

Diodes Zetex Limited

Annual report and financial statements

Year ended 31 December 2021

Registered number 01378777



Diodes Zetex Limited

Annual report and financial statements for the year ended 31 December 2021

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Directors

Timothy Monaghan
Brett Whitmire
Julie Holland

Registered Office

Zetex Technology Park
Chadderton
OL9 9LL

Company number

01378777

Auditor

Mazars LLP
One St Peters Square
Manchester
M2 3DE

Diodes Zetex Limited

Strategic report for the year ended 31 December 2021

The Directors present their strategic report for the year ended 31 December 2021.

Principal activity

Diodes Zetex Limited acts as an intermediate UK holding company within the Diodes Incorporated group of companies, who are a leading global manufacturer and supplier of high-quality, application specific standard products within the broad discrete, logic and analogue semiconductor markets, serving the consumer electronics, computing, communications, industrial and automotive markets.

Results

The net asset value of the company as at 31 December 2021 is £84,336,000 (2020 £82,124,000).

The directors are satisfied with the position of the company; the results are set out in the Statement of Income and Retained Earnings on page 11.

Principle risks and uncertainties

The principal risks of the company are that of the wider Diodes group. The Diodes group operates in a highly competitive market undergoing continual technological and geographical change. The success of its strategy will depend on its ability to innovate products successfully and bring them speedily to this fast moving market. Its ultimate success will depend on the end demand for its customers' products.

The company does not make use of financial instruments nor of related risk management activities.

Brexit

On June 23, 2016, the U.K. voted to exit from the E.U. (commonly referred to as "Brexit"). The U.K. exited the E.U. on 31st January 2020, with the transition period terminating on 31st December 2020. The impacts of the implementation of Brexit and the resulting relationship between the U.K. and the E.U. remain undefined in some areas.

Any impact from Brexit on our business and operations over the long term will depend, in part, on the outcome of tariff, tax treaties, trade, regulatory, and other negotiations the U.K. conducts.

For the year 2021, the financial impact was insignificant and no material impacts are expected in 2022.

Coronavirus (Covid-19)

During the years 2020 and 2021 the global coronavirus pandemic crossed all geographical and sector boundaries, with constantly changing guidelines and wide-ranging impacts. The company and its subsidiaries continue to monitor the regulations and guidance provided by the Government and Public Health England & Scotland on a regular basis.

The company's subsidiaries ensure the safety and well-being of all staff and contractors in addition to ensuring business continuity, supporting critical customer demands and long-term employment security. The company set up a Senior Management team to monitor and react to the virus and current guidelines as they progressed through the year.

Diodes Zetex Limited

Strategic report for the year ended 31 December 2021

Coronavirus (Covid-19) *(continued)*

During 2020 the company's subsidiaries introduced covid protocols which were put in place to allow safe continuation of permitted manufacturing business. The protocols were successfully implemented and remained throughout 2021. The protocols included social distancing, sanitising stations, one way system, office layout re-designs, personal protective equipment, work from home, onsite rotas and shift staggering among others.

The global semi-conductor market has overall remained strong, and indeed has been linked to critical products in the fight against the virus and the wider change in practises, such as working from home. Furthermore, the market remains strong in 2022 and the forecast looks positive, with expectations of growth in 2022.

War on Ukraine

The war on Ukraine is having minimal direct impact on the company and its subsidiaries, at the time of signing the accounts and is not expected to have any significant impact in 2022. The company's supply chain has been assessed, there is no impact to raw material or utility procurement, and the company has no trade with Russia, Ukraine or Belarus. The impact on the wider global economy is not yet clear but is not expected to have a material impact.

On Behalf of the Board



Timothy Monaghan

Director

12th August 2022

Diodes Zetex Limited

Directors' report for the year ended 31 December 2021

The Directors present their report together with the audited financial statements for the year ended 31 December 2021.

Results

The results are set out in the Statement of Income and Retained Earnings on page 11. The directors declared and paid dividends totalling £9,479,000 (2020 £16,601,000) in the year. See note 17 for details regarding further dividends declared after the balance sheet date.

