
Obtained separately	-	697	697
Disposals	<u>-</u>	<u>( 1,414)</u>	<u>( 1,414)</u>
Balance at December 31, 2021	<u>\$ 617</u>	<u>\$ 18,908</u>	<u>\$ 19,525</u>

Balance at January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	62	2,233	2,295
Disposals	<u>-</u>	<u>( 1,414)</u>	<u>( 1,414)</u>
Balance at December 31, 2021	<u>\$ 497</u>	<u>\$ 4,716</u>	<u>\$ 5,213</u>
Carrying amount at December 31, 2021	<u>\$ 120</u>	<u>\$ 14,192</u>	<u>\$ 14,312</u>

Amortization expenses are accrued on a straight-line basis over the following years of service:

Patents	10 years
Computer software	3-15 years

## 16. BORROWINGS

### a. Short-term borrowings

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
<u>Secured borrowings</u>		
Bank loans	\$ 400,000	\$ 400,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>100,000</u>	<u>100,000</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The interest rates on bank revolving loans were 1.73%~2.00% and 0.97%~1.02% per annum as of December 31 2022 and 2021, respectively.

Refer to Note 26 for information relating to borrowings pledged as security.

b. Long-term borrowings

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Secured borrowings</u>		
Bank loans (1)	\$ 63,349	\$ 68,954
Bank loans (2)	425,068	447,440
Bank loans (3)	8,468	10,257
Bank loans (4)	46,572	49,000
Bank loans (5)	-	50,000
Bank loans (6)	-	100,000
Bank loans (7)	-	100,000
Bank loans (8)	50,000	-
Bank loans (9)	100,000	-
Bank loans (10)	<u>100,000</u>	<u>-</u>
	793,457	825,651
Less: Current portions	( <u>35,725</u> )	<u>(48,549)</u>
Long-term borrowings	<u>\$ 757,732</u>	<u>\$ 777,102</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 2 year floating interest rate of time savings deposit plus 0.115% to be repaid in annual installments over 15 years. The maturity date of the loan was June 28, 2033. The effective interest rates were 1.6078% and 0.9154% as of December 31 , 2022 and 2021, respectively.
- 2) The bank loan of NT\$476,000 thousand was obtained by the Group at the end of May 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% and a grace period of two years to be repaid after the period in one installment of 2% of the principal for every three months and to be repaid in a one-time payment at maturity for the rest of the principal. The maturity date of the loan was May 27, 2024. The effective interest rates were 1.7093% and 0.9806% as of December 31, 2022 and 2021, 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 time savings deposit plus 0.08%, which should not be lower than 0.98%, and a grace period of one year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2027. The effective interest rates were 1.43% and 0.98% as of December 31 2022 and 2021, 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 rates were 1.43% and 0.90% as of December 31 2022 and 2021, respectively.

- 5) The bank loan of NT\$50,000 thousand was obtained by the Group on September 28, 2021. The bank loan was secured by the Group own land and buildings as a mortgage guarantee. The loan interest rate is based on the two-year fixed deposit mobile interest rate plus 0.082% mobile interest calculation. However, it shall not be less than 0.98%, and the principal shall be paid off once upon maturity. The maturity date of the loan is September 28, 2023. It had been paid off by the September 2022. The effective annual interest rate on December 31, 2021 was 0.98%.
- 6) The Group obtained a bank loan of NT\$100,000 thousand at the end of 30 December, 2021. The bank loan was secured by the Group own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2023. It had been paid off by the December 2022. The effective annual interest rate as at 31 December 2021 was 0.9802%.
- 7) The Group obtained a bank loan of NT\$100,000 thousand at the end of 20 December, 2021 , that bank loan was guaranteed by the Group current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 20, 2023. It had been paid off by the December 2022. The effective annual interest rate as at 31 December 2021 was 0.93%.
- 8) The Group obtained a bank loan of NT\$50,000 thousand on September 30, 2022. The bank loan was secured by the mortgage of the consolidate company's own land and buildings. The interest rate of the loan was calculated based on the two-year fixed savings deposit flexible rate plus 0.082%. The principal is repaid once due. The maturity date of the loan is September 30, 2024. The effective annual interest rate on December 31, 2022 was 1.6723%.
- 9) The Group obtained a bank loan of NT\$100,000 thousand at the end of 26 December, 2022 , that bank loan was guaranteed by the Group current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 26, 2024. The effective annual interest rate as at 31 December 2022 was 1.43%.
- 10) The Group obtained a bank loan of NT\$100,000 thousand at the end of 30 December, 2022. The bank loan was secured by the Group own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2024. The effective annual interest rate as at 31 December 2022 was 1.8587%.

Refer to Note 26 for information relating to borrowings pledged as security.

## 17. OTHER LIABILITIES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Payables for salaries or bonuses	\$ 77,053	\$ 72,840
Payables for processing fees	17,760	16,237
Payables on equipment	9,986	4,391
Others	<u>56,107</u>	<u>41,594</u>
	<u>\$ 160,906</u>	<u>\$ 135,062</u>

## 18. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>
Shares authorized	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,428</u>	<u>44,428</u>
Shares issued	<u>\$ 444,283</u>	<u>\$ 444,283</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and a right to dividends.

### b. Capital surplus

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Issuance of ordinary shares	\$ 401,662	\$ 401,662
Others	<u>849</u>	<u>849</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

According to the provisions of the earnings distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the accumulated losses, another 10% shall be set aside as the statutory surplus reserve, and the rest shall be set aside or transferred to the special surplus reserve according to laws and regulations; if there is still a balance and the accumulated undistributed surplus, the Board of Directors will formulate a surplus distribution proposal and submit a resolution to the shareholders' meeting to distribute dividends to shareholders. Please refer to employee benefits expense in Note 20-4.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals The Company 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 paid-in capital, the excess may be transferred to capital



or distributed in cash.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on May 16, 2022 and Aug. 11, 2021, respectively, were as follows:

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

On February 20, 2023, the BOD proposed the 2022 year surplus distribution proposal as follows:

	<u>2022</u>
Legal reserve	\$ 45,582
Special reserve	(\$ 724)
Cash dividends	\$ 239,912
Stock dividends	\$ 57,757
Cash Dividends Per Share (\$)	\$ 5.4
Stock Dividends Per Share (\$)	\$ 1.3

The resolution of the 2022 annual general meeting of shareholders is expected to be held on May 16, 2023.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>2022</u>	<u>2021</u>
Balance at January 1	(\$ 2,341)	(\$ 2,013)
Exchange differences on translating the financial statements of foreign operations	905	( 410)
Related income tax	( 181)	82
Balance at December 31	(\$ 1,617)	(\$ 2,341)

**19. REVENUE**

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$1,998,569	\$1,787,428
Contract balances		
	<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Trade receivables and Notes (Note 9)	\$ 369,498	\$ 437,986
Contract liabilities		
Sale of goods	\$ 244	\$ 17

Changes in contract liabilities are mainly attributable to the difference between the time when performance obligations are satisfied and when the customer pays.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>2022</u>	<u>2021</u>
From contract liabilities at the start of the year		
Sale of goods	\$ <u>17</u>	\$ <u>17</u>

## 20. NET PROFIT

Additional information on net profit for the year includes the following items:

### a. Net profit

#### 1) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 102,203	\$ 95,291
Right-of-use assets	4,206	6,111
Investment properties	1,204	1,203
Unamortized expenses	5,755	7,865
Intangible assets	<u>2,702</u>	<u>2,295</u>
Total	<u>\$ 116,070</u>	<u>\$ 112,765</u>

#### An analysis of depreciation by function

Operating costs	\$ 57,679	\$ 59,968
Operating expenses	<u>49,934</u>	<u>42,637</u>
	<u>\$ 107,613</u>	<u>\$ 102,605</u>

#### An analysis of amortization by function

Operating costs	\$ 4,648	\$ 6,644
Operating expenses	<u>3,809</u>	<u>3,516</u>
	<u>\$ 8,457</u>	<u>\$ 10,160</u>

#### 2) Gains or losses on foreign currency exchange

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 54,137	\$ 9,120
Foreign exchange losses	( <u>44,384</u> )	( <u>14,204</u> )
Net profit	<u>\$ 9,753</u>	<u>( \$ 5,084 )</u>

#### 3) Employee benefits expense

	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined benefit plans	\$ 7,551	\$ 7,640
Salaries and bonus	<u>267,758</u>	<u>270,068</u>
Total employee benefits expense	<u>\$ 275,309</u>	<u>\$ 277,708</u>

#### An analysis of employee benefits expense by function

Operating costs	\$ 144,407	\$ 150,121
Operating expenses	<u>130,902</u>	<u>127,587</u>
	<u>\$ 275,309</u>	<u>\$ 277,708</u>

4) 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 employees' compensation for the years ended December 31, 2021 and 2020, which have been approved by The Company board of directors on Feb. 20, 2023 and Feb. 24, 2022, respectively, were estimated as follows:

Estimated rate

	<u>2022</u>	<u>2021</u>
Employees' compensation	2.24%	2.35%

Amount

	<u>2022</u>	<u>2021</u>
Employees' compensation	\$ 11,000	\$ 8,400

If there is a change in the amount after the annual independent financial statements is passed, it will be treated according to the change in accounting estimates, and adjusted and recorded in the following year.

There is no difference between the actual amounts of employees' compensation paid and the amounts recognized in the independent financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation by The Company Board of Directors resolution that was available at the Market Observation Post System (M.O.P.S.) website of the Taiwan Stock Exchange.

## 22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	\$ 31,097	\$ 19,168
Adjustments for prior years	( 8,294)	1,832
	<u>22,803</u>	<u>21,000</u>
Deferred tax		
In respect of the current year	<u>848</u>	<u>1,459</u>
Income tax expense recognized in profit or loss	<u>\$ 23,651</u>	<u>\$ 22,459</u>

The adjustment of accounting income and income tax expenses is as follows:

	<b>2022</b>	<b>2021</b>
Profit before tax from continuing operations	<u>\$ 479,469</u>	<u>\$ 349,547</u>
Income tax expense on net profit before tax calculated at statutory tax rate	\$ 95,894	\$ 69,909
The equity method recognizes domestic investment interests	( 64,007)	( 47,601)
Non-deductible expenses	58	119
Unrecognized deductible temporary differences	-	( 1,800)
Adjustments for prior years' tax	( 8,294)	1,832
Income tax expense recognized in profit or loss	<u>\$ 23,651</u>	<u>\$ 22,459</u>

b. Income tax recognized in other comprehensive income

	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current period:		
Translations of foreign operations	( \$ 181)	\$ 82
Total income tax recognized in other comprehensive income	<u>( \$ 181)</u>	<u>\$ 82</u>

c. Income tax assessments

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current tax liabilities	<u>\$ 29,218</u>	<u>\$ 25,430</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Closing Balance</b>
<b><u>Deferred Tax Assets</u></b>				
Reversals of inventory write-downs	\$ 1,840	\$ 300	\$ -	\$ 2,140
Payables for annual leave	1,213	( 130)	-	1,083
Provisions	698	( 29)	-	669
Translations of foreign operations	585	-	( 181)	404
Unrealized Foreign exchange loss	14	( 14)	-	-
Others	146	204	-	350
	<u>\$ 4,496</u>	<u>\$ 331</u>	<u>( \$ 181)</u>	<u>\$ 4,646</u>
<b><u>Deferred tax liabilities</u></b>				
Investments accounted for using the equity method	\$ 8,090	\$ 878	\$ -	\$ 8,968
Unrealized Foreign exchange income	-	301	-	301
	<u>\$ 8,090</u>	<u>\$ 1,179</u>	<u>\$ -</u>	<u>\$ 9,269</u>

For the year ended December 31, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b><u>Deferred Tax Assets</u></b>				
Reversals of inventory write-downs	\$ 1,840	\$ -	\$ -	\$ 1,840
Payables for annual leave	1,013	200	-	1,213
Provisions	318	380	-	698
Translations of foreign operations	503	-	82	585
Unrealized Foreign exchange loss	-	14	-	14
FVTPL financial assets	255	( 255)	-	-
Others	43	103	-	146
	<u>\$ 3,972</u>	<u>\$ 442</u>	<u>\$ 82</u>	<u>\$ 4,496</u>
<b><u>Deferred tax liabilities</u></b>				
Investments accounted for using the equity method	\$ 6,117	\$ 1,973	\$ -	\$ 8,090
Unrealized Foreign exchange income	72	( 72)	-	-
	<u>\$ 6,189</u>	<u>\$ 1,901</u>	<u>\$ -</u>	<u>\$ 8,090</u>

e. Income tax verification situation

The company's profitable business income tax declarations as of the year before 2020 have been approved by the tax collection agency.

## 22. EARNINGS PER SHARE

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

	<u>Net income</u>	<u>Shares, Unit: thousand shares</u>	<u>The weighted average number of common shares to be used to calculate diluted earnings per share (EPS)</u>
<b>2022</b>			
Basic earnings per share			
Net profit of the year	\$ 455,818	44,428	<u>\$ 10.26</u>
Effect of potentially dilutive ordinary shares:			
Remuneration to employees	-	73	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 455,818</u>	<u>44,501</u>	<u>\$ 10.24</u>
<b>2021</b>			
Basic earnings per share			
Net profit of the year	\$ 327,088	44,428	<u>\$ 7.36</u>
Effect of potentially dilutive ordinary shares:			
Remuneration to employees	-	37	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 327,088</u>	<u>44,465</u>	<u>\$ 7.36</u>

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

## 23. CAPITAL MANAGEMENT

The company 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. Categories of financial instruments

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 671,426	\$ 768,338
<u>Financial liabilities</u>		
Amortized cost (2)	1,666,814	1,786,740

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

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

### b. Financial risk management objectives and policies

The Company's major financial instruments include note receivables, trade receivables, other receivables, trade payables, borrowings, and lease liabilities. The Company's financial risk management objective is to manage market risk, credit risk and liquidity risk associated with its operating activities. In order to reduce related risks, the management of the company is committed to identifying, evaluating and avoiding market uncertainty, so as to reduce the potential adverse impact of market changes on the company's financial performance.

