UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2026

Or

☐ **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from __________ to __________.

Commission file number: 002-25577

DIODES INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**95-2039518**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
4949 Hedgcoxe Road, Suite 200, Plano, Texas	**75024**
(Address of principal executive offices)	**(Zip code)**

(972) 987-3900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.66 2/3	DIOD	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's Common Stock outstanding as of July 30, 2026 was 46,051,705.

DIODES INCORPORATED AND SUBSIDIARIES

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PART I—FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except per share data)

	June 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 430,447	$ 367,212
Restricted cash	1,634	5,134
Short-term investments	9,528	9,817
Accounts receivable, net of allowances of $4,205 and $4,095, respectively	310,279	307,055
Inventories	504,565	471,546
Prepaid expenses and other	103,606	96,198
Total current assets	1,360,059	1,256,962
Property, plant, and equipment, net	661,271	649,605
Deferred tax assets	60,842	59,297
Goodwill	182,514	183,437
Intangible assets, net	37,539	45,455
Equity investments	172,564	156,272
Operating lease assets	47,462	38,740
Other long-term assets	61,114	58,332
Total assets	$ 2,583,365	$ 2,448,100
Liabilities		
Current liabilities:		
Lines of credit	$ 18,560	$ 30,264
Accounts payable	183,545	149,376
Operating lease liabilities, current	11,849	10,666
Accrued liabilities and other	191,098	170,256
Income tax payable	22,738	16,336
Current portion of long-term debt	1,611	1,442
Total current liabilities	429,401	378,340
Long-term debt, net of current portion	20,298	24,224
Deferred tax liabilities	5,102	6,145
Unrecognized tax benefits	23,844	23,454
Operating lease liabilities	36,687	28,890
Other long-term liabilities	45,724	48,638
Total liabilities	561,056	509,691
Commitments and contingencies (See Note 10)		
Stockholders' equity		
Preferred stock - par value $1.00 per share; 1,000 shares authorized; no shares issued or outstanding	-	-
Common stock - par value $0.66 2/3 per share; 70,000 shares authorized; 55,977 and 55,883, shares issued; 45,869 and 45,875, shares outstanding, respectively	37,321	37,259
Additional paid-in capital	569,091	538,087
Retained earnings	1,847,049	1,785,439
Treasury stock, at cost, 10,108 shares and 10,008 shares, respectively	(382,143)	(371,914)
Accumulated other comprehensive loss	(119,017)	(110,747)
Stockholders' equity	1,952,301	1,878,124
Noncontrolling interest	70,008	60,285
Total equity	2,022,309	1,938,409
Total liabilities and stockholders' equity	$ 2,583,365	$ 2,448,100

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

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net sales	$ 445,529	$ 366,212	$ 850,996	$ 698,325
Cost of goods sold	297,963	250,888	574,638	478,307
Gross profit	147,566	115,324	276,358	220,018
Operating expenses				
Selling, general, and administrative	69,782	59,470	134,087	118,169
Research and development	40,651	40,537	81,266	79,164
Amortization of acquisition related intangible assets	3,911	5,839	7,855	11,663
(Gain) loss on disposal of fixed assets	(63)	19	80	1
Other operating (income) expense	(5)	70	15	336
Total operating expense	114,276	105,935	223,303	209,333
Income from operations	33,290	9,389	53,055	10,685
Other income (expense)				
Interest income	5,548	7,024	10,993	12,837
Interest expense	(334)	(506)	(1,016)	(973)
Foreign currency (loss), net	(1,017)	(6,432)	(4,394)	(6,615)
Unrealized gain on investments	20,018	29,645	22,468	25,613
Impairment of equity investment	-	-	(1,249)	(5,817)
Gain on disposal of subsidiary	-	13,730	-	13,730
Other income	470	362	561	979
Total other income	24,685	43,823	27,363	39,754
Income before income taxes, equity in net earnings of equity investments, and noncontrolling interest	57,975	53,212	80,418	50,439
Income tax provision	6,847	9,063	10,847	9,083
Equity in net earnings of equity investments	(2,362)	11	(4,703)	17
Net income	48,766	44,160	64,868	41,373
Less net income attributable to noncontrolling interest	(2,117)	1,938	(3,258)	288
Net income attributable to common stockholders	$ 46,649	$ 46,098	$ 61,610	$ 41,661
Earnings per share attributable to common stockholders:				
Basic	$ 1.02	$ 0.99	$ 1.34	$ 0.90
Diluted	$ 1.00	$ 0.99	$ 1.33	$ 0.90
Number of shares used in earnings per share computation:				
Basic	45,921	46,398	45,920	46,385
Diluted	46,446	46,462	46,344	46,452

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

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	**2025**	**2026**	**2025**
Net income	$ 48,766	$ 44,160	$ 64,868	$ 41,373
Unrealized gain on defined benefit plan, net of tax	654	898	2,383	4,260
Unrealized (loss) on derivative instruments, net of tax	(1,940)	(20,923)	(2,783)	(13,791)
Reclassification adjustment to interest income	(3,200)	(5,045)	(6,618)	(9,302)
Unrealized foreign currency gain (loss), net of tax	5,774	66,693	(1,252)	65,278
Comprehensive income	50,054	85,783	56,598	87,818
Less: Comprehensive (income) loss attributable to noncontrolling interest	(2,117)	1,938	(3,258)	288
Total comprehensive income attributable to common stockholders	$ 47,937	$ 87,721	$ 53,340	$ 88,106

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

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In thousands)

	Common stock		Treasury stock		Additional paid-in	Retained	Accumulated other comprehensive	Total Diodes Incorporated stockholders'	Noncontrolling	Total
	Shares	Amount	Shares	Amount	capital	earnings	loss	equity	interest	equity
Balance, March 31, 2026	55,948	$ 37,303	(10,008)	$ (372,109)	$ 544,117	$ 1,800,400	$ (120,305)	$ 1,889,406	$ 61,463	$ 1,950,869
Total comprehensive income	-	-	-	-	-	46,649	1,288	47,937	2,117	50,054
Net changes in noncontrolling interest	-	-	-	-	14,068	-	-	14,068	6,428	20,496
Common stock issued for share-based plans	29	18	-	-	(18)	-	-	-	-	-
Share-based compensation	-	-	-	-	11,291	-	-	11,291	-	11,291
Stock buyback	-	-	(100)	(10,034)	-	-	-	(10,034)	-	(10,034)
Tax related to net share settlement	-	-	-	-	(367)	-	-	(367)	-	(367)
Balance, June 30, 2026	55,977	$ 37,321	(10,108)	$ (382,143)	$ 569,091	$ 1,847,049	$ (119,017)	$ 1,952,301	$ 70,008	$ 2,022,309

	Common stock		Treasury stock		Additional paid-in	Retained	Accumulated other comprehensive	Total Diodes Incorporated stockholders'	Noncontrolling	Total
	Shares	Amount	Shares	Amount	capital	earnings	loss	equity	interest	equity
Balance, December 31, 2025	55,883	$ 37,259	(10,008)	$ (371,914)	$ 538,087	$ 1,785,439	$ (110,747)	$ 1,878,124	$ 60,285	$ 1,938,409
Total comprehensive income	-	-	-	-	-	61,610	(8,270)	53,340	3,258	56,598
Net changes in noncontrolling interest	-	-	-	-	14,068	-	-	14,068	6,465	20,533
Common stock issued for share-based plans	94	62	-	-	(62)	-	-	-	-	-
Share-based compensation	-	-	-	-	18,870	-	-	18,870	-	18,870
Stock buyback	-	-	(100)	(10,229)	-	-	-	(10,229)	-	(10,229)
Tax related to net share settlement	-	-	-	-	(1,872)	-	-	(1,872)	-	(1,872)
Balance, June 30, 2026	55,977	$ 37,321	(10,108)	$ (382,143)	$ 569,091	$ 1,847,049	$ (119,017)	$ 1,952,301	$ 70,008	$ 2,022,309

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

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (CONT.)
(Unaudited)
(In thousands)

	Common stock		Treasury stock		Additional paid-in	Retained	Accumulated other comprehensive	Total Diodes Incorporated stockholders'	Noncontrolling	Total
	Shares	Amount	Shares	Amount	capital	earnings	loss	equity	interest	equity
Balance, March 31, 2025	55,683	$ 37,125	(9,288)	$ (338,100)	$ 529,234	$ 1,714,861	$ (141,902)	$ 1,801,218	$ 70,616	$ 1,871,834
Total comprehensive income	-	-	-	-	-	46,098	41,623	87,721	(1,938)	85,783
Net changes in noncontrolling interest	-	-	-	-	(7,451)	-	-	(7,451)	(11,610)	(19,061)
Common stock issued for share-based plans	27	17	-	-	(17)	-	-	-	-	-
Share-based compensation	-	-	-	-	5,793	-	-	5,793	-	5,793
Stock buyback	-	-	(211)	(10,004)	-	-	-	(10,004)	-	(10,004)
Tax related to net share settlement	-	-	-	-	(174)	-	-	(174)	-	(174)
Balance, June 30, 2025	55,710	$ 37,142	(9,499)	$ (348,104)	$ 527,385	$ 1,760,959	$ (100,279)	$ 1,877,103	$ 57,068	$ 1,934,171