Future developments

Diodes Zetex Limited's ultimate parent company Diodes Incorporated and its wider group's strategic objective is to consistently achieve above-market profitable growth, utilizing innovative and cost-effective packaging technology, suited for high volume, high growth markets by leveraging process expertise and design excellence to deliver high quality semiconductor products. Diodes Zetex Limited will continue to support the wider group objective throughout 2022.

Going concern

The company has positive net assets, sufficient cash to continue operations and is forecast to remain profitable in 2022. The impacts of the coronavirus (covid-19) continue to be monitored closely, however the company is not expecting any material areas of concern. The company will continue to be able to meet its obligations as they fall due, for the 12 months following the signing of the accounts. As such these financial statements have been prepared on a going concern basis.

Employees

The company's subsidiaries continue to invest in their employees. They have made a commitment to attract and retain the best talent from diverse and under-represented backgrounds in a highly competitive market. The workforces include highly skilled and experienced employees from all disciplines. The graduate and apprentice programmes are part of a talent pipeline designed to bring trained, motivated and qualified people into the semiconductor engineering industry each year.

Diodes is also committed to continuing investment in training and development activities. The company's subsidiaries have invested in a program for the rising stars of the future, providing management leadership training and coaching. Diodes has a program of online training sessions in a range of topics from ethics, to environmental topics, to cyber security training.

The company's subsidiaries from time to time initiate an employee survey, to obtain feedback, understand employee interests and any concerns facing our employees.

Both the physical and mental health of all employees is a priority for the company. An occupational health service is provided, along with activities such as Pilates classes and the company has recently held a mental health awareness week, bringing a range of activities, therapies and services to the employees.

Diodes Zetex Limited

Directors' report for the year ended 31 December 2021 (Continued)

Diversity remains a high priority. We have made strides in improving gender equality and encouraging women into engineering and technical roles. The company's subsidiaries gives equal consideration to applications for employment from disabled persons. It is company policy, wherever practicable, to continue to employ and to promote the career development of existing employees who become disabled. We have further learnt from the Gender Pay Gap report in 2021 and continue to benchmark ourselves in the industry and within our Group.

The company's subsidiaries keep their employees informed through online magazine, regular briefings and by making copies of the ultimate holding company's audited financial statements available to all employees. Regular meetings between management and employees and their representatives encourage employee involvement.

Directors

The directors of the company during the year were:

Timothy Monaghan
Brett Whitmire
Julie Holland

Qualifying indemnity insurance in relation to the above named directors was in force throughout the year and the prior year.

Directors' responsibilities

The directors are responsible for preparing the Directors' report, Strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Diodes Zetex Limited

Directors' report for the year ended 31 December 2021 (Continued)

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

The auditor, Mazars LLP, is deemed to be reappointed under the Companies Act 2006, s. 487(2).

Disclosure of information to Auditor

For all persons who are directors at the time of the approval of the directors' report:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On Behalf of the Board



Timothy Monaghan
Director
12th August 2022

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited

Opinion

We have audited the financial statements of Diodes Zetex Limited (the 'company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited *(Continued)*

Conclusions relating to going concern *(continued)*

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited (Continued)

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited (Continued)

Auditor's responsibilities for the audit of the financial statements (continued)

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

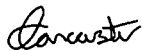
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Diodes Zetex Limited

Independent auditor's report to the members of Diodes Zetex Limited (*Continued*)

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Charlene Lancaster (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St. Peter's Square

Manchester

M2 3DE

Date 12th August 2022

Diodes Zetex Limited

Statement of comprehensive income for the year ended 31 December 2021

	Notes	2021 £'000	2020 £'000
Administrative income / (expenses)		<u>468</u>	<u>(1,259)</u>
Operating profit / (loss)	5	468	(1,259)
Investment income	8	9,479	14,651
Interest receivable	6	<u>542</u>	<u>875</u>
Profit on ordinary activities before taxation		10,489	14,267
Taxation	7	-	<u>27</u>
Profit for the financial year		<u>10,489</u>	<u>14,294</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u>10,489</u>	<u>14,294</u>

All amounts relate to continuing activities.

The notes on pages 14 to 22 form part of these financial statements.