#### 1) Market risk

The company's operating activities make the company's main market risks bear the risk of changes in foreign currency exchange rates and changes in interest rates.

##### a) Foreign currency risk

The company is engaged in sales and purchase transactions denominated in foreign currencies, which has caused the company to risk exposure to exchange rate fluctuations. In order to avoid

the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the company analyzes foreign currency assets and foreign currency liabilities receipts and payments, maturity period and other factors, and considers the risk of foreign currency net positions, and then uses foreign currency exchange for profit, and also contracts, borrowing foreign currency loans, etc ., to avoid relevant exchange rate risks. Therefore, company's internal auditor will continue to review compliance with policies and the risk limit. The application of cross-currency swap contracts and forward foreign exchange contracts by the policies adopted by the Board of Directors, and the company does not enter into transactions of cross-currency swap contracts and forward foreign exchange contracts for speculative purposes.

For the carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies of the company at the balance sheet date, please refer to Note 28.

In addition, the sensitivity analysis on foreign currency exchange rate risk is mainly for the calculation of foreign currency monetary items (mainly US dollar items) and derivative instruments on the end date of the financial reporting period. When the functional currency of the independent appreciates/depreciates by 1% against the US dollar, the company's net profit after tax in 2022 would decrease/increase by NT\$546 thousand; the net profit after tax in 2021 would decrease/increase by NT\$1,017 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.

b) Interest rate risk

Interest rate risk refers to the risk of changes in the fair value of financial instruments or changes in cash flows due to fluctuations in market interest rates. Because the company holds financial assets and liabilities with fixed interest rates, it has fair value exposure to changes in interest rates; because it holds financial assets and liabilities with floating interest rates, it has cash flow exposures to changes in interest rates. The management of the company regularly monitors changes in market interest rates, and adjusts the position of financial assets and liabilities with floating interest rates to make the interest rates of the company approach market interest rates to respond to the risks arising from changes in market interest rates.

The carrying amount of The Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Fair value interest rate risk		
Financial assets	\$ 23,728	\$ 21,833
Financial liabilities	9,281	10,107
Cash flow interest rate risk		
Financial assets	273,561	304,263
Financial liabilities	1,293,457	1,325,651

Fixed-rate financial assets/liabilities held by the company are measured at amortized cost, so they are not included in the analysis; the floating-rate financial asset/liability analysis method assumes that the amount of assets/liabilities in circulation on the balance sheet date is reported. During the period, they are all in circulation. The company uses an increase/decrease of 0.25% in market interest rates as a reasonable risk assessment for reporting interest rate changes to the management. Under the circumstance that all other variables remain unchanged, if the market interest rate rises/decreases by 0.25%, the company's net profit after tax in 2022 would decrease/increase by NT\$2,040 thousand; the net profit after tax in 2021 would decrease/increase by NT\$2,043 thousand.

## 2) Credit risk

Credit risk refers to the risk of the company's financial losses caused by the counterparty's default of contract obligations. The policy adopted by the company is to only trade with creditworthy objects in order to reduce the risk of financial losses, and to continuously monitor the credit risk insurance and the credit status of the trading objects. On the balance sheet date, the company's maximum credit risk amount is equivalent to the book value of the financial assets on the account.

The credit risk of the company's trade receivable is mainly concentrated in the company's largest customer parent company, Diodes Group. As of December 31, 2022 and 2021, the ratio of total accounts receivable from the aforementioned customers was 87% respectively. However, since it is an affiliated enterprise transaction, there should be no credit risk.

## 3) Liquidity risk

The management of the company maintains sufficient cash and bank financing lines to support working capital and reduce liquidity risks.

### a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the analysis of the remaining contractual maturity of non-derivative financial liabilities during the agreed repayment period of the company. It is based on the earliest possible repayment date of the company and is compiled based on the undiscounted cash flow of financial liabilities, which includes interest and principal cash flow.

December 31, 2022

	<u>Weighted Average Effective Rate (%)</u>	<u>Payment on Sight or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$ 373,345	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.06%	1,079	2,955	2,350	3,032	-
Variable interest rate instruments	1.70%	413,356	136,323	672,194	43,798	53,376
		<u>\$ 787,780</u>	<u>\$ 139,278</u>	<u>\$ 674,544</u>	<u>\$ 46,830</u>	<u>\$ 53,376</u>



December 31, 2021

	<b>Rate</b>	<b>On Demand or Less than 3 Month</b>	<b>3 Months to 1 Year</b>	<b>1-2 Years</b>	<b>2-5 Years</b>	<b>5+ Years</b>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$461,089	\$ -	\$ -	\$ -	\$ -
Lease liabilities	1.01%	1,043	2,090	2,348	4,825	-
Variable interest rate instruments	0.97%	<u>514,001</u>	<u>42,962</u>	<u>308,803</u>	<u>416,446</u>	<u>64,405</u>
		<u>\$976,133</u>	<u>\$45,052</u>	<u>\$311,151</u>	<u>\$421,271</u>	<u>\$64,405</u>

b) Financing facilities

The company's use of bank financing facilities on the balance sheet date is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Secured bank overdraft facilities:		
Amount used	\$ 1,293,457	\$ 1,325,651
Amount unused	<u>350,000</u>	<u>207,680</u>
	<u>\$ 1,643,457</u>	<u>\$ 1,533,331</u>

## 25. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

<b>Related Party</b>	<b>Nature of Relationship</b>
Diodes Taiwan S.A R.L., Taiwan Branch(Luxembourg) (Diodes (TW))	Sister company
Diodes Hong Kong Limited (Diodes (HK))	Sister company
Jie Cheng Electronic (Shanghai) Co., Ltd. (Jie Cheng Electronic)	Subsidiary
Yea Shin Technology Corp. (Yea Shin)	Subsidiary
Lite-on Semiconductor Corp. (Lite-on)	Sister company

b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2022</b>	<b>2021</b>
Sales	Sister company		
	Diodes (HK)	\$ 840,745	\$ 945,509
	Diodes (TW)	832,192	560,173
	Subsidiary	<u>34,776</u>	<u>38,319</u>
		<u>\$ 1,707,713</u>	<u>\$ 1,544,001</u>

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

c. Purchases of goods

<b>Related Party Category/Name</b>	<b>2022</b>	<b>2021</b>
Subsidiary		
Yea Shin	\$ 842,453	\$ 749,193
Jie Cheng Electronic	16,678	46,696
Sister company	<u>-</u>	<u>3,219</u>
	<u>\$ 859,131</u>	<u>\$ 799,108</u>

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

d. Receivables from related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Trade receivables from related parties	Sister company		
	Diodes (TW)	\$ 215,735	\$ 167,334
	Diodes (HK)	103,451	212,385
	Subsidiary	<u>9,933</u>	<u>10,189</u>
		<u>\$ 329,119</u>	<u>\$ 389,908</u>
Other receivables from related parties	Subsidiary		
	Yea Shin	<u>\$ 1,020</u>	<u>\$ 856</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

e. Payables to related parties

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Trade payables from related parties	Subsidiary		
	Yea Shin	\$ 165,090	\$ 259,669
	Others	<u>2,324</u>	<u>261</u>
		<u>\$ 167,414</u>	<u>\$ 259,930</u>

The balance of the outstanding amount due to related parties is not guaranteed.

f. Purchase of Property, plant and equipment

<b>Related Party Category/Name</b>	<b>Proceeds received</b>	
	<b>2022</b>	<b>2021</b>
Sister company		
Lite-on	<u>\$ -</u>	<u>\$ 33,488</u>

g. Lease agreement

Operating lease rental

The company leases the right to use the building to its subsidiary "Yea shin" for a period of 2 year. As of December 31, 2022 and 2021, the total lease payments that will be received in the future are NT\$ 2,100 thousand and NT\$5,700 thousand. The lease income recognized in both 2022 and 2021 was NT\$ 3,429 thousand.

h. Others

Line Item	Related Party Category/Name	2022	2021
Processing fee (Listed on the cost of goods sold )	Subsidiary	<u>\$ 14,915</u>	<u>\$ 13,454</u>

i. Compensation of major management personnel

	2022	2021
Short-term employee benefits	\$ 18,971	\$ 12,594
Post-employment benefits	<u>108</u>	<u>108</u>
	<u>\$ 19,079</u>	<u>\$ 12,702</u>

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:

	December 31, 2022	December 31, 2021	Nature
Bank time deposits (classified as financial assets at amortized cost)	\$ 14,515	\$ 13,529	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	42,080	50,023	Short-term and long-term borrowings
Property and plant	837,885	844,008	Short-term and long-term borrowings
Investment properties	<u>55,828</u>	<u>57,032</u>	Short-term and long-term borrowings
	<u>\$ 950,308</u>	<u>\$ 964,592</u>	

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Due to the replacement of production line equipment and business expansion, the company has promised to purchase and order machinery and equipment, system software, and decoration projects, etc. The payment amount is listed below:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Amount of Contract Commitments	<u>\$ 198,032</u>	<u>\$ 322,322</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 131,402</u>	<u>\$ 161,857</u>

## 28. INFORMATION ON ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES WITH SIGNIFICANT EFFECTS

The following information is aggregated and expressed in foreign currencies other than the Company's functional currency, and the exchange rates disclosed refer to the exchange rates at which these foreign currencies are converted to the functional currency. Significant foreign currency assets and liabilities are as follows:

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

	<u>December 31, 2022</u>			
	<u>Foreign Currency</u>	<u>Exchange rate (\$)</u>	<u>Functional Currency</u>	<u>NTD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 6,622	30.71 (USD:NTD)	\$ 203,362	\$ 203,362
RMB	1,420	4.408 (RMB:NTD)	6,259	6,259
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,063	30.71 (USD:NTD)	63,353	63,353
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	4,399	30.71 (USD:NTD)	135,093	135,093
	<u>December 31, 2021</u>			
	<u>Foreign Currency</u>	<u>Exchange rate (\$)</u>	<u>Functional Currency</u>	<u>NTD</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 13,992	27.68 (USD:NTD)	\$ 387,299	\$ 387,299
RMB	1,390	4.344 (RMB:NTD)	6,038	6,038
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,103	27.68 (USD:NTD)	58,199	58,199
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	9,401	27.68 (USD:NTD)	260,220	260,220

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

Foreign Currencies	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.20 (USD:NTD)	\$ 10,933	28.08 (USD:NTD)	(\$ 3,825)
EUR	32.72 (EUR:NTD)	( 1,020)	31.32 (EUR:NTD)	( 1,098)
Others		( 160)		( 161)
		<u>\$ 9,753</u>		<u>(\$ 5,084)</u>

## 29. NOTE DISCLOSURE ITEMS

a. Information about significant transactions and investees:

- 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.

b. Information on investees: Please refer to Attached Table 4.

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 5.
- 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:
  - a) 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 6.
  - b) 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 6.
  - c) The amount of property transactions and the amount of the resultant gains or losses: None.

- d) 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.
  - e) 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.
  - f) 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 7.

## ERIS TECHNOLOGY CORPORATION

## ENDORSEMENTS/GUARANTEES PROVIDED

FOR THE YEAR ENDED DECEMBER 31, 2022

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Eris Technology Corporation	Jie Cheng Electronic (Shanghai) Co., Ltd.	(2)	\$ 148,283	\$ 30,000 (US\$1,000 thousand)	\$ 30,000 (US\$1,000 thousand)	\$ -	\$ 9,213 (US\$ 300 thousand )	2.02%	\$ 444,848	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 public 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 public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/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 for their jointly invested company in proportion to their shareholding percentages.
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 December 31, 2022.