	Common stock		Treasury stock		Additional paid-in	Retained	Accumulated other comprehensive	Total Diodes Incorporated stockholders'	Noncontrolling	Total
	Shares	Amount	Shares	Amount	capital	earnings	loss	equity	interest	equity
Balance, December 31, 2024	55,621	$ 37,083	(9,288)	$ (338,100)	$ 523,744	$ 1,719,298	$ (146,724)	$ 1,795,301	$ 73,646	$ 1,868,947
Total comprehensive income	-	-	-	-	-	41,661	46,445	88,106	(288)	87,818
Net changes in noncontrolling interest	-	-	-	-	(6,855)	-	-	(6,855)	(16,290)	(23,145)
Common stock issued for share-based plans	89	59	-	-	(59)	-	-	-	-	-
Share-based compensation	-	-	-	-	12,179	-	-	12,179	-	12,179
Stock buyback	-	-	(211)	(10,004)	-	-	-	(10,004)	-	(10,004)
Tax related to net share settlement	-	-	-	-	(1,624)	-	-	(1,624)	-	(1,624)
Balance, June 30, 2025	55,710	$ 37,142	(9,499)	$ (348,104)	$ 527,385	$ 1,760,959	$ (100,279)	$ 1,877,103	$ 57,068	$ 1,934,171

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

DIODES INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Cash flows from operating activities		
Net income	$ 64,868	$ 41,373
Adjustments to reconcile net income to net cash flows from operating activities, net of effects of acquisitions		
Depreciation	62,568	60,125
Amortization of intangible assets	7,855	11,663
Share-based compensation expense	18,870	12,179
Deferred income taxes	(1,355)	775
Investment gain	(17,790)	(25,624)
Gain on sale of subsidiary	-	(13,730)
Impairment of equity investment	1,249	5,817
Gain on disposal of fixed assets	80	1
Interest income from derivative financial instruments	(6,618)	(9,302)
Other	2,412	(354)
Changes in operating assets:		
Change in accounts receivable	(4,228)	21,288
Change in inventory	(33,393)	5,982
Change in other operating assets	(4,558)	(5,673)
Changes in operating liabilities:		
Change in accounts payable	34,296	9,480
Change in accrued liabilities	2,190	(17,367)
Change in income tax payable	5,395	(1,437)
Change in other operating liabilities	947	3,068
Net cash flows from operating activities	132,788	98,264
Cash flows from investing activities		
Acquisition, net of cash acquired	(2,440)	(5,160)
Purchases of property, plant, and equipment	(65,503)	(36,338)
Proceeds from sale of property, plant, and equipment	261	5,626
Proceeds from short-term investments	1,893	5,390
Purchases of short-term investments	(1,625)	(7,566)
Purchases of equity securities	(702)	(49,208)
Proceeds from sale of subsidiary	-	15,958
Cash paid for hedge termination	(6,494)	(6,890)
Other	(589)	(426)
Net cash flows from investing activities	(75,199)	(78,614)
Cash flows from financing activities		
Advances on lines of credit and short-term debt	28,367	15,082
Repayments of lines of credit and short-term debt	(39,737)	(22,881)
Proceeds from long-term debt	6,868	6,539
Repayments of long-term debt	(10,276)	(3,722)
Repayment of and proceeds from finance lease obligation	(28)	(18)
Taxes paid related to net share settlement	(1,872)	(1,624)
Net changes in noncontrolling interest	25,077	(13,487)
Repurchase of common stock	(10,197)	(10,004)
Other	(153)	(1)
Net cash flows from financing activities	(1,951)	(30,116)
Effect of exchange rate changes on cash and cash equivalents	4,097	18,519
Change in cash and cash equivalents, including restricted cash	59,735	8,053
Cash and cash equivalents, beginning of period, including restricted cash	372,346	314,724
Cash and cash equivalents, end of period, including restricted cash	$ 432,081	$ 322,777

Supplemental Cash Flow Information		
Interest paid during the period	$ 483	$ 826
Taxes paid during the period	$ 8,249	$ 10,980
Non-cash investing and financing activities:		
Accounts payable balance related to the purchase of property, plant, and equipment	$ 27,905	$ 9,572
Dividend payable to noncontrolling interest	$ 3,215	$ 4,673

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

DIODES INCORPORATED AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 – Summary of Operations and Significant Accounting Policies

Background

Diodes Incorporated (Nasdaq: DIOD), delivers high-quality semiconductor products to the world's leading companies in the automotive, industrial, computing, consumer electronics, and communications markets. We leverage our expanded product portfolio of analog and power solutions combined with a flexible hybrid manufacturing model that meet customers' needs. Our broad range of application-specific products, delivered through a total solutions sales approach and supported by global operations including engineering, testing, manufacturing, and customer service, enable us to be a premier provider for high-growth markets.

Basis of Presentation

The unaudited condensed consolidated financial data at December 31, 2025 are derived from audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the Securities and Exchange Commission ("SEC") on February 10, 2026 ("Form 10-K"). The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States Generally Accepted Accounting Principles ("GAAP") for interim financial information and with the instructions to Form 10-Q. Accordingly, the unaudited condensed consolidated financial statements do not include all information and footnotes necessary for a fair statement of financial position, operating results, and cash flows in conformity with GAAP for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes contained in our Form 10-K. All significant intercompany balances and transactions have been eliminated in consolidation. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) considered necessary for a fair statement of the operating results for the periods presented have been included in the interim periods. Operating results for the three and six months ended June 30, 2026 are not necessarily indicative of the results that may be expected for other interim periods or the year ending December 31, 2026.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. As permitted under GAAP, interim accounting for certain expenses, including income taxes, are based on full year forecasts. For interim financial reporting purposes, income taxes are recorded based upon estimated annual effective income tax rates taking into consideration discrete items occurring in a quarter.

Dollar amounts and share amounts are presented in thousands, except per share amounts, unless otherwise noted. Certain prior period balances were reclassified to conform to the current condensed consolidated financial statement presentation.

Recently Issued Accounting Pronouncements

The Financial Accounting Standards Board ("FASB") issued the following Accounting Standards Updates ("ASU") which could have potential impact to the Company's consolidated financial statements:

In May 2026, the FASB issued *ASU 2026-02, Environmental Credits and Environmental Credit Obligations (Topic 818)*, which establishes new guidance for the recognition, measurement, presentation, and disclosure of environmental credits and environmental credit obligations. The guidance applies to environmental credits that are acquired, generated, granted, or received by an entity and to obligations that may be settled using such credits.

The standard is effective for public business entities for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years. Early adoption is permitted. The Company is currently evaluating the effect that adoption of ASU 2026-02 will have on its consolidated financial statements and related disclosures.

In December 2025, the FASB issued *ASU 2025-09* to amend certain aspects of its hedge accounting guidance to better reflect an entity's risk management activities in the financial statements. The guidance expands the hedged risks permitted to be aggregated in a group of individual forecasted transactions and increases the variable price components eligible to be designated as the hedged risk in the forecasted purchase or sale of non-financial assets. For public business entities, the provisions of ASU 2025-09 are effective for fiscal years beginning after December 15, 2026. Early adoption is permitted. The Company has adopted the provisions set forth in ASU 2025-09 in the three months ended June 30, 2026, which did not have a material impact on the Company's consolidated financial statements.

In July 2025, the FASB issued *ASU 2025-05, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets"* ("ASU 2025-05"). ASU 2025-05 provides a practical expedient that all entities can use when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606, Revenue from Contracts with Customers. Under this practical expedient, an entity is allowed to assume that the current conditions it has applied in determining credit loss allowances for current accounts receivable and current contract assets remain unchanged for the remaining life of those assets. ASU 2025-05 is effective for fiscal years beginning after December 15, 2025, and interim reporting periods in those years. Entities that elect the practical expedient and, if applicable, make the accounting policy election are required to apply the amendments prospectively. In the first quarter of 2026, the Company adopted this standard which did not have a material impact on the Company's consolidated financial statements.

In May 2025, the FASB issued *ASU 2025-03, "Business Combination and Consolidation: Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity"* ("ASU 2025-03"). ASU 2025-03 provides clarifying guidance on determining the accounting acquirer in certain transactions involving VIEs. The update aims to improve consistency and comparability in financial reporting, especially when companies merge with a special-purpose acquisition company ("SPAC"). ASU 2025-03 requires entities to apply the same factors used for determining the accounting acquirer in other acquisition transactions. Essentially, it aims to make financial reporting more comparable and decision-useful for investors by ensuring that the accounting acquirer is appropriately identified in acquisitions of VIEs, particularly in SPAC transactions. ASU 2025-03 is effective for fiscal years beginning after December 15, 2026 including interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact this amended guidance may have on its consolidated financial statements.

In November 2024, the FASB issued *ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. The amendments in this update require that at each interim and annual reporting period an entity disclose:

- The amounts of purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depreciation, depletion, and amortization recognized as part of oil and gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed above;
- Companies are also required to include certain amounts that are already required to be disclosed under current generally accepted accounting principles in the same disclosure as the other disaggregation requirements;
- Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively; and
- Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses.

The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the impact this amended guidance may have on its consolidated financial statements.

NOTE 2 – Earnings per Share and Equity

Earnings per share ("EPS") is calculated by dividing net income attributable to common stockholders by the weighted-average number of shares of Common Stock outstanding during the period. Diluted EPS is calculated similarly but includes potential dilution from the exercise of stock options and stock awards, except when the effect would be anti-dilutive. No dividends were paid on our Common Stock in any of the periods presented in this report.

During the three months ended June 30, 2026, the Company repurchased 0.1 million shares of its common stock for an aggregate purchase price of $10.0 million. These purchases were made under the Company's share authorization received from the Company's board of directors on May 8, 2025, to purchase up to $100.0 million of the Company's common stock. The repurchased shares are held as treasury stock and are excluded from shares outstanding for purposes of calculating basic and diluted earnings per share from the date of repurchase.

During the three months ended June 30, 2026, our 53% owned subsidiary, ERIS, reduced its ownership interest in one of its subsidiaries from approximately 96% to approximately 77%, which increased the Company's non-controlling interest in ERIS by approximately $9.9 million.