Diodes Zetex Limited
Company Number 01378777
Balance sheet at 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed Assets			
Investments	8	<u>39,202</u>	<u>38,000</u>
		39,202	38,000
Current Assets			
Debtors	9	44,410	43,943
Deferred tax asset	10	2	2
Cash		<u>734</u>	<u>191</u>
		45,146	44,136
Creditors: amounts falling due within one year	11	<u>(12)</u>	<u>(12)</u>
Net current assets		<u>45,134</u>	<u>44,124</u>
Total assets less current liabilities		<u>84,336</u>	<u>82,124</u>
Net assets		<u>84,336</u>	<u>82,124</u>
Capital and reserves			
Called up share capital	12	5,215	5,215
Share premium	13	36,275	36,275
Capital contribution reserve	13	1,202	-
Retained earnings	13	<u>41,644</u>	<u>40,634</u>
Equity shareholders' funds		<u>84,336</u>	<u>82,124</u>

The financial statements were approved by the board on and signed on its behalf on 12th August 2022 by:



Tim Monaghan
Director

The notes on pages 14 to 22 form part of these financial statements.

Diodes Zetex Limited

Statement of changes in equity

	Notes	Called up share capital & premium £'000	Capital Contribution Reserve £'000	Retained earnings £'000	Total £'000
Balance as at 1 January 2020		41,490	-	42,941	84,431
Profit for the year				14,294	14,294
Total comprehensive income for the year				14,294	14,294
Dividends				(16,601)	(16,601)
Total transactions recognised directly in equity				(16,601)	(16,601)
Balance as at 31 December 2020		41,490	-	40,634	82,124
Balance as at 1 January 2021		41,490	-	40,634	82,124
Profit for the year				10,489	10,489
Total comprehensive income for the year				10,489	10,489
Dividends	14			(9,479)	(9,479)
Capital contribution	13		1,202		1,202
Total transactions recognised directly in equity			1,202	(9,479)	(8,277)
Balance as at 31 December 2021		41,490	1,202	41,644	84,336

The notes on pages 14 to 22 form part of these financial statements

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021

1. Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Diodes Zetex Limited is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is Zetex Technology Park, Chadderton, Oldham, OL9 9LL (Company number 01378777).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are shown below.

Basis of preparation – going concern

These financial statements are prepared on a going concern basis, under the historical cost convention. The Directors consider it appropriate to prepare the financial statements on a going concern basis as the company has positive net assets, sufficient cash to meet its obligations as they fall due, and is forecast to remain profitable for at least 12 months following the signing of the accounts. The impact of any known external factors are considered. There are no material uncertainties that cast significant doubt about the ability of the company to remain a going concern.

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Diodes Incorporated as at 31 December 2021 and these financial statements may be obtained online at <http://investor.diodes.com/>.

Cash flow statement

The company has taken advantage of FRS 102 paragraph 1.12(b), which allows exemption from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Diodes Incorporated, includes the company's cash flows in its own consolidated financial statements.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 *(Continued)*

2. Summary of Accounting Policies *(continued)*

Consolidated financial statements

In preparing these financial statements the company has taken advantage of the exemption conferred by section 401 of the Companies Act 2006 not to produce consolidated financial statements as the group it heads is included within the consolidated financial statements of Diodes Incorporated, the company's ultimate parent undertaking incorporated in the state of Delaware, United States of America. Consequently, the financial statements contain information about Diodes Zetex Limited as an individual company.

Related party transactions

In accordance with FRS 102 paragraph 33.1, the company discloses transactions with related parties which are not wholly owned by ultimate parent company Diodes Incorporated. It does not disclose transactions with members of the same group that are wholly owned.

Investments

Investments are valued individually at cost less any provisions required for impairment of value.

Impairment

The company reviews the carrying value of its assets at each balance sheet date for any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated. The company recognises in the profit and loss account an impairment loss whenever the carrying value of an asset exceeds its recoverable amount.

Foreign currencies

The company's functional and presentation currency is the pound sterling, rounded to thousands.

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. At each period end foreign currency monetary items are translated using the appropriate closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the transaction date. Foreign exchange gains and losses resulting from the settlement of transactions and from period-end translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Dividend income

Dividend income receivable is recognised when the rights to receive the distribution have been established.