**ERIS TECHNOLOGY CORPORATION**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Buyer (Seller)	Counterparty	Relationship	Transaction Details				Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Ratio of Total Purchases (Sales) (%)	Credit Period	Unit Price	Payment Terms	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as the Company's ultimate parent company	Sale	( \$ 840,745)	41.92%	60 days	None	None	\$ 103,451	27.88%	-
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch(Luxembourg)	Same as the Company's ultimate parent company	Sale	( 832,192)	41.49%	60 days	None	None	215,735	58.13%	-
Eris Technology Corporation	Yea Shin Technology Corp.	The Company's subsidiary	Purchase	842,453	69.27%	60 days	None	None	( 165,090)	77.71%	-



**ERIS TECHNOLOGY CORPORATION**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**DECEMBER 31, 2023**

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

Company recording the receivables	Counterparty	Relationship	Balance Receivables from Related Parties	Turnover Rate	Overdue		Amounts of Receivables from Related Parties Received in Subsequent Period (Note 1)	Amount of Loss Allowance
					Amount	Actions Taken		
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch(Luxembourg)	Same as the Company's ultimate parent company	\$ 215,735	4.34	\$ -	—	\$ 110,912	\$ -
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as the Company's ultimate parent company	103,451	5.32	-	—	53,816	-
Yea Shin Technology Corp.	Eris Technology Corporation	Parent Company	165,090	3.97	-	—	103,562	-

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

**ERIS TECHNOLOGY CORPORATION**

**INFORMATION ON INVESTEEES**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Name of Investor	Name of Investor	Location	Principal Business Activities	Original Investment Amount (Note 1)		Ending Balance			Net Income (Loss) of the Investee for the Period (Note 2 and 3)	Investment Profit (Loss) Recognized for the Period (Note 2 and 3)	Note
				End of the Period	Year-end of the last year	Number of shares (in thousands)	Ratio (%)	Carrying Amount (Note 3)			
Eris Technology Corporation	Keep High Limited	Seychelles	Holding company	\$ 20,776 (US\$670/thousand)	\$ 20,776 (US\$670/thousand)	N/A	100.00	\$ 63,353	\$ 4,370 (US\$ 150/ thousand)	\$ 4,395 ( Note 4 )	Subsidiaries
	Yea Shin Technology Corp.	Taiwan	Engaged in manufacturing of electronic components and wholesaling of electronic materials	381,078	381,078	29,342	100.00	702,860	323,718	320,033 ( Note 4 )	Subsidiaries
Keep High Limited	Forever Eagle Incorporation	Mauritius	Holding company	20,473 (US\$660/thousand)	20,473 (US\$660/thousand)	N/A	100.00	64,335 (US\$ 2,096 /thousand)	4,370 (US\$ 150/ thousand)	4,370 (US\$ 150/ thousand)	Sub-sub-sidiaries

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

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

Note 3: Calculated based on the financial statements of the investee company checked by accountants during the same period.

Note 4: Including adjustments for unrealized gross profit.

Note 5: Please refer to Attached Table 5 for relevant information of mainland investee companies.

**ERIS TECHNOLOGY CORPORATION**  
**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee in Mainland China	Principal Business Activities	Paid-in Capital (Note 1)	Method of Investments	Accumulated Amount of Investments Remitted Outward from Taiwan at Beginning of Period (Note 1)	Amount of Investments Remitted or Repatriated for the Period		Accumulated Amount of Investments Remitted Outward from Taiwan at End of Period (Note 1)	Income (Loss) of the Investee for the Period	Shareholding Ratio of The Company's Direct or Indirect Investment	Investment Gain (Loss) Recognized for the Period (Note 2 and 5)	Carrying Amount of Investments at End of Period	Accumulated Repatriation of Investment Income at End of Period
					Remitted	Repatriated						
Jie Cheng Electronic (Shanghai) Co., Ltd.	Wholesaling of electronic components and international trading business	\$ 20,170 (US\$ 650/thousand)	Indirectly investment in Mainland China through companies registered in a third region	\$ 20,170 (US\$ 650/thousand)	\$ -	\$ -	\$ 20,170 (US\$ 650/thousand)	\$ 4,370 (RMB 998/ thousand)	100%	\$ 4,370 (RMB 998/ thousand)	\$ 64,355	\$ -

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 (US\$650/thousand )	\$19,962 (US\$650/thousand )	\$889,695

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 December 31, 2022.

Note 4: The information was calculated as 60% of the Company's net worth on December 31, 2022

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

## ERIS TECHNOLOGY CORPORATION

## 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

FOR THE YEAR ENDED DECEMBER 31, 2022

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

Counterparty	Transaction Details			Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
	Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Jie Cheng Electronic (Shanghai) Co., Ltd.	Sales	(\$ 3,888 )	0.19%	None	None	\$ 1,506	0.41%	-
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	16,678	1.37%	None	None	( 2,324)	1.09%	-
Jie Cheng Electronic (Shanghai) Co., Ltd.	Other income	( 3,467 )	-	None	None	1,028	26.76%	-

**ERIS TECHNOLOGY CORPORATION**

**Major Shareholder's information**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio
Yuanta Commercial Bank is entrusted with 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.

# **Eris Technology Corporation and Subsidiaries**

## **Consolidated Financial Statements with Independent Auditors' Report for the Years Ended December 31, 2022 and 2021**

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

Note: The accompanying financial statements have been translated into English from the original Chinese version, and the English version is not audited by certified public accountant.

## **Representation Letter**

The entities that are required to be included in the combined financial statements of Eris Technology Corporation as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements and is included in the consolidated financial statements. Consequently, Eris Technology Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Eris Technology Corporation

Chairman: Jonathan Chang

Date: Feb. 20, 2023

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
Consolidated Balance Sheets  
December 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets</b>				
Cash (Notes 4 and 6)	\$ 493,065	15	\$ 334,633	11
Financial assets at amortized cost - current (Notes 4, 8 and 27)	55,794	2	61,852	2
Notes receivable (Notes 4, 9 and 19)	1,494	-	3,112	-
Net trade receivables (Notes 4, 9 and 19)	91,272	3	140,416	5
Trade receivables from related parties (Notes 4, 9, 19 and 26)	319,186	10	379,719	13
Other receivables (Note 4 )	3,841	-	10,908	-
Inventories (Notes 4, 5 and 10)	308,850	10	340,470	11
Prepayments and other current assets	14,000	-	10,189	-
<b>Total current assets</b>	<u>1,287,502</u>	<u>40</u>	<u>1,281,299</u>	<u>42</u>
<b>Non-current assets</b>				
Financial assets at amortized cost – non-current (Notes 4, 8 and 27)	10,014	-	10,004	-
Property, plant and equipment (Notes 4, 12, 26 and 27)	1,527,867	48	1,400,289	46
Rights-of-use assets (Notes 4 and 13)	9,717	-	10,585	-
Goodwill (Notes 4 and 14)	24,070	1	24,070	1
Other intangible assets (Note 4 and 15)	14,210	1	14,312	1
Deferred tax assets (Note 4, 5 and 21)	166,172	5	130,022	4
Prepayments for equipment (Note 28 )	132,373	4	173,139	6
Refundable deposits	3,768	-	3,778	-
Other non-current assets	12,608	1	12,056	-
<b>Total non-current assets</b>	<u>1,900,799</u>	<u>60</u>	<u>1,778,255</u>	<u>58</u>
<b>Total assets</b>	<u>\$ 3,188,301</u>	<u>100</u>	<u>\$ 3,059,554</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current Liabilities</b>				
Short-term borrowings (Note 16 and 27)	\$ 500,000	16	\$ 500,000	16
Trade payables	157,357	5	260,267	8
Other payables (Note 17)	197,325	6	173,079	6
Current tax liabilities (Note 4 and 21)	29,261	1	25,745	1
Provisions - current (Note 4 )	4,798	-	6,700	-
Lease liabilities - current (Notes 4 and 13)	4,474	-	3,558	-
Current portions of long-term borrowings (Note 16 and 27)	35,725	1	48,549	2
Other current liabilities (Note 19 )	4,202	-	984	-
<b>Total current liabilities</b>	<u>933,142</u>	<u>29</u>	<u>1,018,882</u>	<u>33</u>
<b>Non-current liabilities</b>				
Long-term borrowings (Note 16 and 27)	757,732	24	777,102	26
Deferred tax liabilities (Note 4 and 21)	9,269	-	8,090	-
Lease liabilities - non-current (Notes 4 and 13)	5,320	-	7,055	-
Deposit Margin	12	-	-	-
<b>Total non-current liabilities</b>	<u>772,333</u>	<u>24</u>	<u>792,247</u>	<u>26</u>
<b>Total liabilities</b>	<u>1,705,475</u>	<u>53</u>	<u>1,811,129</u>	<u>59</u>
<b>Equity</b>				
Equity attributable to owner of parent (Note 11, 18 and 23)				
Ordinary share	444,283	14	444,283	15
Capital surplus	402,511	13	402,511	13
Retained earnings				
Legal reserve	97,141	3	64,432	2
Special reserve	2,341	-	2,013	-
Unappropriated earnings	538,167	17	337,527	11
<b>Total retained earnings</b>	<u>637,649</u>	<u>20</u>	<u>403,972</u>	<u>13</u>
Other equity	(1,617)	-	(2,341)	-
<b>Total equity</b>	<u>1,482,826</u>	<u>47</u>	<u>1,248,425</u>	<u>41</u>
<b>Total Liabilities and Equity</b>	<u>\$ 3,188,301</u>	<u>100</u>	<u>\$ 3,059,554</u>	<u>100</u>

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



(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the year ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Operation Revenue (Note 4, 19 and 26)				
Sales	\$ 2,184,741	100	\$ 2,063,406	100
Less: Sales return and allowance	( 7,124 )	-	( 6,689 )	-
<b>Net Revenue</b>	<u>2,177,617</u>	<u>100</u>	<u>2,056,717</u>	<u>100</u>
Cost of good Sales (Note 10, 20 and 26)	<u>1,373,131</u>	<u>63</u>	<u>1,375,191</u>	<u>67</u>
<b>Gross Profit</b>	<u>804,486</u>	<u>37</u>	<u>681,526</u>	<u>33</u>
<b>Operating Expenses (Note 20 )</b>				
Selling and marketing	74,056	3	79,446	4
General and administrative expenses	161,728	8	149,299	7
Research and development	135,191	6	113,042	5
Expected credit impairment loss (Notes 9)	638	-	254	-
<b>Total operating expenses</b>	<u>371,613</u>	<u>17</u>	<u>342,041</u>	<u>16</u>
<b>Operating Income</b>	<u>432,873</u>	<u>20</u>	<u>339,485</u>	<u>17</u>
<b>Non-operating income and expenses:</b>				
Interest income	1,205	-	307	-
Other income	432	-	324	-
Disposal of property, plant and equipment	( 1,140 )	-	4,869	-
Foreign exchange loss, net(Note 20 and 29)	32,107	1	( 5,123 )	-
Gain (loss) on financial debt at fair value through profit or loss(Note 7)	( 5,384 )	-	262	-
Interest expense	( 16,484 )	( 1 )	( 12,331 )	( 1 )
<b>Total non-operating income and expenses</b>	<u>10,736</u>	<u>-</u>	<u>( 11,692 )</u>	<u>( 1 )</u>
<b>Profit before Tax</b>	443,609	20	327,793	16
<b>Less: Income tax benefit (expense) (Note 4, 5 and 21)</b>	<u>12,209</u>	<u>1</u>	<u>( 509 )</u>	<u>-</u>
<b>Net Profit</b>	<u>455,818</u>	<u>21</u>	<u>327,284</u>	<u>16</u>

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the year ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Other comprehensive income /(loss)				
Components of other comprehensive income (loss) that will be reclassified to profit or loss				
Exchange differences on translating the financial statements of foreign operations	905	-	( 410)	-
Income tax relating to items that may be reclassified subsequently to profit or loss(Note4 and 21)	( 181)	-	82	-
Other comprehensive income/(loss) for the year, net of income tax	724	-	( 328)	-
<b>Total comprehensive income</b>	<u>\$ 456,542</u>	<u>21</u>	<u>\$ 326,956</u>	<u>16</u>
<b>Net profit, attributable to:</b>				
Owners of parent	\$ 455,818	21	\$ 327,088	16
Non-controlling interests (Notes 11 and 18)	-	-	196	-
	<u>\$ 455,818</u>	<u>21</u>	<u>\$ 327,284</u>	<u>16</u>
<b>Comprehensive income attributable to:</b>				
Owners of parent	\$ 456,542	21	\$ 326,760	16
Non-controlling interests(Notes 11 and 18)	-	-	196	-
	<u>\$ 456,542</u>	<u>21</u>	<u>\$ 326,956</u>	<u>16</u>
<b>Earnings per share (Note 22)</b>				
<b>Basic earnings per share</b>	<u>\$ 10.26</u>		<u>\$ 7.36</u>	
<b>Diluted earnings per share</b>	<u>\$ 10.24</u>		<u>\$ 7.36</u>	

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

(Concluded)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the year ended December 31, 2022 and 2021**

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

	Equity Attributable to Owners of parent										
	Share Capital (Notes 18)			Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations (Notes 18)	Total equity attrib- utable to owners of parent	Non- controlling Interests (Notes 11, 18 and 23)	Total Equity
	Ordinary Share (In Thousands)	Amount	Capital Surplus (Notes 18)	Legal Reserve	Special Reserve	Unappropriated Earnings (Notes 11 and 18)	Total				
Balance at January 1, 2021	44,428	\$ 444,283	\$ 402,511	\$ 55,098	\$ 2,586	\$ 108,553	\$ 166,237	(\$ 2,013)	\$ 1,011,018	\$ 1,613	\$ 1,012,631
Appropriation and distribution of 2020 earnings:											
Legal reserve	-	-	-	9,334	-	( 9,334)	-	-	-	-	-
Special reserve	-	-	-	-	( 573)	573	-	-	-	-	-
Cash dividends distributed of ordinary share	-	-	-	-	-	( 88,857)	( 88,857)	-	( 88,857)	-	( 88,857)
	-	-	-	9,334	( 573)	( 97,618)	( 88,857)	-	( 88,857)	-	( 88,857)
Acquire part of the equity of the subsidiary (Note 23)	-	-	-	-	-	( 496)	( 496)	-	( 496)	( 1,809)	( 2,305)
2021 Net profit	-	-	-	-	-	327,088	327,088	-	327,088	196	327,284
Other comprehensive after tax income/(loss)	-	-	-	-	-	-	-	( 328)	( 328)	-	( 328)
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	327,088	327,088	( 328)	326,760	196	326,956
Balance at December 31, 2021	44,428	444,283	402,511	64,432	2,013	337,527	403,972	( 2,341)	1,248,425	-	1,248,425
Appropriation and distribution of 2021 earnings:											
Legal reserve	-	-	-	32,709	-	( 32,709)	-	-	-	-	-
Special reserve	-	-	-	-	328	( 328)	-	-	-	-	-
Cash dividends distributed of ordinary share	-	-	-	-	-	( 222,141)	( 222,141)	-	( 222,141)	-	( 222,141)
	-	-	-	32,709	328	( 255,178)	( 222,141)	-	( 222,141)	-	( 222,141)
2022 Net profit	-	-	-	-	-	455,818	455,818	-	455,818	-	455,818
Other comprehensive income/(loss)	-	-	-	-	-	-	-	724	724	-	724
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	455,818	455,818	724	456,542	-	456,542
Balance at December 31, 2022	<u>44,428</u>	<u>\$ 444,283</u>	<u>\$ 402,511</u>	<u>\$ 97,141</u>	<u>\$ 2,341</u>	<u>\$ 538,167</u>	<u>\$ 637,649</u>	<u>(\$ 1,617)</u>	<u>\$ 1,482,826</u>	<u>\$ -</u>	<u>\$ 1,482,826</u>