The table below sets forth the reconciliation between net income and the weighted average shares outstanding used for calculating basic and diluted EPS:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Earnings (numerator)				
Net income attributable to common stockholders	$ 46,649	$ 46,098	$ 61,610	$ 41,661
Shares (denominator)				
Weighted average common shares outstanding (basic)	45,921	46,398	45,920	46,385
Dilutive effect of stock options and stock awards outstanding	525	64	424	67
Adjusted weighted average common shares outstanding (diluted)	46,446	46,462	46,344	46,452
Earnings per share attributable to common stockholders				
Basic	$ 1.02	$ 0.99	$ 1.34	$ 0.90
Diluted	$ 1.00	$ 0.99	$ 1.33	$ 0.90
Stock options and stock awards excluded from EPS calculation because the effect would be anti-dilutive	15	704	12	612

NOTE 3 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

We use valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation techniques to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement costs). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. These two types of inputs create a three-tier fair value hierarchy that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 Inputs - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 Inputs - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (for example, interest rates, volatilities, prepayment speeds, loss severities, credit risks and default rates) or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 Inputs - Significant unobservable inputs that reflect an entity’s own assumptions that market participants would use in pricing the assets or liabilities.

As of June 30, 2026, we had short-term and long-term investments. Long-term investments are included within Equity investments on the consolidated balance sheet. Trading securities held at June 30, 2026, were purchased on the open market and unrealized gains and losses are included in Other income (expense). The trading securities are valued under the fair value hierarchy using Level 1 Inputs. Short-term investments consist of investments such as time deposits, which are highly liquid with maturity dates greater than three months at the date of purchase. Generally, we can access these short-term investments in a relatively short amount of time but in doing so we generally forfeit a portion of earned and future interest income. Long-term investments consist of certain equity securities acquired as part of the LSC acquisition. Deferred compensation investments consist primarily of life insurance policies, but may also include investments in the Company’s stock, mutual funds and cash. See Note 12 for additional information related to our deferred compensation program and Note 11 for additional information related to our derivative financial instruments. The short-term investments, long-term investments and deferred compensation investments are valued under the fair value hierarchy using Level 1 and Level 2 Inputs.

Financial assets and liabilities carried at fair value as of June 30, 2026, are classified in the following table:

Description	Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Changes in Fair Values Included in Year-to-Date Earnings
Short-term investments	$ 9,528	$ 9,528	$ -	$ -	$ -
Long-term investments	42,538	42,538	-	-	22,468
Collared forward asset	13,727	-	13,727	-	-
Commodity SWAP agreements	(1,555)	-	(1,555)	-	-
Deferred compensation investments	21,372	1,573	19,799	-	1,166

Financial assets and liabilities carried at fair value as of December 31, 2025, are classified in the following table:

Description	Fair Market Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Changes in Fair Values Included in Current Period Earnings
Short-term investments	$ 9,817	$ 9,817	$ -	$ -	$ -
Long-term investments	20,574	20,574	-	-	(4,754)
Collared forward asset	11,454	-	11,454	-	-
Collared forward liability	(2,558)	-	(2,558)	-	-
Deferred compensation investments	19,959	1,196	18,763	-	2,244

Certain financial assets and financial liabilities are measured at fair value on a non-recurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment). We believe our long-term debt under our revolving credit facility approximates fair value and is valued under the fair value hierarchy using Level 2 Inputs. Financial assets and financial liabilities measured at fair value on a non-recurring basis were not significant at June 30, 2026 and December 31, 2025.

NOTE 4 – Inventories

The table below sets forth inventories which are stated at the lower of cost or net realizable value:

	June 30, 2026	December 31, 2025
Finished goods	$ 167,027	$ 171,369
Work-in-progress	95,843	91,143
Raw materials	241,695	209,034
Total	$ 504,565	$ 471,546

NOTE 5 – Goodwill and Intangible Assets

The table below sets forth the changes in goodwill:

Balance at December 31, 2025	$ 183,437
Foreign currency translation adjustment	(923)
Balance at June 30, 2026	$ 182,514

The table below sets forth the value of intangible assets, other than goodwill:

	June 30, 2026	December 31, 2025
Intangible assets subject to amortization:		
Gross carrying amount	$ 270,997	$ 270,997
Accumulated amortization	(234,400)	(226,544)
Foreign currency translation adjustment	(8,400)	(8,370)
Total intangible assets subject to amortization	28,197	36,083
Intangible assets with indefinite lives:		
Gross carrying amount	10,303	10,303
Foreign currency translation adjustment	(961)	(931)
Total intangible assets with indefinite lives	9,342	9,372
Total intangible assets, net	$ 37,539	$ 45,455

The table below sets forth amortization expense related to intangible assets subject to amortization:

Amortization expense	2026	2025
Three Months Ended June 30,	$ 3,911	$ 5,839
Six Months Ended June 30,	$ 7,855	$ 11,663

NOTE 6 – Income Tax Provision

The table below sets forth information related to our income tax expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Domestic pre-tax income	$ 23,400	$ 75,626	$ 22,444	$ 90,249
Foreign pre-tax income (loss)	$ 32,213	$ (22,403)	$ 53,271	$ (39,793)
Income tax provision	$ 6,847	$ 9,063	$ 10,847	$ 9,083
Effective tax rate	12.3%	17.0%	14.3%	18.0%
Impact of tax holidays on tax expense	$ (689)	$ (289)	$ (845)	$ (463)
Earnings per share impact of tax holidays:				
Basic	$ 0.02	$ 0.01	$ 0.02	$ 0.01
Diluted	$ 0.02	$ 0.01	$ 0.02	$ 0.01

For the three and six months ended June 30, 2026, the effective tax rate differs from the 21% U.S. statutory income tax rate primarily due to the impact of research and development tax incentives and nontaxable investment gains included in pretax income, partially offset by taxes on foreign income and nondeductible compensation.

For the three and six months ended June 30, 2025, the effective tax rate differs from the 21% U.S. statutory income tax rate primarily due to the impact of research and development tax incentives, partially offset by taxes on foreign income and nondeductible compensation.

The decrease in effective tax rate for the three and six months ended June 30, 2026, when compared to the three and six months ended June 30, 2025, is primarily due to the change in pre-tax earnings during the comparable periods, including the geographical mix of pre-tax income and loss across tax jurisdictions and changes in conclusions regarding the realizability of certain deferred tax assets.

NOTE 7 – Share-Based Compensation

The table below sets forth information related to our share-based compensation expense:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of goods sold	$ 534	$ 512	$ 1,096	$ 1,066
Selling, general, and administrative	9,619	4,032	15,466	8,648
Research and development	1,138	1,249	2,308	2,465
Total share-based compensation expense	$ 11,291	$ 5,793	$ 18,870	$ 12,179

Share Grants. Share grants consist of restricted stock awards, restricted stock units ("RSUs") and performance stock units ("PSUs"). Restricted stock awards and RSUs generally vest in equal annual installments over a four-year period and are measured based on the fair market value of the underlying stock on the date of grant. Compensation expense is recognized on a straight-line basis over the requisite four-year service period. All new grants are awarded under the Company's 2022 Equity Incentive Plan.

PSUs are measured based on the fair market value of the underlying stock on the date of grant, and compensation expense is recognized over the three-year performance period, with adjustments made to the expense to recognize the probable payout percentage.

As of June 30, 2026, total unrecognized share-based compensation expense related to share grants was approximately $59.6 million, before income taxes, and is expected to be recognized over a weighted average period of approximately 2.3 years.

Stock Modification. During the three months ended June 30, 2026, we modified previously granted restricted stock awards for board members and employees who retired. The result of the modifications resulted in the acceleration of the vesting of 17,780 stock awards for the board members and employees. The incremental expense recorded for this modification was approximately $1.5 million, which was expensed in SG&A expense in the three months ended June 30, 2026.

NOTE 8 – Enterprise-Wide Segment Information and Net Sales

Segment Reporting. For financial reporting purposes, we operate in a single segment, standard semiconductor products, through our various manufacturing and distribution facilities. One segment reflects how our chief operating decision maker ("CODM"), which is our chief executive officer, allocates resources and measures results. Although our CODM regularly uses gross profit for key operating decisions about allocating resources and assessing performance, we have concluded that consolidated net income (loss) is also used and is the measure of profit or loss required to be disclosed under the provisions of ASC 280 for our single operating segment. Accordingly, we considered whether there were any significant expense categories to disclose and concluded that the consolidated financial statements and accompanying notes thereto include the relevant categories regularly provided to our CODM. The CODM's assessment of performance is predominantly performed during the Company's annual budgeting and quarterly forecasting process where segment resourcing decisions, such as employee and capital, are made. The measure of segment assets is reported in our consolidated balance sheets as "Total assets." Our primary operations include operations in Asia, the Americas, and Europe.

The table below sets forth the number of customers and the amount of sales to that customer, where that customer accounted for 10% or greater of our net sales during the applicable periods:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Customer 1	$ 45,583	$ 45,937	$ 90,058	$ 79,538
Customer 2	$ 54,681	$ 43,829	$ 105,520	$ 82,864

Each of the customers that accounted for 10% or more of our net sales are broad-based distributors serving thousands of customers. At June 30, 2026 and December 31, 2025, one customer that accounted for 10% or more of the Company's net sales accounted for approximately 15.1% and 16.3%, respectively, of the Company's outstanding accounts receivable.