Interest income

Interest income receivable is derived from an intercompany loan and is charged as per loan agreement.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 *(Continued)*

2. Summary of Accounting Policies *(continued)*

Taxation

The provision for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception of:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

3. Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The company is the sponsoring employer of a group defined benefit pension plan that shares risks between entities under common control (the "*UK Defined Benefit Scheme*"). The *UK Defined Benefit Scheme* is run on a basis that does not enable individual companies within the group to identify their share of the underlying assets and liabilities. In accordance with FRS 102 the directors have elected to recognise the *UK Defined Benefit Scheme* net liability in the individual financial statements of subsidiary company Diodes Zetex Semiconductors Limited.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 (Continued)

4. Directors' remuneration & employees

There were no employees, other than directors, during the year. As such, no employment costs (2020: £nil) were incurred by the company.

No director received any remuneration from the company during the year, this was paid by other group companies.

5. Operating profit

Operating profit is stated after charging:

	2021 £'000	2020 £'000
Exchange gain / (loss)	468	(1,290)

The audit fee of £7,500 is borne by a subsidiary company Diodes Zetex Semiconductors Limited (2020: £6,500 restated).

6. Interest receivable

	2021 £'000	2020 £'000
On loans to group undertakings	<u>542</u>	<u>875</u>
	<u>542</u>	<u>875</u>

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 (Continued)

7. Taxation

	2021 £'000	2020 £'000
<u>Current tax:</u>		
UK current tax charge for the year	-	-
Adjustment in respect of previous periods	-	(27)
<u>Deferred tax:</u>		
Origination and reversal of timing differences	-	-
Total deferred tax	=	=
Total tax per income statement	=	<u>(27)</u>

Reconciliation of tax charge:

The tax assessed on the profit from ordinary activities for the year differs to the standard rate of corporation tax in the UK, as explained below:

	2021 £'000	2020 £'000
Profit on ordinary activities before tax	10,489	14,267
Taxation on profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020: 19%)	1,993	2,711
Non-taxable income	(1,801)	(2,790)
Effects of group relief / other relief	(192)	80
Adjustment from previous periods	-	(28)
Total tax charge	=	<u>(27)</u>

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 (Continued)

8. Investments

	Shares in group undertakings £'000
Cost	
At 1 January 2021	61,000
Additions arising from contributions to subsidiaries	<u>1,202</u>
At 31 December 2021	62,202
Provisions	
At 1 January 2021 and 31 December 2021	<u>(23,000)</u>
Net Book Value	
At 1 January 2021	38,000
At 31 December 2021	<u>39,202</u>

Subsidiary undertakings

The undertakings, in which the company's interest at the year-end in each undertaking is 100 per cent, is as follows:

Subsidiary	Diodes Zetex Semiconductors Limited (<i>Direct</i>)	Diodes Fast Analog Solutions Limited (<i>Indirect</i>)	Diodes Zetex GmbH (<i>Indirect</i>)	Diodes Zetex Neuhaus GmbH (<i>Indirect</i>)
Subsidiary address	Zetex Technology Park, Oldham, OL9 9LL	Zetex Technology Park, Oldham, OL9 9LL	Kustermann Park, Balanstrasse 59, 81541, München	Waldweg 7, 98724, Neuhaus am Rennweg
Country of incorporation	England	England	Germany	Germany
Class of shares held	Ordinary	Ordinary	Ordinary	Ordinary
Nature of business	Manufacture and supply of specialised semiconductors	Dormant company	Distribution of specialised semiconductors	Manufacture of specialised semiconductors

On 22nd March 2021, the parent company made a capital contribution of £1,201,760 to the company. On the same date the company made a capital contribution of £1,201,760 to its subsidiary Diodes Zetex Semiconductors Limited.

The subsidiaries operate and are incorporated in the countries in which they are registered. In the year the company received dividend income from subsidiary companies of £9,479,000 (2020: £14,651,000).