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)

## ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES

### Consolidated Statements of Cash Flows

For the year ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Code		2022	2021
A10000	<b>Cash flows generated from (used in) operating activities:</b>		
	<b>Profit before tax</b>	\$ 443,609	\$ 327,793
A20010	<b>Adjustments:</b>		
A20100	Depreciation expenses	126,748	118,337
A20200	Amortization expenses	11,196	11,846
A20300	Expected credit impairment loss	638	254
A20400	Net (gain)/loss on fair value changes of financial assets and debts designated as at fair value through profit or loss	-	( 1,277)
A20900	Interest expense	16,484	12,331
A21200	Interest income	( 1,205)	( 307)
A22500	(Gain)/loss on disposal retirement of property, plant and equipment	1,140	( 4,869)
A23800	Write-downs of inventories	( 3,500)	-
A24100	Unrealized (gain)/loss on foreign currency exchange	1,386	( 1,265)
A30000	<b>Changes in operating assets and liabilities</b>		
A31130	Notes receivable	1,618	( 1,571)
A31150	Trade receivables	46,739	( 34,114)
A3116	Trade receivables - related parties	58,919	( 122,926)
A31180	Other receivables	7,067	( 6,787)
A32100	Inventories	35,120	( 94,814)
A32150	Prepayments and other current assets	( 3,774)	2,459
A32160	Trade payables	( 102,801)	96,608
A32180	Trade payables - related parties	-	( 97)
A32200	Other payables	18,605	35,310
A32230	Provisions	( 1,902)	2,330
A33000	Other current liabilities	<u>3,218</u>	<u>204</u>
A33000	<b>Cash generated from operations</b>	659,305	339,445
A33100	Interest received	1,168	300
A33300	Interest paid	( 16,438)	( 12,132)
A33500	Income tax paid	<u>( 19,424)</u>	<u>( 12,793)</u>
AAAA	<b>Net cash flows generated from (used in) operating activities</b>	<u>624,611</u>	<u>314,820</u>
	<b>Cash flows from (used in) investing activities:</b>		
B00040	Purchase of financial assets at amortized cost	-	( 32,284)
B00050	Proceeds from sale of financial assets at amortized cost	7,943	6,001
B02700	Payments for property, plant and equipment	( 124,940)	( 85,200)
B02800	Proceeds from disposal of property, plant and equipment	1,076	70,416
B03800	Refundable deposits	14	1,655
B04500	Payments for intangible assets	( 2,600)	( 697)
B06700	Payments for other non-current assets	( 9,046)	( 9,353)
B07100	Increase in prepayments for equipment	<u>( 79,075)</u>	<u>( 176,203)</u>
BBBB	<b>Net cash flows from (used in) investing activities</b>	<u>( 206,628)</u>	<u>( 225,665)</u>

(Continued)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the year ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars)**

Code		2022	2021
	<b>Cash flows generated from (used in) financing activities:</b>		
C00200	Proceeds from short-term borrowings	\$ -	\$ 150,000
C01600	Proceeds from long-term borrowings	250,000	250,000
C01700	Repayments of long-term borrowings	( 282,194)	( 278,662)
C03000	Repayment of the principal portion of lease liabilities	12	( 8,076)
C04020	Dividends paid to owners of the Company	( 6,087)	( 88,857)
C04500	Payment of cash dividends for non-controlling interests	( 222,141)	-
C05400	Acquire equity in subsidiary	-	( 2,305)
CCCC	<b>Net cash generated from/(used in) financing activities</b>	<u>( 260,410)</u>	<u>22,100</u>
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>859</u>	( <u>432</u> )
EEEE	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	158,432	110,823
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>334,633</u>	<u>223,810</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 493,065</u>	<u>\$ 334,633</u>

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

(Concluded)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese.)  
**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**For the year ended December 31, 2022 and 2021**  
**(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)**

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**1. COMPANY HISTORY**

Eris Technology Corporation (the “Company”) was incorporated in the Republic of China (“ROC”) in August 16, 1995. The Company mainly manufactures tests and sells rectifier diode, wafer and light-emitting diode.

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

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. Ended of December 31, 2022, Diodes Holdings UK Limited held 51.07% of the Company’s shares. The ultimate parent of the Company is Diodes Incorporated (Diodes), and the ultimate parent and its subsidiaries are hereinafter referred to as the Diodes Group, respectively.

The parent company only financial statements are presented in The Company functional currency, the New Taiwan dollar.

**2. APPROVAL DATE AND PROCEDURES OF THE FINANCIAL STATEMENTS**

The parent company only financial statements were approved by the Company board of directors on February 20, 2023.

**3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS**

- a. For the first time, the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations (IFRIC) and Interpretations (SIC) recognized and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC") (hereinafter referred to as "IFRSs" )

The application of the revised IFRSs approved and issued by the FSC will not result in a material change in the Company's accounting policies.

- b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023(Note 1)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023(Note 2)
Amendment to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023(Note 3)
Note 1: The application of this amendment will be available during the annual reporting period beginning on January 1, 2023.	
Note 2: This amendment applies to changes in accounting estimates and changes in accounting policies that occur during the annual reporting period beginning on January 1, 2023.	
Note 3: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred tax on temporary differences in lease and decommissioning obligations at January 1, 2022.	

As of the release date of this consolidated financial report, the Company's will continue to assess that the amendments to the above standards and interpretations will not have a significant impact on the financial status and financial performance, and the relevant impact will be disclosed when the assessment is completed.

- c. The impact of IFRS issued by IASB but not yet endorsed by the FSC  
As of the date, the following IFRSs that have been issued by the International Accounting Standards Board ("IASB"), but have yet to be endorsed by the FSC:

<b>New, Revised or Amended Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or investment of assets between investors and their affiliates or joint ventures"	To be determined by IASB
Amendments to IFRS 16 "Lease Liability in Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024

Note 1: Unless otherwise stated, the above newly issued/amended/revised standards or interpretations are effective for each annual reporting period beginning after that date.

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

As of the date the financial statements were authorized for issue, The Company is continuously assessing

the possible impact that the application of other standards and interpretations will have on The Company'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 Company's financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, other regulations and IFRSs as endorsed and issued into effect by the FSC.

##### **b. Basis of preparation**

Except for financial instruments measured at fair value, the parent company of the financial statements have been prepared on the historical cost basis.

The fair value measurements, which are Company's seed into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are 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 are unobservable inputs for an asset or liability.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the balance sheet date; and
- 3) Cash and cash equivalents (but excluding those subjects to restrictions on exchange or settlement of liabilities more than 12 months after the balance sheet date).

Current liabilities include:

- 1) Liabilities held primarily for trading purposes;
- 2) Liabilities due to be settled within 12 months after the balance sheet date; and
- 3) Liabilities that cannot unconditionally defer the settlement period to at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

##### **d. Basis of consolidation**



The consolidated financial report includes the financial reports of the company and entities (subsidiaries) controlled by the company. The consolidated comprehensive income statement has included the operating profit and loss of the acquired or disposed subsidiary in the current period from the date of acquisition or to the date of disposal. The subsidiaries' financial reports have been adjusted to bring their accounting policies into line with those of the consolidated company. When preparing the consolidated financial report, all transactions, account balances, income and expenses between entities have been eliminated. The total comprehensive profit or loss of the subsidiaries is attributed to the owners of the company and non-controlling interests, even if the non-controlling interests thus become the balance of the loss.

When the merger company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the consolidated company and non-controlling interests has been adjusted to reflect changes in its relative equity in the subsidiary. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the owners of the company.

For details of subsidiaries, shareholding ratios and business items, please refer to Note 11 and Attached Tables 5 and 6.

e. Business combination

Business mergers are handled by the acquisition method. Acquisition-related costs are included as expenses in the period in which the costs are incurred and the labor services are obtained.

Goodwill is the sum of the fair value of the transfer consideration, the amount of non-controlling interests of the acquiree, and the fair value of the acquirer's previously held equity at the acquisition date, which exceeds the identifiable assets and commitments acquired on the acquisition date Net debt measurement.

The acquiree has the current ownership interest and is entitled to pro rata non-controlling interest in the acquiree's net assets at the time of liquidation, which is measured by the proportion of its share of the recognized amount of the acquiree's identifiable net assets. Other non-controlling interests are measured at fair value.

As the measurement of identifiable assets acquired and liabilities assumed due to a business combination has not been completed, the balance sheet date is recognized at a provisional amount. During the measurement period, retrospective adjustments are made or additional assets or liabilities are recognized to reflect the obtained new information about the facts and circumstances that existed on the acquisition date.

f. Foreign currencies

When each entity prepares financial reports, those who trade in currencies other than the individual's functional currency (foreign currency) are converted into functional currency records at the exchange rate on the transaction day.

Monetary items denominated in foreign currencies are translated at the closing exchange rates on each balance sheet date. Exchange differences arising from delivery of monetary items or translation of monetary items are recognized in profit or loss in the period in which they occur.

Foreign currency non-monetary items measured by fair value are translated at the exchange rate on the day when the fair value is determined, and the resulting exchange difference is listed as current profit or loss. However, if the change in fair value is recognized in other comprehensive profit or loss, the resulting exchange difference is listed as in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

When preparing the consolidated financial report, the assets and liabilities of foreign operating institutions (including subsidiaries operating in a country or using a currency different from that of the Company) are translated into New Taiwan Dollars at the exchange rate on each balance sheet date. Income and expense items are translated at the current average exchange rate, and the resulting exchange differences are listed in other comprehensive income.

g. Inventories

Inventories include raw materials, finished goods and work-in-progress. Inventories are measured at the lower of cost and net realizable value. When comparing cost and net realizable value, it is based on individual items except for inventories of the same category. Net realizable value represents the estimated selling price under normal circumstances less the estimated cost of completion and the estimated cost of completion of the sale. The cost of inventories is calculated using the weighted average method.

h. Property, plant, and equipment

Property, plant and equipment are stated at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are stated at cost less accumulated impairment losses. Costs include professional service fees and borrowing costs eligible for capitalization. When these assets are completed and ready for their intended use, they are classified to the appropriate category of property, plant and equipment and depreciation begins.

Property, plant and equipment are depreciated separately for each significant component on a straight-line basis over their useful lives. The combining company reviews the estimated useful life, residual value and depreciation method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

On de-recognition of an item of property, plant and equipment, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

i. Goodwill

The goodwill obtained from a business combination is based on the amount of goodwill recognized on the acquisition date as the cost, and subsequently measured by the cost minus the accumulated impairment loss.

For the purpose of impairment testing, goodwill is accounted to each cash-generating unit or group of cash-generating units (referred to as "cash-generating units") that the amalgamating company expects to benefit from the synergy of the merger.

Amortized goodwill cash-generating unit performs an impairment test on the unit every year (and when there are indications that the unit may have been impaired) by comparing the book value of the unit containing goodwill and its recoverable amount. If the goodwill allocated to the cash-generating unit is obtained from a business combination of the current year, the unit shall be tested for impairment before the end of the current year. If the recoverable amount of the cash-generating unit of amortized goodwill is lower than its book value, the impairment loss is to reduce the book amount of the cash-generating unit's amortized goodwill first, and then reduce the proportion of the book value of the other assets in the unit by each The carrying amount of the asset. Any impairment loss is directly recognized as the current loss. The loss of goodwill impairment shall not be reversed in the subsequent period.

When disposing of a certain operation within the amortized goodwill cash-generating unit, the amount of goodwill related to the dispositioned operation is included in the book value of the operation to determine the disposition of profits and losses.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized on a straight-line basis during their useful life. The company reviews the estimated service life, residual value and amortization method at least at the end of each year, and defers the impact of changes in applicable accounting estimates.

On de-recognition of an intangible asset, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

k. Impairment of assets related to real property, plant and equipment, right-of-use assets, intangible assets (except goodwill) and contract costs

The company assesses on each balance sheet date whether there are any signs that real property, plant and equipment, right-of-use assets and intangible assets (except goodwill) may have been impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

The inventory, real estate, plant and equipment and intangible assets recognized in the customer contract are firstly recognized as impairment in accordance with the provisions on inventory impairment and the above-mentioned regulations, and then the book value of the contract cost related assets exceeds the expected consideration that can be received for the provision of related goods or services. The amount after deducting the directly related costs is recognized as an impairment loss, and the book value of the contract cost-related assets is continuously included in the cash-generating unit to perform the impairment assessment of the cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or contract cost-related asset is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset, cash-generating unit or contract cost. If the relevant asset is not in the previous year, the book value determined when the impairment loss is recognized (less amortization or depreciation) The reversal of the impairment loss is recognized in the profit and loss.