Disaggregation of Net Sales. We disaggregate net sales with customers into direct sales to end customers and distribution sales to distributors ("Distributors") and by geographic area. Direct sales customers consist of those customers using our product in their manufacturing process, and Distributors are those customers who resell our products to third parties. We deliver our products to customers around the world for use in the industrial, automotive, computing, consumer, and communications markets. Further, most of our contracts are fixed-price arrangements, and are short term in nature, ranging from days to several months. The tables below set forth net sales based on the location of the subsidiary producing the net sale:

For the Three Months Ended June 30, 2026	Asia	Americas	Europe	Consolidated
Total sales	$ 474,595	$ 319,155	$ 66,261	$ 860,011
Intercompany elimination	(204,475)	(177,949)	(32,058)	(414,482)
Net sales	$ 270,120	$ 141,206	$ 34,203	$ 445,529

For the Three Months Ended June 30, 2025	Asia	Americas	Europe	Consolidated
Total sales	$ 396,839	$ 276,715	$ 59,634	$ 733,188
Intercompany elimination	(178,321)	(155,020)	(33,635)	(366,976)
Net sales	$ 218,518	$ 121,695	$ 25,999	$ 366,212

As of and for the Six Months Ended June 30, 2026	Asia	Americas	Europe	Consolidated
Total sales	$ 911,325	612,075	$ 135,507	$ 1,658,907
Intercompany elimination	(398,475)	(345,641)	(63,795)	(807,911)
Net sales	$ 512,850	$ 266,434	$ 71,712	$ 850,996
Property, plant, and equipment, net	$ 505,314	$ 66,802	$ 89,155	$ 661,271
Total assets	$ 1,726,216	$ 583,525	$ 273,624	$ 2,583,365

As of and for the Six Months Ended June 30, 2025	Asia	Americas	Europe	Consolidated
Total sales	$ 749,530	$ 538,660	$ 117,885	$ 1,406,075
Intercompany elimination	(337,485)	(303,377)	(66,888)	(707,750)
Net sales	$ 412,045	$ 235,283	$ 50,997	$ 698,325
Property, plant, and equipment, net	$ 507,574	$ 71,663	$ 100,805	$ 680,042
Total assets	$ 1,646,477	$ 556,335	$ 268,743	$ 2,471,555

The tables below set forth net sales for the Company disaggregated into geographic locations based on shipment destination and by type *(direct sales or distributor sales*):

	For the Three Months Ended June 30,	
Net Sales by Region	**2026**	**2025**
Asia	$ 350,924	$ 285,976
Europe	55,149	45,545
Americas	39,456	34,691
Total net sales	$ 445,529	$ 366,212
Net Sales by Type		
Direct sales	$ 162,256	$ 129,996
Distributor sales	283,273	236,216
Total net sales	$ 445,529	$ 366,212

	For the Six Months Ended June 30,	
Net Sales by Region	**2026**	**2025**
Asia	$ 664,869	$ 544,269
Europe	112,071	90,119
Americas	74,056	63,937
Total net sales	$ 850,996	$ 698,325
Net Sales by Type		
Direct sales	$ 312,772	$ 251,829
Distributor sales	538,224	446,496
Total net sales	$ 850,996	$ 698,325

The table below sets forth the location to where products were shipped, representing 10% or more of net sales in at least one of the periods shown below:

	Location	Amount	
For the three months ended June 30,		**2026**	**2025**
	China	$ 219,067	$ 164,401
	Singapore	$ 46,726	$ 44,467
For the six months ended June 30,			
	China	$ 396,061	$ 317,849
	Singapore	$ 83,074	$ 74,636

NOTE 9 – Debt

Borrowings outstanding as of June 30, 2026 and December 31, 2025 are set forth in the table below:

Description	June 30, 2026	December 31, 2025	Interest Rate	Current Amount Maturity
Short-term debt	$ 18,560	$ 30,264	Various indices plus margin	Various during next 12 months
Long-term debt				
Notes payable to Bank of Taiwan	1,366	1,479	2-yr deposit rate floating plus 0.1148%	June 2033
Notes payable to Bank of Taiwan	4,700	4,770	2-yr deposit rate floating plus 0.082%	October 2027
Notes payable to CTBC Bank	3,133	3,180	TAIBOR 3M plus 0.5%	March 2028
Notes payable to CTBC Bank	-	3,180	TAIBOR 3M plus 0.5%	April 2027
Notes payable to CTBC Bank	10,865	11,384	TAIBOR 3M plus 0.5%	May 2028
Notes payable to E Sun Bank	65	95	1-M deposit rate floating plus 0.08%	July 2027
Notes payable to E Sun Bank	809	918	1-M deposit rate floating plus 0.08%	July 2030
Notes payable to E Sun Bank	71	99	1 M time deposit rate + 1.4%	October 2027
Notes payable to Taishin Bank	137	258	2.82%	January 2027
Notes payable to Taishin Bank	372	-	2.82%	January 2028
Notes payable to Chang Hwa Bank	31	32	2.22%	November 2030
Notes payable to Chang Hwa Bank	47	48	2.22%	December 2030
Notes payable to Chang Hwa Bank	313	223	2.22%	January 2031
Total long-term debt	21,909	25,666		
Less: Current portion of long-term debt	(1,611)	(1,442)		
Total long-term debt, net of current portion	$ 20,298	$ 24,224		

Short-term debt

Our Asia subsidiaries maintain credit facilities with several financial institutions through our foreign entities worldwide totaling $148.9 million. Other than two Taiwanese credit facilities that are collateralized by assets, our foreign credit lines are unsecured, uncommitted and contain no restrictive covenants. These credit facilities bear interest at the Taipei Interbank Offered Rate (or similar indices) plus a specified margin. Interest payments are due monthly on outstanding amounts under the credit lines. The unused and available credit under the various facilities as of June 30, 2026, was approximately $129.9 million, net of $18.6 million advanced under our foreign credit lines and $0.4 million credit used for import and export guarantee.

Long-term debt

The Company maintains a long-term credit facility ("Credit Agreement"). The Credit Agreement consists of a Revolving Credit Facility in the amount of $225.0 million, including a swing line sublimit equal to the lesser of $50.0 million and the Revolving Credit Facility, a letter of credit sublimit equal to the lesser of $100.0 million and the Revolving Credit Facility, and an alternative currency sublimit equal to the lesser of $40.0 million and the Revolving Credit Facility. The Company has the option to increase the Credit Facility and/or incur Incremental Term Loans in an aggregate principal amount of up to $350.0 million. The Company's obligations under the Credit Agreement are secured by a lien on substantially all assets of the Company and certain of its subsidiaries. There was no outstanding balance at June 30, 2026. In addition to our U.S. Credit Agreement, our 53% owned subsidiary, ERIS, had long-term debt of $20.9 million and $25.0 million, at June 30, 2026 and December 31, 2025, respectively, from local Taiwan banks. The outstanding ERIS debt matures in various periods from 2026 through 2033.

NOTE 10 – Commitments and Contingencies

Purchase Commitments. We have entered into non-cancelable purchase contracts for capital expenditures, primarily for manufacturing equipment, for approximately $94.4 million at June 30, 2026. As of June 30, 2026, we also had a commitment to purchase approximately $44.2 million of wafers to be used in our manufacturing process. These wafer purchases are scheduled to occur through 2031.

Contingencies. From time to time, we are involved in various legal proceedings that arise in the normal course of business. While we intend to defend any lawsuit vigorously, we presently believe that the ultimate outcome of any pending legal proceeding will not have any material adverse effect on our consolidated financial position, cash flows, or operating results. However, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, which could impact our business and operating results for the period in which the ruling occurs and future periods. Based on information available, we evaluate the likelihood of potential outcomes of all pending disputes. We record an appropriate liability when the amount of any liability associated with a pending dispute is deemed probable and reasonably estimable. In addition, we do not accrue estimated legal fees and other directly related costs as they are expensed as incurred. The Company is not currently a party to any pending litigation that we consider material.

NOTE 11 – Derivative Financial Instruments

We use derivative instruments to manage risks related to foreign currencies, interest rates, commodity price management, and the net investment risk in our foreign subsidiaries. Our objectives for holding derivatives include reducing, eliminating, and efficiently managing the economic impact of these exposures as effectively as possible. Our derivative programs include strategies that both qualify and do not qualify for hedge accounting treatment. The Company does not enter into derivative contracts for speculative purposes.

Commodity Price Risk Management. The Company purchases gold that is used in the manufacturing of connectors, electronic components, and other products. Gold prices are subject to significant market volatility, which can affect the Company's production costs and operating margins.

To manage a portion of its exposure to fluctuations in gold prices, the Company enters into commodity swap agreements. Our gold derivative contracts are designated as cash flow hedges of forecasted purchases of gold and qualify for hedge accounting treatment under ASC 815. As of June 30, 2026 and December 31, 2025, we had $13.6 million and zero, respectively, of outstanding commodity swaps. At June 30, 2026, the Company had outstanding gold forward contracts covering approximately 2,097 troy ounces of forecasted gold purchases through March 31, 2027.

Hedges of Foreign Currency Risk. We are exposed to fluctuations in various foreign currencies against our different functional currencies. We use foreign currency forward agreements to manage this exposure. As of June 30, 2026 and December 31, 2025, we had $383.6 million and $345.2 million, respectively, of outstanding foreign currency forward agreements that are intended to preserve the economic value of foreign currency denominated monetary assets and liabilities; these instruments are not designated for hedge accounting treatment in accordance with Accounting Standards Codification (“ASC”) No. 815. As of June 30, 2026 and December 31, 2025 we owe approximately $4.3 million and approximately $1.3 million related to our foreign currency forward agreements.

Hedges of Interest Rate and Net Investment Risk. The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps, including interest rate collars, as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company makes use of cross-currency swaps and foreign-currency forward contracts to decrease the foreign exchange risk inherent in the Company’s investment in some of its foreign subsidiaries.