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 (Continued)

9. Debtors

	2021 £'000	2020 £'000
Amounts due from group companies	<u>44,410</u>	<u>43,943</u>
	<u>44,410</u>	<u>43,943</u>

The amount due from group companies represents the intercompany loan for an original loan value of \$60m. The amount at the balance sheet date represents the balance of the loan and any unpaid interest. The loan is subject to interest at a rate of USD libor+1%.

On 1st August 2021 the ultimate parent company re-assigned the above-mentioned intercompany loan to the parent company Diodes Holdings UK Limited. The intercompany loan is now receivable from Diodes Holdings UK Limited. The loan is repayable on demand.

10. Deferred tax asset

	2021 £'000	2020 £'000
Decelerated capital allowances	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support the economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. Finance Act 2021 (which legislated the changes) was substantively enacted on 24th May 2021. Since the rate increase was substantively enacted at the balance sheet date, deferred tax has been provided at 22.95%, based on the company's best estimate of the timing of the unwind of existing temporary differences

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 (Continued)

11. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Corporation tax liability	<u>12</u>	<u>12</u>
	<u>12</u>	<u>12</u>

12. Share Capital

Authorised	2021 £'000	2020 £'000
<i>Equity share capital</i> 200,000,000 ordinary shares of 5p each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid	2021 £'000	2020 £'000
<i>Equity share capital</i> 104,306,469 ordinary shares of 5p each	<u>5,215</u>	<u>5,215</u>

There is a single class of ordinary shares, and there are no restrictions on the distribution of dividends and the repayment of capital.

13. Reserves

Retained earnings represents accumulated comprehensive income for the year and prior periods, less dividends paid.

The share premium reserve represents excess amounts received by the company, above par value of its shares, on historic equity issues. The reserve is non-distributable.

The Capital Contribution Reserve represents a capital contribution the parent company made to the company.

14. Dividends

The directors declared and paid dividends totalling £9,479,000 (2020: £16,601,000) in the year.

Diodes Zetex Limited

Notes to the financial statements for the year ended 31 December 2021 *(Continued)*

15. Ultimate and immediate parent company

The immediate parent company of Diodes Zetex Limited is Diodes Holdings (UK) Limited, which is incorporated in England & Wales. The ultimate parent company and controlling party of Diodes Zetex Limited is Diodes Incorporated, a company incorporated in the state of Delaware, United States of America. The accounts of the company are included within the consolidated accounts of Diodes Incorporated, which can be found at <http://investor.diodes.com>. Diodes Incorporated is the parent company of the smallest and largest group to consolidate these financial statements.

16. Charges

On 8th January 2013 the company's ultimate parent company and fellow subsidiary Diodes International BV ("the Borrowers") entered into a Credit Agreement ("the Agreement") with the Bank of America and certain other lenders as specified in the Agreement. Under an associated Deed of Guarantee the company has agreed to act as Guarantor to the loan on behalf of the Borrowers. On the same date, the company entered an associated composite debenture under which its present and future assets are subject to a fixed and floating charge. Further details can be found in the Agreement, a copy of which has been filed with the SEC and is accessible via the parent company's website. On 29th May 2020, the Credit Agreement was renewed between the company's ultimate parent company Diodes Incorporated, the Bank of America and certain other lenders for a total facility of \$670m.

17. Post balance sheet events

On 1st February 2022 the Credit Agreement mentioned in the charge details in note 16, was further updated to reflect any change to the legal entity structure below the ultimate parent company that had occurred since the previous update to the charge in 2020.

On 18th February 2022 the company received a dividend of £1,328,903.65 from its wholly owned subsidiary Diodes Zetex Semiconductors Limited. On the same date, the company declared and paid a total dividend of £1,328,903.65 to its parent company Diodes Holdings UK Limited.

On 11th March 2022 the company received a dividend of £1,515,726 from its wholly owned subsidiary Diodes Zetex Semiconductors Limited. On the same date, the company declared and paid a total dividend of £1,515,726 to its parent company Diodes Holdings UK Limited.

On 9th June 2022 the company received a dividend of £3,197,697.66 from its wholly owned subsidiary Diodes Zetex Semiconductors Limited. On the same date, the company declared and paid a total dividend of £3,997,122.07 to its parent company Diodes Holdings UK Limited.