#### 1. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

When initially recognizing financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability at fair value through profit or loss are recognized immediately in profit or loss.

##### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

The types of financial assets held by the company are financial assets measured at amortized cost.

Financial assets measured at amortized cost.

If the company's investment financial assets meet the following two conditions at the same time, they are classified as financial assets measured at amortized cost:

- A. It is held under a certain business model, the purpose of which is to hold financial assets to collect contractual cash flows; and
- B. The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash, notes receivable at amortized cost, accounts receivable (including related parties) and other receivables (including related parties)) are initially recognized, It is measured by the total book amount determined by the effective interest method minus the amortized cost of any impairment loss, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- A. For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the effective interest rate after credit adjustment by the amortized cost of the financial asset.
- B. For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, it should use the effective interest rate multiplied by the amortized cost of the financial asset to calculate the interest income from the next reporting period after the impairment.

Credit-impaired financial assets refer to the issuer or debtor who has experienced major financial difficulties, defaulted, the debtor is likely to apply for bankruptcy or other financial reorganization, or the active market for financial assets disappears due to financial difficulties.

b) Impairment of financial assets and contract assets

The company assesses the impairment losses of financial assets (including accounts receivable) measured at amortized cost based on expected credit losses on each balance sheet date.

For accounts receivable are recognized as allowance losses based on expected credit losses during the duration. For other financial assets, first assess whether there is a significant increase in credit

risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, it is recognized based on the duration of the expected credit loss Allowance for losses.

Expected credit losses are weighted average credit losses weighted by the risk of default. The 12-month expected credit losses represent the expected credit losses arising from possible default events of the financial instrument within 12 months after the reporting date. And the lifetime expected credit losses represent the expected credit losses arising from all possible default events of the financial instrument during the expected duration.

For internal Credit Risk Management (CRM), the company determines that there is internal or external information indicating that the debtor is unable to pay off the debt without considering the collateral held, which represents that the financial asset has defaulted.

The impairment loss of all financial assets is reduced by the allowance account to reduce its carrying amount, but the allowance loss of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income and does not reduce its carrying amount.

c) Derecognition of financial assets

The consolidate company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When a financial asset measured at amortized cost is deducted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive profit or loss are deducted as a whole, the difference between their carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive profit or loss is recognized in profit or loss. When equity instrument investments at fair value through other comprehensive profit or loss are deducted as a whole, the accumulated profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2) Equity instruments

Debt and equity instruments issued by the consolidate company are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity instruments.

The equity instruments issued by the consolidate company are recognized at the amount obtained after deducting the direct issuance costs.

The return of the Company's own equity instruments is recognized and deducted under equity. The

purchase, sale, issue or cancellation of the Company's own equity instruments are not recognized in profit or loss.

3) Financial liabilities

a) Subsequent measurement

Except for derivatives, all financial liabilities of the company are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swaps.

Derivatives are initially recognized at fair value when the derivative contract is signed, and then re-measured at fair value on the balance sheet date, and the gains or losses resulting from the subsequent measurement are directly included in profit or loss. When the fair value of a derivative is positive, it is listed as a financial asset; when the fair value is negative, it is listed as a financial liability.

m. Debt Provisions

The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The liability provision is the estimated liability for sales returns and discounts. The liability provision is the estimated product returns and a discount that may occur based on the judgment of management and other known reasons, and is recognized as a deduction of operating income in the period when the relevant product is sold subtract items.

n. Revenue recognition

The company identifies contract with the customers; it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

Revenue from the sale of goods

Revenue from the sale of goods is derived from the sale of electronic component products. When the product arrives at the place designated by the customer, the customer has the right to set the price and the use of the product and bears the main responsibility for resale, and bears the risk of

the product becoming obsolete. The company recognizes the revenue and receivables at that time accounts.

When processing with materials, the control of the ownership of the processed products has not been transferred, so revenue is not recognized when the materials are removed.

When processing incoming materials, the company processes and manufactures diodes according to the raw materials provided by the customer and the agreed specifications. Since the customer has control over the diodes when they are strengthened, the consolidate company will gradually recognize revenue over time.

o. Leasing

The company assesses whether the contract is (or contains) a lease on the contract inception date.

The Company's as lessee

Except for leases of low-value underlying assets for which the recognition exemption applies and lease payments for short-term leases, which are recognized as expenses on a straight-line basis over the lease term, other leases are recognized as right-of-use assets and lease liabilities on the lease inception date.

The right-of-use asset is initially measured at cost (including the original measured amount of the lease liability, lease payments less lease incentives received before the lease commencement date, original direct costs and the estimated cost of restoring the underlying asset), and is subsequently measured at cost less accumulated depreciation and The amount after the accumulated impairment loss is measured, and the remeasurement amount of the lease liability is adjusted. Right-of-use assets are presented separately in the consolidated balance sheet.

Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the expiry of the useful life or the expiry of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments and substantive fixed payments). If the implied interest rate of the lease is easy to determine, the lease payment shall be discounted using the interest rate. If this rate is not readily determined, the lessee incremental borrowing rate is used.

Subsequently, the lease liability is measured on an amortized cost basis using the effective interest method, and the interest expense is amortized over the lease term. If there is a change in the lease period, the merged company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the book value of the right-of-use asset has been reduced to zero, the remaining remeasured amount is recognized in profit or loss. Lease liabilities are presented separately



in the consolidated balance sheet.

p. Employee benefits

1) Short-term employee benefits

Liabilities related to short-term employee benefits are measured at undiscounted amounts expected to be paid in exchange for employee services.

2) Retirement benefits

The retirement benefits of the defined contribution retirement plan are recognized as expenses during the service period of the employees.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The consolidate company determines the current income (loss) in accordance with the laws and regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax based on it.

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are likely to have taxable income to deduct temporary differences, loss deductions, or purchases of machinery and equipment. The resulting income tax deduction is recognized when it is used.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary difference, and within the range expected to return in the foreseeable future assets.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced for those assets for which it is no longer probable that sufficient taxable income will be available to recover all or part of the asset. Those that have not been recognized as deferred income tax assets are also re-examined on each balance sheet date, and for those that are likely to generate taxable income in the future to recover all or part of the assets, the book amount is increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

3) Current and deferred taxes

Current and deferred income taxes are recognized in profit or loss, but current and deferred incomes taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

**5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY:**

The Company's adopts accounting policies, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those that are not easy to obtain relevant information from other sources. Actual results may differ from estimates.

Estimates and underlying assumptions will be continuously reviewed by management. If the revision of the estimate affects only the current period, it is recognized in the revision period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the revision period and the future period.

Assumption and major sources of estimation uncertainty:

1) Write-down of inventories

The net realizable value of inventories is the estimated selling price in the normal course of business less the estimated cost to be invested in completion and the estimated cost to complete the sale. These estimates are based on current market conditions and historical sales of similar products. Based on experience, changes in market conditions may materially affect the results of these estimates.

## 2) Income Tax

The realizability of deferred tax assets depends primarily on the availability of sufficient future profits or taxable temporary differences. If the actual profits generated in the future are less than expected, there may be a reversal of significant deferred tax assets, and these reversals are recognized as profit or loss in the period in which they occur. As at the balance sheet date, please refer to Note 21 for the amount not recognized as deferred tax assets.

## 6. CASH

	<b>December 31,</b> <b>2022</b>	<b>December 31,</b> <b>2021</b>
Foreign currency demand deposit	\$ 137,040	\$ 178,618
Demand deposits	354,992	155,016
Cash on hand	1,020	986
Check deposits	<u>13</u>	<u>13</u>
	<u>\$ 493,065</u>	<u>\$ 334,633</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	<b>December 31,</b> <b>2022</b>	<b>December 31,</b> <b>2021</b>
Bank balance	0.01%-1.05%	0.001%-0.100%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Company has no outstanding cross-currency swaps and forward foreign exchange contracts on December 31, 2022 and 2021.

As of December 31, 2022 and 2021, the company engaged in financial instruments measured at fair value through profit and loss, resulting in a net loss of NTD 5,384 thousand and a net gain of NTD 262 thousand, respectively.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<b>December 31,</b> <b>2022</b>	<b>December 31,</b> <b>2021</b>
<u>Current</u>		
Unpledged time deposits		
Time deposits with original maturities of more than 3 months	\$ 9,213	\$ 8,304
Pledged time deposits		
Time deposits with original maturities of more than 3 months	14,515	13,529
Restricted demand deposit	<u>32,066</u>	<u>40,019</u>
	<u>\$ 55,794</u>	<u>\$ 61,852</u>

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Non-current</u>		
Pledged time deposits		
Restricted demand deposit	<u>\$ 10,014</u>	<u>\$ 10,004</u>

The market interest rate range of the above assets on the balance sheet date is as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Time deposits with original maturities of more than 3 months	1.80%-2.90%	0.21%-2.15%
Restricted demand deposit	0.40%-0.48%	0.01%-0.05%

Please refer to Note 27 for information on pledges of financial assets measured at amortized cost.

## 9. NOTES RECEIVABLE AND TRADE RECEIVABLES AND OTHER RECEIVABLES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<u>Notes receivable</u>		
Measured at amortized cost		
total book value	<u>\$ 1,494</u>	<u>\$ 3,112</u>
<u>Trade receivables</u>		
Measured at amortized cost		
total book value	\$ 95,192	\$148,442
Less: Allowance for loss	( 3,920)	( 8,026)
Net Accounts Receivable	<u>\$ 91,272</u>	<u>\$140,416</u>
 <u>Trade receivables from related parties</u>		
Measured at amortized cost		
total book value	<u>\$ 319,186</u>	<u>\$ 379,719</u>

The credit period of the consolidate company for commodity sales is about 30 days to 120 days. Since the credit period is short, no interest will be calculated.

In order to mitigate credit risk, the management of the consolidate company assigned a dedicated team to be responsible for the determination of the credit period, credit approval and other monitoring procedures to ensure that appropriate actions have been taken for the recovery of overdue receivables. In addition, the consolidate company will review the recoverable amount of accounts receivable on the balance sheet date to ensure that unrecoverable accounts receivable have been properly provisioned for impairment losses. Accordingly, the management of the consolidate company believes that the credit risk of the consolidate company has been significantly reduced.

The consolidate company recognizes the allowance loss of accounts receivable according to the expected credit loss during the existence period. The expected credit loss during the duration is based on consideration

of the customer's past default record, current financial situation, and industrial economic situation.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2022

	<b>Payment Terms of 30 days</b>	<b>Payment Terms of 60 days</b>	<b>Payment Terms of 90 days</b>	<b>Payment Terms of 120 days</b>	<b>Others</b>	<b>Total</b>
Gross carrying amount	\$ 21,693	\$ 345,705	\$ 44,737	\$ 1,423	\$ 820	\$ 414,378
Loss allowance (Lifetime ECLs)	( <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>

December 31, 2021

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

The movements of the loss allowance of trade receivables were as follows:

	<u>2022</u>	<u>2021</u>
At the beginning of the year	\$ 8,026	\$ 8,338
Add: The impairment loss is listed for the current year	638	254
Less: The impairment losses written off for the period	( 4,757)	( 557)
Foreign exchange translation gains and losses	<u>13</u>	<u>(9)</u>
At the end of the year	<u>\$ 3,920</u>	<u>\$ 8,026</u>

The aging of receivables analysis was as follows:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Not past due	\$ 406,942	\$ 434,111
Less than 60 days overdue	3,104	83,735
61-90 days overdue	-	122
91-120 days overdue	671	147
More than 120 days overdue	<u>3,661</u>	<u>10,046</u>
Total	<u>\$ 414,378</u>	<u>\$ 528,161</u>

## 10. INVENTORIES

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Raw materials	\$ 113,524	\$ 127,144
Work in progress	114,591	135,218
Finished goods	<u>80,735</u>	<u>78,108</u>
	<u>\$ 308,850</u>	<u>\$ 340,470</u>

The cost of goods sold in 2022 includes the price reduction of the revolving inventory and the sluggish loss of NTD3,500 thousands (2021: None).

## 11. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

The main bodies of this consolidated financial statements are as follows:

<u>Investor</u>	<u>Name of Subsidiary</u>	<u>Nature of Activities</u>	<u>Proportion of Ownership</u> <u>(%)</u>	
			<u>December</u> <u>31, 2022</u>	<u>December</u> <u>31, 2021</u>
Eris Technology Co. ("Eris")	Keep High Ltd. ("Keep High")	Holding of investments	100.00	100.00
Eris Technology Co. ("Eris")	Yea Shin Technology Co., Ltd. ("Yea Shin")	Manufacturing of electronic components and wholesaling of electronic materials	100.00	100.00
Keep High	Forever Eagle Incorporation ("Forever")	Holding of investments	100.00	100.00
Forever	Jie Cheng Electronic (Shanghai) Co., Ltd. ("Jie Cheng")	Wholesaling of electronic materials and international trading business	100.00	100.00

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. December 31, 2022, the capital of Jie Cheng was US\$650 thousand.

In order to vertically integrate upstream suppliers, expand new product business and respond to the group's development strategy, the company has successively acquired shares in Yea Shin Technology from 2018 to 2021, and the shareholding ratio will be 100% by April 2021. The price paid by the company in 2021 is NTD 2,305,000, and the retained surplus is reduced by NTD 496,000.