The table below sets forth the fair value of the Company’s derivative financial instruments, which are Level 2 instruments in the fair-value hierarchy, as well as their classification on our condensed consolidated balance sheets as of June 30, 2026 and December 31, 2025:

	Fair Value			
	Other Current or Non-Current Assets		Other Current or Non-Current Liabilities	
	2026	2025	2026	2025
Derivatives with hedge designations				
Collared forwards	$ 13,727	$ 11,454	$ -	$ 2,558
Commodity swaps	$ -	$ -	$ 1,555	$ -
Derivatives without hedge designations				
Foreign exchange forwards	$ -	$ -	$ -	$ -

The table below sets forth the effect of the Company's derivative financial instruments on the Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2026 and 2025:

Derivative Instruments Designated as Hedging Instruments	Amount of Gain or (Loss) Recognized in OCI on Derivative June 30, 2026	Amount of Gain or (Loss) Recognized in OCI on Derivative June 30, 2025	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) June 30, 2026	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) June 30, 2025
Three Months Ended					
Collared forwards	$ (652)	$ (20,923)	Interest income	$ 3,200	$ 5,045
Commodity swaps	$ (1,788)	$ -		N/A	N/A
Six Months Ended					
Collared forwards	$ (1,495)	$ (13,791)	Interest income	$ 6,618	$ 9,302
Commodity swaps	$ (1,788)	$ -		N/A	N/A

NOTE 12 – Employee Benefit Plans

We maintain a Non-Qualified Deferred Compensation Plan (the "Deferred Compensation Plan") for executive officers, key employees, and members of the Board of Directors. The Deferred Compensation Plan allows eligible participants to defer the receipt of eligible compensation, including equity awards, until designated future dates. We offset our obligations under the Deferred Compensation Plan primarily by investing in the actual underlying investments. At June 30, 2026 and December 31, 2025, these investments totaled approximately $21.4 million and $20.0 million, respectively.

NOTE 13 – Related Parties

We conduct business with the following related parties: Keylink International (B.V.I.) Inc. and its subsidiaries and affiliates ("Keylink"), Nuvoton Technology Corporation ("Nuvoton"), Jiyuan Crystal Photoelectric Frequency Technology Ltd. ("JCP"), Atlas Magnetics, Co. ("Atlas"), and ATX Semiconductor SDN ("ATX").

Keylink is a 5% joint venture partner in our Shanghai assembly and test facilities. We sell products to, and purchase inventory from, companies owned by Keylink. In addition, our subsidiaries in China lease their manufacturing facilities in Shanghai from, and subcontract a portion of our manufacturing process (metal plating and environmental services) to Keylink. We also pay a consulting fee to Keylink.

Warren Chen, a member of the Company's board of directors, serves as a member of the Nuvoton board of directors. In the six months ended June 30, 2026, we purchased approximately $1.4 million of wafers from Nuvoton under an agreement that ended in the second quarter of 2026. We consider our relationship with Nuvoton to be mutually beneficial, and plan to continue our strategic alliance with Nuvoton.

JCP is a frequency control product manufacturing company from which we purchase material and in which we have made an equity investment that we account for using the equity method of accounting.

Atlas is an early stage privately held fabless wafer design company in which the Company holds a majority interest. The Company determined that Atlas is a variable interest entity ("VIE"), and the Company does not have the power to direct the activities that most significantly impact Atlas. The Company has therefore determined that the Company is not the primary beneficiary. Consequently, we do not consolidate the assets and liabilities of Atlas in the Company's financial statements. For additional information related to Atlas see Note 14 - Equity Investments - Unconsolidated VIE, below.

In June 2025, the Company entered into a Joint Venture Agreement to acquire a 43% interest and joint control of ATX, a Malaysian private limited liability company, with the purpose of building synergies related to testing and packaging. ATX is a related party for the Company.

The table below sets forth the revenues and expenses with our related parties:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Keylink:				
Net sales	$ (33)	$ (101)	$ 9	$ 27
Purchases	$ 242	$ 62	$ 465	$ 199
Plating, rental, and consulting expense	$ 3,859	$ 3,307	$ 7,477	$ 6,528
Nuvoton:				
Net sales	$ 10	$ 29	$ 26	$ 53
Purchases	$ 3,678	$ 1,278	$ 5,263	$ 2,343
JCP:				
Purchases	$ -	$ 29	$ -	$ 105
Atlas:				
Purchases	$ 2,072	$ 3,694	$ 4,353	$ 6,738
ATX:				
Purchases	$ 202	$ -	$ 296	$ -

The table below sets forth accounts receivable from, and accounts payable to, our related parties:

	June 30, 2026	December 31, 2025
Keylink:		
Accounts receivable	$ 38,087	$ 25,415
Accounts payable	$ 31,847	$ 27,837
Nuvoton:		
Accounts receivable	$ 10	$ 9
Accounts payable	$ 2,599	$ 1,131
Atlas:		
Accounts payable	$ 325	$ 721
ATX:		
Accounts payable	$ 90	$ 12

NOTE 14 - Equity Investments

The Company maintains equity investments in companies which are accounted for under the measurement alternative described in ASC 321-10-35-2 for equity securities that lack readily determinable fair values. As of June 30, 2026 and December 31, 2025, the Company had $98.0 million and $97.4 million, respectively, of investments accounted for under the measurement alternative. During the six months ended June 30, 2026, the Company recorded $22.5 million of non-cash mark-to-market adjustments related to the value of a previously made equity investments. During the six months ended June 30, 2025, the Company recorded a $5.8 million non-cash impairment charge related to the decrease in value of a previously made equity investment.

Unconsolidated VIE

During July 2021, the Company acquired an interest in Atlas, an early stage privately held fabless wafer design company located in the western United States. The Company's initial investment in July 2021 was $10.0 million of preferred stock and a $5.0 million convertible promissory note. In April 2023, the Company acquired an additional interest in Atlas by purchasing $13.9 million of preferred stock and the Company's previously held convertible note converted to $5.2 million of preferred stock. In June 2025, the Company acquired an additional interest in Atlas by purchasing $12.3 million of preferred stock. In connection with the additional investment in Atlas in June 2025, the Company recorded an upward mark-to-market adjustment of $33.3 million to adjust the value of the investment. The primary purpose for providing the additional investments in Atlas was to provide for continued access to developing technology with potential future benefit to the Company. At June 30, 2026, the Company continues to own more than 50% of Atlas. The Company determined that Atlas is a VIE and a related party. While the Company does own more than 50% of Atlas, according to the voting agreement governing the transaction, the Company does not have the power to control the board of directors or direct the activities that most significantly impact Atlas, including:

• The hiring and firing of officers (i.e., CEO, CFO, etc.) – The hiring and firing of personnel responsible for making the key daily decisions and implementing the strategic operating direction will determine the success the Company has in their initiatives, thereby affecting the economic performance;

• Determining the business plan and budget, including incurring additional indebtedness or issuing additional equity interests – As Atlas is thinly capitalized, the decisions around when and how to obtain cash will influence whether Atlas can continue operating; and

• Determining the strategic operating direction of Atlas – The decisions made around the significant operating direction of Atlas will significantly impact the overall performance of the Company by determining where and how Atlas limited capital is spent without having significant revenues to keep the Company operating.

As the Company is not the primary beneficiary of Atlas, the Company did not consolidate the assets and liabilities of Atlas in our financial statements and instead accounts for the investment under the measurement alternative described in ASC 321-10-35-2 for equity securities that lack readily determinable fair value. As such, the Company's investment is measured at cost less impairment, and adjusted to fair value if there are any observable price changes for identical or similar investment of the same issuer.

Atlas is funded through debt and equity. The Company's maximum exposure to loss is limited to its investment in Atlas and notes receivable and accrued interest owed to the Company from Atlas. The following is a summary of the Company's holdings in Atlas, a VIE, in which we are not the primary beneficiary:

	June 30, 2026	December 31, 2025
VIE total assets	$ 34,444	$ 39,620
VIE total liabilities	12,019	10,659
Diodes' equity in VIE	$ 90,035	$ 90,035
Diodes' note receivable from VIE	9,000	9,000
Diodes' interest receivable from VIE	853	628
Diodes' maximum exposure to loss	$ 99,888	$ 99,663

ATX Semiconductor SDN

In June 2025, the Company entered into a joint venture agreement with Global Advanced Packaging Test Limited to acquire a 43% interest in and joint control of ATX, a Malaysian private limited liability company, with the purpose of building synergies related to testing and packaging. The ATX joint venture meets the accounting definition of a joint venture where neither party has unilateral control of the entity and both parties have joint control over the decision-making process in the entity. As such, the Company uses the equity method to account for its share of the investment in ATX. The carrying value of the equity investment is $21.7 million as of June 30, 2026. The Company recorded and will continue to record equity method earnings of the joint venture on a 3-month lag.

Note 15 - Subsequent Event

On July 10, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire 100% of ElevATE Semiconductor, Inc. ("ElevATE") in an all-cash transaction, which we expect to fund from available cash and our unused borrowing capacity. ElevATE is a fabless semiconductor company based in San Diego, California that specializes in the development of integrated circuits for the automated test equipment industry. Under the terms of the Merger Agreement, the aggregate merger consideration is based on a $250.0 million base purchase price, subject to customary adjustments for cash, indebtedness, transaction costs, taxes, and net working capital. In addition, the Merger Agreement provides for potential earnout payments of up to $50.0 million in the aggregate based on the achievement of specified post-closing revenue and gross margin thresholds for calendar years 2027 through 2030. The Company will account for the acquisition of ElevATE as a business combination.

The transaction, which is still subject to customary closing conditions, including regulatory approvals, is expected to close during the second half of 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Except for the historical information contained herein, the matters addressed in this Item 2 constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as identified under the heading "Cautionary Statement for Purposes of the "Safe Harbor" Provision of the Private Securities Litigation Reform Act of 1995" herein. Such forward-looking statements are subject to a variety of risks and uncertainties, including those discussed in the subsection "Risk Factors" set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A of our most recent Annual Report on Form 10-K, and similar discussions elsewhere in this Quarterly Report on Form 10-Q and in other reports we file with the SEC from time to time, that could cause actual results to differ materially from those anticipated by our management. The Private Securities Litigation Reform Act of 1995 (the "PSLRA") provides certain "safe harbor" provisions for forward-looking statements. All forward-looking statements made in this Quarterly Report on Form 10-Q are made pursuant to the PSLRA. We undertake no obligation to publicly release the results of any revisions to our forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events. Unless the context otherwise requires, the words "Diodes," the "Company," "we," "us," and "our" refer to Diodes Incorporated and its subsidiaries. Dollar amounts and share amounts are presented in thousands, except per share amounts, unless otherwise noted.

This management's discussion should be read in conjunction with the management's discussion included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 ("Form 10-K"), previously filed with Securities and Exchange Commission ("SEC") on February 10, 2026.

Overview

Diodes Incorporated (Nasdaq: DIOD), delivers high-quality semiconductor products to the world's leading companies in the automotive, industrial, computing, consumer electronics, and communications markets. We leverage our expanded product portfolio of analog and power solutions combined with a flexible hybrid manufacturing model that meet customers' needs. Our broad range of application-specific products, delivered through a total solutions sales approach and supported by global operations including engineering, testing, manufacturing, and customer service, enable us to be a premier provider for high-growth markets.

The Company's diverse product portfolio covers diodes; rectifiers; transistors; MOSFETs; SiC diodes and MOSFETs; protection devices; logic; voltage translators; amplifiers and comparators; sensors; and power management devices such as AC-DC converters, digital isolators and isolated gate drivers, DC-DC switching, photocoupler, linear voltage regulators, voltage references, LED drivers, power switches, and voltage supervisors. We also have timing and connectivity solutions including clock ICs, crystal oscillators, PCIe packet switches, multi-protocol switches, interface products, and signal integrity solutions for high-speed signals.

Summary for the three months ended June 30, 2026

- Net sales were $445.5 million, an increase of 21.7% from the $366.2 million in the three months ended June 30, 2025 and an increase of 9.9% from the $405.5 million in three months ended March 31, 2026;
- Gross profit was $147.6 million, an increase of 28.0% from the $115.3 million in the three months ended June 30, 2025 and an increase of 14.6% from the $128.8 million in the three months ended March 31, 2026;
- Gross profit margin was 33.1%, compared to 31.5% in the three months ended June 30, 2025 and 31.8% in the three months ended March 31, 2026;
- Net income attributable to common stockholders was $46.6 million, compared to net income attributable to common stockholders of $46.1 million in the three months ended June 30, 2025 and net income attributable to common stockholders of $15.0 million in the three months ended March 31, 2026;
- Earnings per share attributable to common stockholders was $1.00 per diluted share, compared to $0.99 per diluted share in the three months ended June 30, 2025 and $0.32 per diluted share in the three months ended March 31, 2026; and
- Cash flow provided by operations was $68.5 million. We had $33.6 million of capital expenditures. Net cash flow was $32.9 million.

As of June 30, 2026, our cash, cash equivalents, and short-term investments were $440.0 million, and we had access to unused borrowing capacity of $225.0 million under the revolving portion of our U.S. Credit Agreement. We believe our liquidity and our borrowing capacity will allow us to cover our cash needs for working capital, capital expenditures, and acquisitions for at least the next 12 months.

On July 10, 2026, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire 100% of ElevATE Semiconductor, Inc. ("ElevATE") in an all-cash transaction, which we expect to fund from available cash and our unused borrowing capacity. ElevATE is a fabless semiconductor company based in San Diego, California that specializes in the development of integrated circuits for the automated test equipment industry. Under the terms of the Merger Agreement, the aggregate merger consideration is based on a $250.0 million base purchase price, subject to customary adjustments for cash, indebtedness, transaction costs, taxes, and net working capital. In addition, the Merger Agreement provides for potential earnout payments of up to $50.0 million in the aggregate based on the achievement of specified post-closing revenue and gross margin thresholds for calendar years 2027 through 2030.

The transaction, which is still subject to customary closing conditions, including regulatory approvals, is expected to close during the second half of 2026.

In the three months and six months ended June 30, 2026, the Company extended its momentum with revenue again increasing more than 20% when compared to the three and six months ended June 30, 2025, driven by growth across regions. Revenue also increased 10% sequentially coupled. The continued growth this quarter serves as further confirmation of strengthening demand in the overall market combined with the Company's expanding content across our analog and power solutions in our key focus areas of automotive, industrial and artificial intelligence server-related applications.

The cost and operating initiatives previously implemented during the semiconductor market slowdown are producing measurable benefits to gross margin and net income, with margin increasing 160 basis points year-over-year. These actions have also contributed to increased cash flow that has enabled the Company to reinvest in growth and innovation, while also looking for inorganic opportunities to expand our technology portfolio, such as the recent proposed acquisition of ElevATE.

Results of operations for the three months ended June 30, 2026 and 2025

The table below sets forth the condensed consolidated statement of operations line items as a percentage of net sales:

For the three months ended June 30,		
	2026	**2025**
Net sales	100%	100%
Cost of goods sold	(67)	(68)
Gross profit	33	32
Total operating expense	(26)	(29)
Interest income	1	2
Foreign currency (loss), net	-	(2)
Unrealized gain on investments	4	8
Gain on disposal of subsidiary	-	4
Income tax provision	(2)	(3)
Equity in net earnings of equity investments	(1)	-
Net income attributable to common stockholders	10	13

The following table and discussion explains in greater detail our consolidated operating results and financial condition for the three months ended June 30, 2026, compared to the three months ended June 30, 2025. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

	For the three months ended June 30,			
	2026	**2025**	**Increase/(Decrease)**	**% Change**
Net sales	$ 445,529	$ 366,212	$ 79,317	21.7%
Cost of goods sold	297,963	250,888	47,075	18.8%
Gross profit	147,566	115,324	32,242	28.0%
Total operating expense	114,276	105,935	8,341	7.9%
Interest income	5,548	7,024	(1,476)	(21.0%)
Interest expense	(334)	(506)	(172)	(34.0%)
Foreign currency (loss), net	(1,017)	(6,432)	(5,415)	84.2%
Unrealized gain on investments	20,018	29,645	(9,627)	(32.5%)
Gain on disposal of subsidiary	-	13,730	(13,730)	N/A
Other income	470	362	108	29.8%
Income tax provision	6,847	9,063	(2,216)	(24.5%)
Equity in net earnings of equity investments	(2,362)	11	(2,373)	(21572.7%)
Net income attributable to common stockholders	46,649	46,098	551	1.2%

Net sales increased approximately $79.3 million, or 21.7%, for the three months ended June 30, 2026, compared to the same period last year, primarily due to strong demand in the computing market, especially for artificial intelligence related server applications as well as data center and edge computing. During the three months ended June 30, 2026, weighted-average sales price decreased 2.5%

and volume increased 24.8%, when compared to the same period in 2025. The decrease in weighted-average sales price was primarily due to lower market pricing.

The table below sets forth our product revenue as a percentage of total product revenue by end-user market for the three months ended June 30, 2026 and 2025:

	Three Months Ended June 30,	
	2026	2025
Industrial	23%	23%
Automotive	21%	19%
Computing	28%	26%
Consumer	17%	18%
Communications	11%	14%

For the three months ended June 30, 2026, gross profit increased approximately 28.0% when compared to the same period last year primarily due to higher net sales. Gross profit margin for the three months ended June 30, 2026 and 2025 was 33.1% and 31.5%, respectively.

Operating expenses for the three months ended June 30, 2026, increased $8.3 million when compared to the three months ended June 30, 2025. Operating expenses as a percentage of net sales were 25.6% and 28.9% for the three months ended June 30, 2026 and 2025, respectively. SG&A increased approximately $10.3 million as compared to the same period last year reflecting an increase in salaries and wages of $8.6 million and freight and duty expense of $1.7 million. SG&A, as a percentage of net sales, was 15.7% and 16.2% for the three months ended June 30, 2026 and 2025 respectively. For the three months ended June 30, 2026, research and development expenses ("R&D") was flat when compared to the three months ended June 30, 2025. R&D, as a percentage of net sales, was 9.1% and 11.1% for the three months ended June 30, 2026 and 2025, respectively.

Interest income decreased $1.5 million, or 21.0%, for the three months ended June 30, 2026, compared to the same period last year, reflecting less interest income received in the Company's derivative hedging instruments. Interest expense was flat for the three months ended June 30, 2026, compared to the same period last year. During the three months ended June 30, 2026, the Company recognized $20.0 million in unrealized gains on investments for mark-to-market adjustments.

We recognized an income tax expense of approximately $6.8 million and $9.1 million for the three months ended June 30, 2026 and 2025, respectively. The decrease in income taxes for 2026 compared to 2025 is primarily attributable to the geographical mix of pre-tax income and loss across tax jurisdictions.

Results of operations for the six months ended June 30, 2026 and 2025

The table below sets forth the condensed consolidated statement of operations line items as a percentage of net sales:

For the six months ended June 30,		
	2026	2025
Net sales	100%	100%
Cost of goods sold	(68)	(68)
Gross profit	32	32
Total operating expense	(26)	(30)
Interest income	1	2
Foreign currency (loss), net	(1)	(1)
Unrealized gain on investments	3	4
Impairment of equity investment	-	(1)
Gain on disposal of subsidiary	-	2
Income tax provision	(1)	(1)
Equity in net earnings of equity investments	(1)	-
Net income attributable to common stockholders	7	6

The following table and discussion explains in greater detail our consolidated operating results and financial condition for the six months ended June 30, 2026, compared to the six months ended June 30, 2025. This discussion should be read in conjunction with the condensed consolidated financial statements and notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q.

	For the six months ended June 30,			
	2026	2025	Increase/(Decrease)	% Change
Net sales	$ 850,996	$ 698,325	$ 152,671	21.9%
Cost of goods sold	574,638	478,307	96,331	20.1%
Gross profit	276,358	220,018	56,340	25.6%
Total operating expense	223,303	209,333	13,970	6.7%
Interest income	10,993	12,837	(1,844)	(14.4%)
Interest expense	(1,016)	(973)	43	4.4%
Foreign currency (loss), net	(4,394)	(6,615)	(2,221)	(33.6%)
Unrealized gain on investments	22,468	25,613	(3,145)	(12.3%)
Impairment of equity investment	(1,249)	(5,817)	4,568	(78.5%)
Gain on disposal of subsidiary	-	13,730	(13,730)	(100.0%)
Other income	561	979	(418)	(42.7%)
Income tax provision	10,847	9,083	1,764	19.4%
Equity in net earnings of equity investments	(4,703)	17	(4,720)	(27764.7%)
Net income attributable to common stockholders	61,610	41,661	19,949	47.9%

Net sales increased approximately $152.7 million, or 21.9%, for the six months ended June 30, 2026, compared to the same period last year. During the six months ended June 30, 2026, weighted-average sales price decreased 4.6% and volume increased 27.7%, when compared to the same period in 2025.