## 12. PROPERTY, PLANT AND EQUIPMENT

<u>Carrying amount of each category</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Land	\$ 574,129	\$ 574,129
House and Buildings	399,103	412,871
Machinery Equipment	544,792	399,558
Transportation Equipment	4,049	5,593
Leasehold Improvements	226	1,750
Other Equipment	<u>5,568</u>	<u>6,388</u>
	<u>\$ 1,527,867</u>	<u>\$ 1,400,289</u>

**2022**

	<b>Balance at January 1, 2022</b>	<b>Additions</b>	<b>Disposal</b>	<b>Reclassifications</b>	<b>Effect of movements in exchange rates</b>	<b>Balance at December 31, 2022</b>
<b>Cost</b>						
Land	\$ 574,129	\$ -	\$ -	\$ -	\$ -	\$ 574,129
House and Buildings	524,376	11,553	430	2,199	-	537,698
Machinery Equipment	1,066,519	118,228	111,537	117,642	-	1,190,852
Transportation Equipment	15,385	-	-	-	26	15,411
Leasehold Improvements	11,693	-	7,322	-	-	4,371
Other Equipment	<u>15,932</u>	<u>754</u>	<u>1,667</u>	<u>-</u>	<u>42</u>	<u>15,061</u>
<b>Total</b>	<u>2,208,034</u>	<u>\$ 130,535</u>	<u>\$ 120,956</u>	<u>\$ 119,841</u>	<u>\$ 68</u>	<u>2,337,522</u>
<b>Accumulated depreciation</b>						
House and Buildings	111,505	\$ 27,520	\$ 430	\$ -	\$ -	138,595
Machinery Equipment	666,961	88,420	109,321	-	-	646,060
Transportation Equipment	9,792	1,545	-	-	25	11,362
Leasehold Improvements	9,943	1,524	7,322	-	-	4,145
Other Equipment	<u>9,544</u>	<u>1,604</u>	<u>1,667</u>	<u>-</u>	<u>12</u>	<u>9,493</u>
<b>Total</b>	<u>807,745</u>	<u>\$ 120,613</u>	<u>\$ 118,740</u>	<u>\$ -</u>	<u>\$ 37</u>	<u>809,655</u>
Carrying amount at December 31, 2022	<u>\$1,400,289</u>					<u>\$1,527,867</u>

**2021**

	<b>Balance at January 1, 2021</b>	<b>Additions</b>	<b>Disposal</b>	<b>Reclassifications</b>	<b>Effect of movements in exchange rates</b>	<b>Balance at December 31, 2021</b>
<b>Cost</b>						
Land	\$ 612,895	\$ -	\$ 38,766	\$ -	\$ -	\$ 574,129
House and Buildings	530,915	12,569	22,617	3,509	-	524,376
Machinery Equipment	1,025,572	67,464	71,547	45,030	-	1,066,519
Transportation Equipment	15,976	1,122	1,405	( 294)	( 14)	15,385
Leasehold Improvements	16,991	-	5,298	-	-	11,693
Other Equipment	<u>14,095</u>	<u>3,793</u>	<u>1,960</u>	<u>-</u>	<u>4</u>	<u>15,932</u>
<b>Total</b>	<u>2,216,444</u>	<u>\$ 84,948</u>	<u>\$ 141,593</u>	<u>\$ 48,245</u>	<u>(\$ 10)</u>	<u>2,208,034</u>
<b>Accumulated depreciation</b>						
House and Buildings	93,088	\$ 26,079	\$ 7,662	\$ -	\$ -	111,505
Machinery Equipment	658,697	76,583	59,779	( 8,540)	-	666,961
Transportation Equipment	9,363	2,083	1,347	( 294)	( 13)	9,792
Leasehold Improvements	11,472	3,769	5,298	-	-	9,943
Other Equipment	<u>9,714</u>	<u>1,796</u>	<u>1,960</u>	<u>-</u>	<u>( 6)</u>	<u>9,544</u>
<b>Total</b>	<u>782,334</u>	<u>\$ 110,310</u>	<u>\$ 76,046</u>	<u>(\$ 8,834)</u>	<u>(\$ 19)</u>	<u>807,745</u>
Carrying amount at December 31, 2021	<u>\$ 1,434,110</u>					<u>\$ 1,400,289</u>

As there was no sign of impairment in 2022 and 2021, the company did not conduct impairment assessment.

For the below items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

House and Buildings	
Office's main buildings	35-50 years
Building improvement	5-15 years
Machinery equipment	3-15 years
Transportation equipment	5 years
Leasehold Improvements	5 years
Other equipment	5 years

Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 27.

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Buildings	\$ <u>9,717</u>	\$ <u>10,585</u>
	<u>2022</u>	<u>2021</u>
Additions on right-of-use assets	\$ <u>5,621</u>	\$ <u>12,665</u>
Depreciation expense for right-of-use assets		
Buildings	\$ <u>6,135</u>	\$ <u>8,027</u>

#### b. Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of lease liabilities		
Current	\$ <u>4,474</u>	\$ <u>3,558</u>
Non-current	\$ <u>5,320</u>	\$ <u>7,055</u>

Intervals of discount rates for lease liabilities were as follows:

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

#### c. Other lease information

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	\$ <u>6,087</u>	\$ <u>8,076</u>

### 14. GOODWILL

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

The company had acquired Yea-shin Technology in July 2018, which generated a related goodwill of NT\$24,070 thousand, that was mainly due to the expected future benefits of the subsidiary.



## 15. OTHERS INTANGIBLE ASSETS

<u>Cost</u>	Patents	Computer software	Total
Balance at January 1, 2022	\$ 617	\$ 18,908	\$ 19,525
Obtained separately	-	2,600	2,600
Disposals	-	( 1,837)	( 1,837)
Balance at December 31, 2022	<u>\$ 617</u>	<u>\$ 19,671</u>	<u>\$ 20,288</u>

### Accumulated amortization and Loss

Balance at January 1, 2022	\$ 497	\$ 4,716	\$ 5,213
Amortization expenses	62	2,640	2,702
Disposals	-	( 1,837)	( 1,837)
Balance at December 31, 2022	<u>\$ 559</u>	<u>\$ 5,519</u>	<u>\$ 6,078</u>
Carrying amount at December 31, 2022	<u>\$ 58</u>	<u>\$ 14,152</u>	<u>\$ 14,210</u>

### Cost

Balance at January 1, 2021	\$ 617	\$ 19,625	\$ 20,242
Obtained separately	-	697	697
Disposals	-	( 1,414)	( 1,414)
Balance at December 31, 2021	<u>\$ 617</u>	<u>\$ 18,908</u>	<u>\$ 19,525</u>

Balance at January 1, 2021	\$ 435	\$ 3,897	\$ 4,332
Amortization expenses	62	2,233	2,295
Disposals	-	( 1,414)	( 1,414)
Balance at December 31, 2021	<u>\$ 497</u>	<u>\$ 4,716</u>	<u>\$ 5,213</u>
Carrying amount at December 31, 2021	<u>\$ 120</u>	<u>\$ 14,192</u>	<u>\$ 14,312</u>

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Patents	10 years
Computer software	3-15 years

## 16. BORROWINGS

### a. Short-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank loans	\$ 400,000	\$ 400,000
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>100,000</u>	<u>100,000</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The interest rates on bank revolving loans were 1.73%~2.00% and 0.97%~1.02% per annum as of December 31 2022 and 2021, respectively.

Please refer to Note 27 for details of the pledged assets of the secured loan.

b. Long-term borrowings

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured borrowings</u>		
Bank loans (1)	\$ 63,349	\$ 68,954
Bank loans (2)	425,068	447,440
Bank loans (3)	8,468	10,257
Bank loans (4)	46,572	49,000
Bank loans (5)	-	50,000
Bank loans (6)	-	100,000
Bank loans (7)	-	100,000
Bank loans (8)	50,000	-
Bank loans (9)	100,000	-
Bank loans (10)	<u>100,000</u>	<u>-</u>
	793,457	825,651
Less: Current portions	( <u>35,725</u> )	( <u>48,549</u> )
Long-term borrowings	<u>\$ 757,732</u>	<u>\$ 777,102</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 2 year floating interest rate of time savings deposit plus 0.115% to be repaid in annual installments over 15 years. The maturity date of the loan was June 28, 2033. The effective interest rates were 1.6078% and 0.9154% as of December 31 , 2022 and 2021,respectively.
- 2) The bank loan of NT\$476,000 thousand was obtained by the Group at the end of May 2019, which are pledged by the land and buildings owned by the Group as collateral, with an interest rate of the loan calculated by TAIBOR 3M plus 0.5% and a grace period of two years to be repaid after the period in one installment of 2% of the principal for every three months and to be repaid in a one-time payment at maturity for the rest of the principal. The maturity date of the loan was May 27, 2024. The effective interest rates were 1.7093% and 0.9806% as of December 31, 2022 and 2021, 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 time savings deposit plus 0.08%, which should not be lower than 0.98%, and a grace period of one year to be averagely repaid after the period for the principal and the interests. The maturity date of the loan was June 30, 2027. The effective interest rates were 1.43% and 0.98% as of December 31 2022 and 2021, 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 rates were

1.43% and 0.90% as of December 31 2022 and 2021, respectively.

- 5) The bank loan of NT\$50,000 thousand was obtained by the Group on September 28, 2021. The bank loan was secured by the Group own land and buildings as a mortgage guarantee. The loan interest rate is based on the two-year fixed deposit mobile interest rate plus 0.082% mobile interest calculation. However, it shall not be less than 0.98%, and the principal shall be paid off once upon maturity. The maturity date of the loan is September 28, 2023. It had been paid off by the September 2022. The effective annual interest rate on December 31, 2021 was 0.98%.
- 6) The Group obtained a bank loan of NT\$100,000 thousand at the end of 30 December, 2021. The bank loan was secured by the Group own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2023. It had been paid off by the December 2022. The effective annual interest rate as at 31 December 2021 was 0.9802%.
- 7) The Group obtained a bank loan of NT\$100,000 thousand at the end of 20 December, 2021 , that bank loan was guaranteed by the Group current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 20, 2023. It had been paid off by the December 2022. The effective annual interest rate as at 31 December 2021 was 0.93%.
- 8) The Group obtained a bank loan of NT\$50,000 thousand on September 30, 2022. The bank loan was secured by the mortgage of the consolidate company's own land and buildings. The interest rate of the loan was calculated based on the two-year fixed savings deposit flexible rate plus 0.082%. The principal is repaid once due. The maturity date of the loan is September 30, 2024. The effective annual interest rate on December 31, 2022 was 1.6723%.
- 9) The Group obtained a bank loan of NT\$100,000 thousand at the end of 26 December, 2022 , that bank loan was guaranteed by the Group current deposit, and the amount is 10% of the mobile balance. The loan interest rate is calculated based on the fixed savings deposit mobile interest rate plus 0.08%. The interest is calculated according to Monthly payment, and the principal will be repaid once due. The maturity date of the loan was December 26, 2024. The effective annual interest rate as at 31 December 2022 was 1.43%.
- 10) The Group obtained a bank loan of NT\$100,000 thousand at the end of 30 December, 2022. The bank loan was secured by the Group own land and buildings. The loan interest rate was calculated according to TAIBOR 3M plus 0.5%. Interest is paid monthly. One-time payment. The maturity date of the loan was December 30, 2024. The effective annual interest rate as at 31 December 2022 was 1.8587%.

Refer to Note 27 for information relating to borrowings pledged as security.

## 17. OTHER LIABILITIES

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Payables for salaries or bonuses	\$ 91,547	\$ 90,033
Payables for processing fees	17,760	16,237
Payables on equipment	9,986	4,391
Others	<u>78,032</u>	<u>62,418</u>
	<u>\$ 197,325</u>	<u>\$ 173,079</u>

## 18. EQUITY

### a. Share capital

#### Ordinary shares

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Number of shares authorized (in thousands)	<u>70,000</u>	<u>70,000</u>
Shares authorized	<u>\$ 700,000</u>	<u>\$ 700,000</u>
Number of shares issued and fully paid (in thousands)	<u>44,428</u>	<u>44,428</u>
Shares issued	<u>\$ 444,283</u>	<u>\$ 444,283</u>

Fully paid common shares, which have a par value of NT\$10, carry one vote per share and a right to dividends.

### b. Capital surplus

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Issuance of ordinary shares	\$ 401,662	\$ 401,662
Others	<u>849</u>	<u>849</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

According to the provisions of the earnings distribution policy of the company's articles of association, if there is a surplus in the annual final accounts, taxes shall be paid in accordance with the law, and after making up the accumulated losses, another 10% shall be set aside as the statutory surplus reserve, and the rest shall be set aside or transferred to the special surplus reserve according to laws and regulations; If there is still a balance and the accumulated undistributed surplus, the Board of Directors will formulate a surplus distribution proposal and submit a resolution to the shareholders' meeting to distribute dividends to shareholders. Please refer to employee benefits expense 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 paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on May 16, 2022 and Aug. 11, 2021, respectively, were as follows:

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

On February 20, 2023, the BOD proposed the 2022 year surplus distribution proposal as follows:

	<u>2022</u>
Legal reserve	\$ 45,582
Special reserve	(\$ 724)
Cash dividends	\$ 239,912
Stock dividends	\$ 57,757
Cash Dividends Per Share (\$)	\$ 5.4
Stock Dividends Per Share (\$)	\$ 1.3

The resolution of the 2022 annual general meeting of shareholders is expected to be held on May 16, 2023.

d. Other equity items

Exchange differences on translating the financial statements of foreign operations

	<u>2022</u>	<u>2021</u>
Balance at January 1	(\$ 2,341)	(\$ 2,013)
Exchange differences on translating the financial statements of foreign operations	905	( 410)
Related income tax	( 181)	82
Balance at December 31	<u>(\$ 1,617)</u>	<u>(\$ 2,341)</u>

e. Non-controlling equity (2022: None)

	<u>2021</u>
Balance at January 1	\$ 1,613
Acquisition of non-controlling interests in Yea Shin(Notes 23)	(1,809)
Share of profit for the year	196
Payment of cash dividends for non-controlling interests	-
Balance at December 31	<u>\$ -</u>

**19. REVENUE**

	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Revenue from the sale of goods	<u>\$2,177,617</u>	<u>\$2,056,717</u>

a. Contract balances

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>January 1,</u> <u>2021</u>
Trade receivables and Notes (Note 9)	\$ <u>411,952</u>	\$ <u>523,247</u>	\$ <u>365,144</u>
Contract liabilities (included other current Liabilities)			
Sale of goods	\$ <u>264</u>	\$ <u>38</u>	\$ <u>17</u>

Changes in contract liabilities are mainly attributable to the difference between the time when performance obligations are satisfied and when the customer pays.

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>2022</u>	<u>2021</u>
From contract liabilities at the start of the year		
Sale of goods	\$ <u>38</u>	\$ <u>17</u>

## 20. NET PROFIT

The additional information on net profit for this year includes the following items:

1) Depreciation and amortization

	<u>2022</u>	<u>2021</u>
Property, plant and equipment	\$ 120,613	\$ 110,310
Right-of-use assets	6,135	8,027
Unamortized expenses	8,494	9,551
Intangible assets	<u>2,702</u>	<u>2,295</u>
Total	<u>\$ 137,944</u>	<u>\$ 130,183</u>

An analysis of depreciation by function

Operation cost	\$ 60,135	\$ 67,375
Operating expenses	<u>66,613</u>	<u>50,962</u>
	<u>\$ 126,748</u>	<u>\$ 118,337</u>

An analysis of amortization by function

Operation cost	\$ 7,387	\$ 8,252
Operating expenses	<u>3,809</u>	<u>3,594</u>
	<u>\$ 11,196</u>	<u>\$ 11,846</u>

2) Gains or losses on foreign currency exchange

	<u>2022</u>	<u>2021</u>
Foreign exchange gains	\$ 94,578	\$ 19,412
Foreign exchange losses	( <u>62,471</u> )	( <u>24,535</u> )
Net profit	<u>\$ 32,107</u>	<u>( \$ 5,123 )</u>

3) Employee benefits expense

	<u>2022</u>	<u>2021</u>
Post-employment benefits		
Defined benefit plans	\$ 10,125	\$ 9,950
Salaries and bonus	<u>331,528</u>	<u>330,867</u>
Total employee benefits expense	<u>\$ 341,653</u>	<u>\$ 340,817</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 179,929	\$ 182,207
Operating expenses	<u>161,724</u>	<u>158,610</u>
	<u>\$ 341,653</u>	<u>\$ 340,817</u>

4) 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 employees' compensation for the years ended December 31, 2021 and 2020, which have been approved by The Company board of directors on Feb. 20, 2023 and Feb. 24, 2022, respectively, were estimated as follows:

Estimated rate

	<u>2022</u>	<u>2021</u>
Employees' compensation	2.24%	2.35%

Amount

	<u>2022</u>	<u>2021</u>
Employees' compensation	\$ 11,000	\$ 8,400

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 the next year.

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

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

## 21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Major components of tax expense recognized in profit or loss

	<u>2022</u>	<u>2021</u>
Current tax		
In respect of the current year	(\$ 31,237)	(\$ 19,977)
Adjustments for prior years	<u>8,294</u>	<u>( 1,832)</u>
	<u>( 22,943)</u>	<u>( 21,809)</u>
Deferred tax		
In respect of the current year	35,152	21,394
Adjustments for prior years	<u>-</u>	<u>( 94)</u>
	<u>35,152</u>	<u>21,300</u>
Income tax expense recognized in profit or loss	<u>\$ 12,209</u>	<u>(\$ 509)</u>

The accounting income and income tax income (expenses) are adjusted as follows:

	<u>2022</u>	<u>2021</u>
Profit before tax from continuing operations	<u>\$ 443,609</u>	<u>\$ 327,793</u>
Income tax expense calculated at the statutory rate	(\$ 153,578)	(\$ 113,745)
The equity method recognizes domestic investment interests	64,007	47,601
Nondeductible expenses in determining taxable income	( 110)	( 119)
Unrecognized deductible temporary differences and write-off of losses	93,596	67,680
Adjustments for prior years' tax	<u>8,294</u>	<u>( 1,926)</u>
Income tax expense recognized in profit or loss	<u>\$ 12,209</u>	<u>(\$ 509)</u>

Subsidiaries Keep High Company and Forever Company are established in the tax-free zone, and only need to pay the annual fee each year, so there are no income tax expenses and deferred income tax assets and liabilities. In addition, in accordance with the "Enterprise Income Tax Law of the People's Republic of China", the applicable tax rate of Shanghai Jie-cheng in 2022 and 2021, that due to the local income tax preferential conditions, the preferential tax rate was 5%, and it did not generate Significant deferred income tax assets and liabilities.

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

	<u>2022</u>	<u>2021</u>
<u>Deferred tax</u>		
<u>In respect of the current period:</u>		
Translations of foreign operations	(\$ 181)	\$ 82
Total income tax recognized in other comprehensive income	<u>(\$ 181)</u>	<u>\$ 82</u>

### c. Income tax assessments

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current tax liabilities	<u>\$ 29,261</u>	<u>\$ 25,745</u>



d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b><u>Deferred Tax Assets</u></b>				
Temporary difference				
Reversals of inventory write-downs	\$ 4,679	(\$ 700)	\$ -	\$ 3,979
Payables for annual leave	1,213	( 130)	-	1,083
Provisions	1,340	( 381)	-	959
Translations of foreign operations	585	-	( 181)	404
Unrealized Foreign exchange loss	66	470	-	536
FVTPL financial assets	557	( 557)	-	-
Others	231	143	-	374
	<u>8,671</u>	<u>( 1,155)</u>	<u>( 181)</u>	<u>7,335</u>
loss carryforwards	<u>121,351</u>	<u>37,486</u>	<u>-</u>	<u>158,837</u>
	<u>\$ 130,022</u>	<u>\$ 36,331</u>	<u>(\$ 181)</u>	<u>\$ 166,172</u>
<b><u>Deferred tax liabilities</u></b>				
Temporary difference				
Investments accounted for using the equity method	\$ 8,090	\$ 878	\$ -	\$ 8,968
Unrealized Foreign exchange income	-	301	-	301
	<u>\$ 8,090</u>	<u>\$ 1,179</u>	<u>\$ -</u>	<u>\$ 9,269</u>

For the year ended December 31, 2021

	<u>Opening Balance</u>	<u>Recognized in Profit or Loss</u>	<u>Recognized in Other Comprehensive Income</u>	<u>Closing Balance</u>
<b><u>Deferred Tax Assets</u></b>				
Temporary difference				
Reversals of inventory write-downs	\$ 5,719	(\$ 1,040)	\$ -	\$ 4,679
Payables for annual leave	1,013	200	-	1,213
Provisions	874	466	-	1,340
Translations of foreign operations	503	-	82	585
Unrealized Foreign exchange loss	156	( 90)	-	66
FVTPL financial assets	911	( 354)	-	557
Others	427	( 196)	-	231
	<u>9,603</u>	<u>( 1,014)</u>	<u>82</u>	<u>8,671</u>
loss carryforwards	<u>97,136</u>	<u>24,215</u>	<u>-</u>	<u>121,351</u>
	<u>\$ 106,739</u>	<u>\$ 23,201</u>	<u>\$ 82</u>	<u>\$ 130,022</u>

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<b><u>Deferred tax liabilities</u></b>				
Temporary difference				
Investments accounted for using the equity method	\$ 6,117	\$ 1,973	\$ -	\$ 8,090
Unrealized Foreign exchange income	<u>72</u>	<u>(\$ 72)</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,189</u>	<u>\$ 1,901</u>	<u>\$ -</u>	<u>\$ 8,090</u>

e. Unused loss deduction for deferred tax assets not recognized in the consolidated balance sheet.

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Loss carryforwards		
Expiry in 2025	\$ -	185,894
Expiry in 2026	3,437	285,521
Expiry in 2027	573,007	573,007
Expiry in 2028	<u>263,942</u>	<u>263,942</u>
	<u>\$ 840,386</u>	<u>\$ 1,308,364</u>

f. Information about unused loss deduction

As of December 31, 2022, the relevant information about loss deduction is as follows:

Un-deduction balance	Last year of deduction
\$ 281,837	2025
354,191	2026
650,614	2027
<u>347,927</u>	2028
<u>\$ 1,634,569</u>	

g. Income tax verification situation

The company and its subsidiary Yea-sin Technology's income tax declaration cases for profitable businesses as of 2020 years have been approved by the tax collection agency.

## 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:

	<b>Amount</b>	<b>Number of Shares</b>	<b>Earnings per share</b>
	<b>(numerator)</b>	<b>(denominator) (in Thousands)</b>	<b>(NT\$)</b>
<b>2022</b>			
Basic earnings per share			
Net profit of the year	\$455,818	44,428	<u>\$ 10.26</u>
Effect of potentially dilutive ordinary shares			
Remuneration to employees	<u>-</u>	<u>73</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$455,818</u>	<u>44,501</u>	<u>\$ 10.24</u>
<b>2021</b>			
Basic earnings per share			
Net profit of the year	\$327,088	44,428	<u>\$ 7.36</u>
Effect of potentially dilutive ordinary shares			
Remuneration to employees	<u>-</u>	<u>37</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Company	<u>\$ 327,088</u>	<u>44,465</u>	<u>\$ 7.36</u>

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

## 23. Equity transactions with non-controlling Interests

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

Since the above transactions did not change the control of the consolidated company over these subsidiaries, the consolidate company was treated as an equity transaction.

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

## 24. CAPITAL 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.

## 25. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	<b>December 31,</b>	<b>December 31,</b>
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 974,787	\$ 933,518
<u>Financial liabilities</u>		
Amortized cost (Note 2)	1,545,677	1,660,924

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

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

### b. Financial risk management objectives and policies

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

#### 1) Market risk

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

##### a) Foreign exchange risk

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

Please refer to Note 29, for the carrying amount of monetary assets and monetary liabilities of the Group denominated in non-functional currencies at the balance sheet date (including the monetary items denominated in non-functional currencies and already eliminated in the consolidated financial statements).

The sensitivity analysis of foreign exchange rate risks is mainly computed with respect to foreign currency items (mainly in USD) and derivatives on the end date of the financial reporting period. If the functional currency of the consolidated entities had strengthened/weakened by 1% against USD, the net profit after tax of the Group in 2022 would increase/decrease by \$880 thousand; the net profit after tax of the Group in 2021 would decrease/increase by \$479 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.

b) 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:

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Fair value interest rate risk		
Financial assets	\$ 23,728	\$ 21,883
Financial liabilities	9,794	10,613
Cash flow interest rate risk		
Financial assets	534,112	383,657
Financial liabilities	1,293,457	1,325,651

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 \$1,506 thousand and \$1,875 thousand on the Group's net profit after tax in 2022 and 2021, respectively.

## 2) Credit risk

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

The Group's credit risk of trade receivable is concentrated on the Group's top customer, the Diodes Group, which is also the parent company, accounting for 77%, and 72% of the total trade receivable from the above-mentioned customer as of December 31, 2022 and 2021, respectively. However, it belongs to associates transactions which should not result in credit risk.