The table below sets forth our product revenue as a percentage of total product revenue by end-user market for the six months ended June 30, 2026 and 2025:

	Six Months Ended June 30,	
	2026	2025
Industrial	23%	23%
Automotive	19%	19%
Computing	27%	26%
Consumer	18%	18%
Communications	13%	14%

For the six months ended June 30, 2026, gross profit increased approximately 25.6% when compared to the same period last year primarily due to higher net sales. Gross profit margin for the six months ended June 30, 2026 and 2025 was 32.5% and 31.5%, respectively.

Operating expenses for the six months ended June 30, 2026, increased $14.0 million when compared to the six months ended June 30, 2025. Operating expenses as a percentage of net sales were 26.2% and 30.0% for the six months ended June 30, 2026 and 2025, respectively. SG&A increased approximately $15.9 million as compared to the same period last year reflecting an increase in salaries and wages of $11.8 million and an increase in freight and duty of $2.9 million. SG&A, as a percentage of net sales, was 15.8% and 16.9% for the six months ended June 30, 2026 and 2025, respectively. For the six months ended June 30, 2026, R&D increased approximately $2.1 million when compared to the six months ended June 30, 2025 due to increased R&D expenses related to salaries and wages of $4.1 million, and increased depreciation and amortization of $3.8 million. These increases in R&D expenses were partially offset by decreases in R&D marketing expense of $4.2 million and decreases in R&D operating expenses of $2.2 million. R&D, as a percentage of net sales, was 9.6% and 11.3% for the six months ended June 30, 2026 and 2025, respectively.

Interest income decreased $1.8 million, or 14.4%, for the six months ended June 30, 2026, compared to the same period last year, reflecting lower amounts of interest income received in the Company's derivative hedging instruments. Interest expense was flat for the six months ended June 30, 2026, compared to the same period last year. During the six months ended June 30, 2026, the Company recognized an impairment loss on an equity investment of $1.3 million, due to a decline in the value of the investment. During the six months ended June 30, 2026, the Company recognized upward fair value adjustments of $22.5 million related to long-term investments.

We recognized an income tax expense of approximately $10.8 million and $9.1 million for the six months ended June 30, 2026 and 2025, respectively. The increase in income taxes for 2026 compared to 2025 was primarily attributable to an increase in pretax earnings.

Financial Condition

Liquidity and Capital Resources

Our primary source of liquidity is cash flow from operations. Additional sources of liquidity are cash and cash equivalents, short-term investments, and our credit facilities. Our cash and cash equivalents and restricted cash increased from $372.3 million at December 31, 2025 to $432.1 million at June 30, 2026. This increase in cash, cash equivalents, and restricted cash reflects normal operations of the Company. As of June 30, 2026, we had short-term investments totaling $9.5 million. These investments are highly liquid with maturity dates greater than three months at the date of purchase. We generally can access these investments in a relatively short time frame but in doing so we generally forfeit all earned and future interest income.

At June 30, 2026 and December 31, 2025, our working capital was $930.7 million and $878.6 million, respectively. We expect cash generated by our operations together with existing cash, cash equivalents, short-term investments, and available borrowing under credit facilities to be sufficient to cover our cash needs for working capital, capital expenditures, and acquisitions for at least the next 12 months.

Our undistributed foreign earnings continue to be indefinitely reinvested in foreign operations, with limited exceptions related to earnings of certain European and Asian subsidiaries. As of June 30, 2026, our foreign subsidiaries held approximately $253.2 million of cash, cash equivalents and investments of which approximately $91.2 million would be subject to a potential non-U.S. withholding tax if distributed outside the country in which the cash is currently held. The $92.1 million is held in Asia and Europe.

Short-term debt

Our Asia subsidiaries maintain short-term credit facilities with several financial institutions through our foreign entities worldwide totaling $148.9 million. Other than two Taiwanese credit facilities that are collateralized by assets, our foreign credit lines are unsecured, uncommitted, and contain no restrictive covenants. These credit facilities bear interest at the Taipei Interbank Offering Rate (or similar indices) plus a specified margin. Interest payments are due monthly on outstanding amounts under the credit lines. The unused and available credit under the various facilities as of June 30, 2026, was approximately $129.9 million, net of $18.6 million advanced under our foreign credit lines and $0.4 million of credit used for import and export guarantee.

Long-term debt

The Company maintains a long-term credit facility (“Credit Agreement”). The Credit Agreement consists of a Revolving Credit Facility in the amount of $225.0 million, including a swing line sublimit equal to the lesser of $50.0 million and the Revolving Credit Facility, a letter of credit sublimit equal to the lesser of $100.0 million and the Revolving Credit Facility, and an alternative currency sublimit equal to the lesser of $40.0 million and the Revolving Credit Facility. The Company has the option to increase the Revolving Credit Facility and/or incur Incremental Term Loans in an aggregate principal amount of up to $350.0 million. The Credit Agreement bears interest at Term SOFR or similar other indices plus a specified margin and matures in May 2028. The Company’s obligations under the Credit Agreement are secured by a lien on substantially all assets of the Company and certain of its subsidiaries. There was no outstanding balance under the Credit Agreement at June 30, 2026. In addition to our U.S. Credit Agreement, our 53% owned subsidiary, ERIS, had long-term debt of $20.9 million and $25.0 million, at June 30, 2026 and December 31, 2025, respectively, from local Taiwan banks. The outstanding ERIS debt matures in various periods from 2026 through 2033.

Because some of our outstanding debt is subject to variable interest rates, higher interest rates will potentially increase our overall debt service cost. If interest rates rise globally, our cost of capital may increase in the future.

Discussion of Cash Flows

The table below sets forth a summary of the condensed consolidated statements of cash flows:

	Six Months Ended June 30,	
	2026	**2025**
Net cash flows from operating activities	$ 132,788	$ 98,264
Net cash flows from investing activities	(75,199)	(78,614)
Net cash flows from financing activities	(1,951)	(30,116)
Effect of exchange rate changes on cash and cash equivalents	4,097	18,519
Change in cash and cash equivalents, including restricted cash	$ 59,735	$ 8,053

Operating Activities

Net cash flows from operating activities for the six months ended June 30, 2026 was $132.8 million. The following recurring operating items gave rise to the calculation of net cash flows from operating activities for the six months ended June 30, 2026: Net income of $64.9 million, depreciation and amortization of intangible assets of $70.4 million, share-based compensation of $18.9 million, and a net increase of $0.6 million of changes in working capital accounts. These increases in cash were partially offset by the recognition of net investment gains of $17.8 million, including $22.5 million, net, of non-cash mark-to-market increases.

Net cash flows from operating activities for the six months ended June 30, 2025 was $98.3 million. The following recurring operating items gave rise to the calculation of net cash flows from operating activities for the six months ended June 30, 2025: Net income of $41.4 million, depreciation and amortization of intangible assets of $71.8 million, a net increase of $15.3 million of changes in working capital accounts, and share-based compensation of $12.2 million. During the six months ended June 30, 2025 the Company also recognized net investment gains of $39.4 million, including a $33.3 million non-cash mark-to-market increase in the value of the Company's investment in Atlas, a non-cash mark-to-market decrease of $7.7 million of previously made equity investments, and a gain on the disposal of a subsidiary for $13.7 million.

Investing Activities

Net cash and cash equivalents from investing activities was $(75.2) million for the six months ended June 30, 2026. Net cash and cash equivalents from investing activities for the six months ended June 30, 2026 was primarily due to purchases of property, plant, and equipment of $65.5 million, or 7.7% of net sales. We expect capital expenditures for the twelve months ended December 31, 2026 to be within our target model of 5% to 9% of net sales. The Company also paid approximately $6.5 million due to the termination of a hedge instrument and made a $2.4 million payment from an escrow account related to the previously made acquisition.

Net cash and cash equivalents from investing activities was ($78.6) million for the six months ended June 30, 2025. Net cash and cash equivalents from investing activities for the six months ended June 30, 2025 was primarily due to purchases of property, plant, and equipment of $36.3 million, or 5.2% of net sales. The Company made purchases of equity securities, including making an investment in ATX of approximately $30.0 million, increasing its investment in Atlas by approximately $17.3 million, and the acquisition of the minority interest in a joint venture in Taiwan for approximately $4.1 million, bringing the Company's ownership to 100%. The Company also paid approximately $6.9 million due to the expiration of a hedge instrument. These uses of cash for
investing were partially offset by the receipt of approximately $16.0 million related to the sale of TFS.

Financing Activities

Net cash and cash equivalents from financing activities was $(2.0) million for the six months ended June 30, 2026. Net cash from financing activities in the six months ended June 30, 2026 consisted of stock repurchases of $10.2 million, $14.8 million of net decreases in our debt, and taxes paid on net share settlements of $1.9 million. These uses of cash were partially offset by net changes in non-controlling interests of $25.1 million.

Net cash and cash equivalents from financing activities was ($30.1) million for the six months ended June 30, 2025. Net cash from financing activities in the six months ended June 30, 2025 consisted of net decreases in non-controlling interests of $13.5 million, stock repurchases of $10.0 million, $5.0 million of net decreases in our debt, and taxes paid on net share settlements of $1.6 million.