## 3) Liquidity risk

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

### a) 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.

#### December 31, 2022

	<u>Weighted Average Effective Rate (%)</u>	<u>Payment on Sight or Less than 3 Month</u>	<u>3 Months to 1 Year</u>	<u>1-2 Years</u>	<u>2-5 Years</u>	<u>5+ Years</u>
<u>Non-derivative financial liabilities</u>						
Non-interest bearing		\$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>

#### December 31, 2021

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

b) Financing facilities

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Secured bank overdraft facilities:		
Amount used	\$ 1,293,457	\$ 1,325,651
Amount unused	<u>480,710</u>	<u>257,680</u>
	<u>\$ 1,774,167</u>	<u>\$ 1,583,331</u>

## 26. TRANSACTIONS WITH RELATED PARTIES

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

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

b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>2022</b>	<b>2021</b>
Sales	Sister company		
	Diodes (HK)	\$ 840,745	\$ 945,509
	Diodes (TW)	832,192	560,173
	Kaihong Electronics	<u>7,062</u>	<u>-</u>
		<u>\$ 1,679,999</u>	<u>\$ 1,505,682</u>

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

c. Purchases of goods

<b>Related Party Category/Name</b>	<b>2022</b>	<b>2021</b>
Sister company.		
Lite-on	<u>\$ -</u>	<u>\$ 3,219</u>

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

d. Receivables from related parties

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Trade receivables from related parties	Sister company. Diodes (TW) Diodes (HK)	\$ 215,735 <u>103,451</u> <u>\$ 319,186</u>	\$ 167,334 <u>212,385</u> <u>\$ 379,719</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for trade receivables from related parties.

e. Purchase of Property, plant and equipment

<u>Related Party Category/Name</u>	<u>Proceeds received</u>	
	<u>2022</u>	<u>2021</u>
Sister company. Lite-on	<u>\$ -</u>	<u>\$33,488</u>

f. Compensation of major management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 18,971	\$ 12,594
Post-employment benefits	<u>108</u>	<u>108</u>
	<u>\$ 19,079</u>	<u>\$ 12,702</u>

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

## 27. PLEDGED ASSETS

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

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Nature</u>
Bank time deposits (classified as financial assets at amortized cost)	\$ 14,515	\$ 13,529	endorsements/guarantees and short-term borrowings
Bank demand deposits (classified as financial assets at amortized cost)	42,080	50,023	Short-term and long-term borrowings
Property and plant	<u>893,713</u>	<u>901,040</u>	Short-term and long-term borrowings
	<u>\$ 950,308</u>	<u>\$ 964,592</u>	

## 28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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



	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Amount of Contract Commitments	<u>\$ 201,380</u>	<u>\$ 340,523</u>
Amount Paid (classified as prepayments for equipment)	<u>\$ 132,373</u>	<u>\$ 173,139</u>

## 29. INFORMATION ON ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES WITH SIGNIFICANT EFFECTS

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

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

December 31, 2022				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 8,376	30.710 (USD:NTD)	\$ 257,227	\$ 257,227
USD	1,186	6.9669 (USD:RMB)	8,263	36,422
RMB	1,420	4.408 (RMB:NTD)	6,259	6,259
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,063	30.710 (USD:NTD)	63,353	63,353
RMB	14,600	0.1435 (RMB:USD)	2,096	64,335
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	6,086	30.710 (USD:NTD)	186,901	186,901
USD	98	6.9669 (USD:RMB)	683	3,010
December 31, 2021				
	Foreign Currency	Exchange rate (\$)	Functional Currency	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$ 15,691	27.68 (USD:NTD)	\$ 434,327	\$ 434,327
USD	177	6.3720 (USD:RMB)	1,128	4,899
RMB	1,390	4.344(RMB:NTD)	6,038	6,038
<u>Non-monetary items</u>				
Investments accounted for using the equity method				
USD	2,103	27.68 (USD:NTD)	58,199	58,199
RMB	13,601	0.1569(RMB:USD)	2,135	59,084
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD	13,738	27.68 (USD:NTD)	380,268	380,268

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

Foreign Currencies	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.20 (USD:NTD)	\$ 33,262	27.68 (USD:NTD)	(\$ 3,943)
USD	6.669 (USD:RMB)	25	6.439 (USD:RMB)	102
EUR	32.72 (EUR:NTD)	( 1,020 )	31.32 (EUR:NTD)	( 1,098 )
Others		( <u>160</u> )		( <u>184</u> )
		<u>\$ 32,107</u>		<u>(\$ 5,123)</u>

### 30. NOTE DISCLOSURE ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: Please refer to Attached Table 1
- 3) Marketable securities held (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 individual real estate at costs of at least NT\$300 million, or above of 20% the paid-in capital: 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 reach NT\$100 million, or 20% of the paid-in capital: Please refer to Attached Table3
- 9) Trading in derivative instruments: Please refer to Note 7
- 10) Others: Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: Please refer to Attached Table4

b. Information on investees: 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:

- a) 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
- b) 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
- c) The amount of property transactions and the amount of the resultant gains or losses: None
- d) 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
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None
- f) 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.

### 31. 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.

#### a. Segment revenues and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	<b>2022</b>			
	<b>ERIS &amp; Jie Cheng</b>	<b>YEA SHIN</b>	<b>Adjustment and Write-off</b>	<b>Total</b>
Revenue from external customers	\$ 2,043,873	\$ 133,744	\$ -	\$ 2,177,617
Inter-segment revenue	<u>30,888</u>	<u>857,631</u>	<u>( 888,519 )</u>	<u>-</u>
Segment revenue	<u>\$ 2,074,761</u>	<u>\$ 991,375</u>	<u>( \$ 888,519 )</u>	<u>\$ 2,177,617</u>
Segment income	<u>\$ 460,188</u>	<u>\$ 323,718</u>	<u>( \$ 328,088 )</u>	<u>\$ 455,818</u>
Segment assets	<u>\$ 3,291,107</u>	<u>\$ 832,155</u>	<u>( \$ 934,961 )</u>	<u>\$ 3,188,301</u>
Segment liabilities	<u>\$ 1,743,927</u>	<u>\$ 139,878</u>	<u>( \$ 178,330 )</u>	<u>\$ 1,705,475</u>

**2021**

	<b>ERIS &amp; Jie Cheng</b>	<b>YEA SHIN</b>	<b>Adjustment and Write-off</b>	<b>Total</b>
Revenue from external customers	\$ 1,897,123	\$ 159,594	\$ -	\$ 2,056,717
Inter-segment revenue	<u>42,918</u>	<u>764,114</u>	<u>( 807,032)</u>	<u>-</u>
Segment revenue	<u>\$ 1,940,041</u>	<u>\$ 923,708</u>	<u>(\$ 807,032)</u>	<u>\$ 2,056,717</u>
Segment income	<u>\$ 337,640</u>	<u>\$ 237,893</u>	<u>(\$ 248,249)</u>	<u>\$ 327,284</u>
Segment assets	<u>\$ 3,181,146</u>	<u>\$ 759,368</u>	<u>(\$ 880,960)</u>	<u>\$ 3,059,554</u>
Segment liabilities	<u>\$ 1,873,638</u>	<u>\$ 210,810</u>	<u>(\$ 273,319)</u>	<u>\$ 1,811,129</u>

b. Product category of business revenues

	<u>2022</u>	<u>2021</u>
Diodes & Transistor	\$ 2,124,333	\$ 1,954,789
Wafer	46,823	96,425
Others	<u>6,461</u>	<u>5,503</u>
	<u>\$ 2,177,617</u>	<u>\$ 2,056,717</u>

c. Geographical information:

The company's and its subsidiaries' income that is from continuing operations from external customers based on the location of customers' operations, and non-current assets based on the location of assets are listed below:

	<u>Revenue from external customers</u>		<u>Non-current Assets</u>	
			<u>December 31,</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Taiwan	\$ 1,099,382	\$ 1,034,093	\$ 1,709,597	\$ 1,623,232
Asia	990,037	966,811	960	931
Europe	58,087	47,725	-	-
North USA	29,540	8,088	-	-
Australia	<u>571</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,177,617</u>	<u>\$ 2,056,717</u>	<u>\$ 1,710,557</u>	<u>\$ 1,624,163</u>

Non-current assets exclude assets classified as financial instruments, goodwill and deferred income tax assets.

d. Important customers' information:

	<u>2022</u>	<u>2021</u>
A Group	\$ 1,672,937	\$ 1,505,682
B Customer	<u>64,950</u>	<u>91,131</u>
	<u>\$ 1,737,887</u>	<u>\$ 1,596,813</u>

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

**ENDORSEMENTS/GUARANTEES PROVIDED**  
**For the Year end December 31, 2022**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
0	Eris Technology Corporation	Jie Cheng Electronic (Shanghai) Co., Ltd.	(2)	\$ 148,283	\$ 30,000 (US\$1,000 thousand)	\$ 30,000 (US\$1,000 thousand)	\$ -	\$ 9,213 (US\$ 300 thousand )	2.02%	\$ 444,848	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 public 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 public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/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 for their jointly invested company in proportion to their shareholding percentages.
- (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 December 31, 2022.

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

**For the Year end December 31, 2022**

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

Buyer (Seller)	Counterparty	Relationship	Transaction Details				Details and Reasons for Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases (Sales)	Amount	Ratio of Total Purchases (Sales) (%)	Credit Period	Unit Price	Payment Terms	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as The Group ultimate parent company	Sale	(\$ 840,745)	41.92%	60 days	None	None	\$ 103,451	27.88%	-
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as The Group ultimate parent company	Sale	( 832,192)	41.49%	60 days	None	None	215,735	58.14%	-
Eris Technology Corporation	Yea Shin Technology Corp.	The Company's subsidiary	Purchase	842,453	69.27%	60 days	None	None	( 165,090)	77.71%	Note 1

Note 1: Related transactions have been written off in the consolidated financial statements.

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

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**

December 31, 2022

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

Company recording the receivables	Counterparty	Relationship	Balance Receivables from Related Parties	Turnover Rate	Overdue		Amounts of Receivables from Related Parties Received in Subsequent Period (Note 1)	Amount of Loss Allowance
					Amount	Actions Taken		
Eris Technology Corporation	Diodes Taiwan S.A R.L., Taiwan Branch	Same as the Company's ultimate parent company	\$ 215,735	4.34	\$ -	—	\$ 110,912	\$ -
Eris Technology Corporation	Diodes Hong Kong Ltd.	Same as the Company's ultimate parent company	103,451	5.32	-	—	53,816	-
Yea Shin Technology Corp.	Eris Technology Corporation	Parent company	165,090	3.97	-	—	103,562	-

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

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS**

For the Year end December 31, 2022

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

No. (Note 1)	Company	Counterparty	Relationship with Investor (Note 2)	Transactions Details			Ratio of Consolidated Total Revenue or Total Assets (Note 3)
				Ledger Account	Amount(Note 4)	Transaction Term	
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	1	Trade receivables	\$ 1,506	—	0.05%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	1	Trade payable	2,324	—	0.07%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	1	Sales	3,888	No significant difference compared with general customers	0.18%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	1	Purchase	16,678	No significant difference compared with general customers	0.76%
0	Eris Technology Corporation	Jiecheng Electronic (Shanghai) Co., Ltd.	1	Other manufacturing expenses	561	No significant difference compared with general customers	0.03%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Trade receivable	8,427	—	0.26%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Trade payable	165,090	—	5.18%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Other receivable	1,020	—	0.03%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Sales	30,888	No significant difference compared with general customers	1.41%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Purchase	842,453	No significant difference compared with general customers	38.56%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Processing fees	14,915	No significant difference compared with general customers	0.68%
0	Eris Technology Corporation	Yea Shin Technology Corp.	1	Rental income	3,429	No significant difference compared with general customers	0.16%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	3	Other receivable	1,028	—	0.03%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	3	Other income	3,467	No significant difference compared with general customers	0.16%
1	Yea Shin Technology Corp.	Jiecheng Electronic (Shanghai) Co., Ltd.	3	Sales	263	No significant difference compared with general customers	0.01%

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

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

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

1. Parent company to subsidiary.
2. Subsidiary to the parent company.
3. Subsidiary to subsidiary.

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.



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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTEEES**

For the Year end December 31, 2022

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

Name of Investor	Name of Investor	Location	Principal Business Activities	Original Investment Amount (Note 1)		Ending Balance			Net Income (Loss) of the Investee for the Period (Note 2、3 and5)	Investment Profit (Loss) Recognized for the Period (Note 2、3 and5)	Note
				End of the Period	Year-end of the last year	Number of shares (in thousands)	Ratio (%)	Carrying Amount (Note 3)			
Eris Technology Corporation	Keep High Limited	Seychelles	Holding of investments	\$ 20,776 (US\$670/thousand)	\$ 20,776 (US\$670/thousand)	N/A	100	\$ 63,353	\$ 4,370 (US\$150/thousand)	\$ 4,395 (Note 4)	Subsidiaries
	Yea Shin Technology Corp.	Taiwan	Engaged in manufacturing of electronic components and wholesaling of electronic materials	381,078	381,078	29,342	100	702,860	323,718	320,033 (Note 4)	Subsidiaries
Keep High Limited	Forever Eagle Incorporation	Mauritius	Holding of investments	20,473 (US\$660/thousand)	20,473 (US\$660/thousand)	N/A	100	64,355 (US\$2,096/thousand)	4,370 (US\$150/thousand)	4,370 (US\$ 150/ thousand)	Sub-subsidiaries

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

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

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

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

Note 5: Calculated based on the financial statements reviewed by certified accountants of the parent company in Taiwan during the same period.

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

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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA**

For the Year end December 31, 2022

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

Investee in Mainland China	Principal Business Activities	Paid-in Capital (Note 1)	Method of Investment	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	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 (US\$650/thousand)	Indirectly investment in Mainland China through companies registered in a third region	\$ 20,170 (US\$650/thousand)	\$ -	\$ -	\$ 20,170 (US\$650/thousand)	\$ 4,370 (RMB998/thousand)	100%	\$ 4,370 (RMB998/thousand)	\$ 64,355	\$ -

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(US\$650thousand )	\$19,962 ((US\$650thousand ) )	\$889,695

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 closing exchange rate at December 31, 2022

Note 4: The information was calculated as 60% of the Company's net worth at December 31, 2022

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

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

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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

The following major transactions with Mainland China investee companies directly or indirectly via a third region,  
and their prices, payment terms, unrealized gains and losses, and other relevant information

For the Year end December 31, 2022

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

Counterparty	Transaction Details			Transaction Details		Notes/Accounts Receivable (Payable)		Note
	Purchases (Sales)	AMOUNT	Ratio of Total Purchases (Sales) (%)	Unit price	Credit Period	Balance	Ratio of Notes/Accounts Receivable (Payable) (%)	
Jie Cheng Electronic (Shanghai) Co., Ltd.	Sales	(\$ 3,888)	0.19%	None	None	\$ 1,506	0.41%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Purchases	16,678	1.37%	None	None	( 2,324 )	1.09%	Note 1
Jie Cheng Electronic (Shanghai) Co., Ltd.	Other income	( 3,467 )	-	None	None	1,028	26.76%	Note 1

Note 1: Related transactions have been written off in the consolidated financial statements.

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**ERIS TECHNOLOGY CORPORATION AND SUBSIDIARIES**

**Major shareholders information**

December 31, 2022

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

Name of Major shareholders	Shares Holding	
	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.