Use of Derivative Instruments and Hedging

We use, or may use, interest rate swaps, commodity swaps, foreign exchange forward contracts, and cross currency swaps to provide a level of protection against interest rate risks and foreign exchange exposure.

Hedges of Commodity Risk

As part of our overall risk management strategy, we enter into commodity swap agreements to manage our exposure to fluctuations in commodity prices. These derivative instruments are intended to reduce the volatility of future cash flows attributable to changes in market prices and to provide greater certainty regarding the cost of commodities used in our operations.

Hedges of Interest Rate Risk

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage exposure to interest rate movements. To accomplish these objectives, we primarily use interest rate swaps, including interest rate collars, as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

Hedges of Foreign Currency Risk

We are exposed to fluctuations in various foreign currencies against our different functional currencies. We use foreign currency forward agreements to manage this exposure and to preserve the economic value of foreign currency denominated monetary assets and liabilities. These instruments are not designated for hedge accounting treatment in accordance with ASC No. 815. The fair value of our foreign exchange hedges approximates zero.

Hedges of Net Investment Risk

We make use of cross-currency swaps and foreign-currency forward contracts to decrease the foreign exchange risk inherent in our investment in some of our foreign subsidiaries.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements, or other relationships with unconsolidated entities that will affect our liquidity or capital resources. We have no special purpose entities that provide off-balance sheet financing, liquidity, or market or credit risk support, nor do we engage in leasing, swap agreements, or outsourcing of research and development services that could expose us to liability that is not reflected on the face of our financial statements.

Contractual Obligations

There have been no material changes in our Contractual Obligations as disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 10, 2026.

Critical Accounting Estimates

Our critical accounting estimates are described in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and in the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, filed with the SEC on February 10, 2026. Any new accounting estimates or updates to existing accounting estimates as a result of new accounting pronouncements have been discussed in the notes to our condensed consolidated financial statements in this Quarterly Report on Form 10-Q in Note 1 – Summary of Operations and Significant Accounting Policies. The application of our critical accounting estimates may require management to make judgments and estimates about the amounts reflected in the condensed consolidated financial statements. Management uses historical experience and all available information to make these estimates and judgments, and different amounts could be reported using different assumptions and estimates.

Recently Issued Accounting Pronouncements

See Note 1 - Summary of Operations and Significant Accounting Policies, of the Notes to Condensed Consolidated Financial Statements, for detailed information regarding the status of recently issued accounting pronouncements, if any.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Commodity Price Risk

We are exposed to commodity price risk in the ordinary course of business, including fluctuations in the market price of gold, which is used in our operations and may affect our cost of sales, margins, cash flows and financial condition. Gold prices are influenced by a number of factors beyond our control, including global supply and demand conditions, inflation expectations, interest rates, currency movements, investor demand, central bank activity, geopolitical developments and broader macroeconomic conditions. Significant increases in the price of gold could adversely affect our operating results to the extent we are unable to offset higher costs through pricing actions, productivity improvements, material substitutions or other measures.

To help manage a portion of our exposure to changes in gold prices, we enter into commodity hedging arrangements from time to time, including derivative instruments linked to gold prices. These arrangements are intended to reduce the variability of cash flows and earnings associated with forecasted purchases or usage of gold, but they may not fully offset the effects of commodity price changes and may expose us to basis risk, counterparty risk, liquidity risk and the risk that hedge positions do not qualify for, or are not designated for, hedge accounting treatment. In addition, the timing and amount of gains or losses recognized on these instruments may not coincide with the timing and amount of the underlying commodity exposures.

A hypothetical 10.0% increase or decrease in the market price of gold, measured as of June 30, 2026 and assuming the aggregate notional amount of our gold-related hedging positions and underlying forecasted exposures remained constant, would be expected to result in a corresponding change in the fair value of our gold commodity derivatives and in the cost of our forecasted gold purchases. The actual impact on our consolidated financial statements would depend on a variety of factors, including the notional amount, tenor and structure of our hedging instruments, the volume and timing of underlying gold purchases, whether the instruments are designated as cash flow hedges, and the extent to which any change in derivative fair value offsets changes in the cost of the underlying exposure. Accordingly, while our hedging program is intended to mitigate the effect of changes in gold prices, it does not eliminate commodity price risk.

Item 4. Controls and Procedures.

Our Chief Executive Officer, Gary Yu, and Chief Financial Officer, Brett R. Whitmire, with the participation of our management, carried out an evaluation, as of June 30, 2026, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer believe that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures are effective at the reasonable assurance level to ensure that information required to be included in this Quarterly Report is:

- recorded, processed, summarized, and reported within the time period specified in the Commission’s rules and forms; and
- accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions on required disclosure.

Disclosure controls and procedures, no matter how well designed and implemented, can provide only reasonable assurance of achieving an entity’s disclosure objectives. The likelihood of achieving such objectives is affected by limitations inherent in disclosure controls and procedures. These include the fact that human judgment in decision-making can be faulty and that breakdowns in internal control can occur because of human failures such as simple errors, mistakes, or intentional circumvention of the established processes.

Changes in Internal Controls over Financial Reporting

There was no change in our internal control over financial reporting, known to our Chief Executive Officer or Chief Financial Officer, that occurred in the three months ended June 30, 2026, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not a party to any pending litigation that we consider material.

From time to time, we are involved in various legal proceedings that arise in the normal course of business. While we intend to defend any lawsuit vigorously, we presently believe that the ultimate outcome of any pending legal proceeding will not have any material adverse effect on our financial position, cash flows, or operating results. However, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, which could impact our business and operating results for the period in which the ruling occurs or future periods.

Item 1A. Risk Factors.

There have been no material changes to our risk factors from those disclosed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on February 10, 2026 except as set forth below.

Our ability to complete our acquisition of ElevATE is subject to various closing conditions, including the receipt of consents and approvals from governmental authorities, which may impose conditions that could adversely affect us or cause the transaction not to be completed; and if we are able to complete the transaction, we may be unable to realize the anticipated benefits.

On July 10, 2026, we entered into a Merger Agreement to acquire ElevATE Semiconductor, Inc. The acquisition is subject to customary closing conditions, including certain regulatory approvals, as specified in the Merger Agreement. No assurance can be given that the required conditions to closing will be satisfied, and, even if all required approvals are obtained and the required conditions are satisfied, no assurance can be given as to the terms, conditions and timing of such approvals. Any delay in completing the acquisition could cause the Company not to realize, or to be delayed in realizing, some or all of the benefits that we expect to achieve if the acquisition is successfully completed within its expected time frame. Even if the transaction closes timely, we also cannot be sure that we will recognize the anticipated benefits of the transaction. If we are unable to successfully maximize the benefits of our acquisition of ElevATE, our business, financial condition and operating results could be adversely affected

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table provides information about repurchases of our common stock during the three months ended June 30, 2026.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
April 1, 2026 - April 30, 2026	-	$ -	-	$ 66,186,357
May 1, 2026 - May 31, 2026	99,120	100.91	99,120	56,184,423
June 1, 2026 - June 30, 202	-	-	-	56,184,423
Total	99,120	$ 100.91	99,120	$ 56,184,423

All open-market purchases during the quarter were made under the authorization received from our board of directors on May 8, 2025, to purchase up to $100.0 million of the Company’s common stock. As of June 30, 2026, $43.8 million of the May 2025 program had been utilized. Share repurchases under the program may be made from time to time in the open market, through privately-negotiated transactions, or otherwise, subject to applicable laws, regulations, and approvals. The timing of the share repurchases will depend on a variety of factors, including market conditions, and the share repurchases may be suspended or discontinued at any time.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Insider Trading Arrangements

On May 12, 2026, Francis Tang, the Company’s Chief Technology Officer, terminated a trading arrangement under Rule 10b5-1(c) under the Securities Exchange Act of 1934. The trading arrangement had been adopted on February 27, 2026, was scheduled to expire on February 26, 2027, and covered up to 11,882 shares of the Company's common stock.

On May 26, 2026, Francis Tang, the Company's Chief Technology Officer, entered into a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934. The plan provides for the sale of up to 17,621 shares of the Company's common stock, subject to the terms of the plan, during the period from May 26, 2026 through April 30, 2027. Mr. Tang's plan will expire on April 30, 2027, subject to early termination in accordance with the terms of the plan.

On May 29, 2026, Emily Yang, the Company's Senior Vice President, Worldwide Sales and Marketing, entered into a trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934. The plan provides for the sale of up to 5,596 shares of the Company's common stock, subject to the terms of the plan, during the period from May 29, 2026 through April 30, 2027. Ms. Yang's plan will expire on April 30, 2027, subject to early termination in accordance with the terms of the plan.

Item 6. Exhibits.

Number	Description	Form	Date of First Filing	Exhibit Number	Filed Herewith
3.1	Certificate of Incorporation, as amended	10-K	February 20, 2018	3.1	
3.2	Amended By-laws of the Company as of January 6, 2016	8-K	January 11, 2016	3.1	
4.1	Form of Certificate for Common Stock, par value $0.66 2/3 per share	S-3	August 25, 2005	4.1	
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
31.2	Certification Pursuant to Rule 13a-14(a) /15d-14(a) of the Securities Exchange Act of 1934, adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				X
32.1*	Certification Pursuant to 18 U.S.C. 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2*	Certification Pursuant to 18 U.S.C. 1350 adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101.INS	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				X
101.SCH	Inline XBRL Taxonomy Extension Schema				X
104	Cover Page Interactive Data File, formatted in Inline XBRL				X

* *A certification furnished pursuant to Item 601(b)(32) of the Regulation S-K will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.*

PLEASE NOTE: It is inappropriate for investors to assume the accuracy of any covenants, representations or warranties that may be contained in agreements or other documents filed as exhibits to this Quarterly Report on Form 10-Q. In certain instances the disclosure schedules to such agreements or documents contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants. Moreover, some of the representations and warranties may not be complete or accurate as of a particular date because they are subject to a contractual standard of materiality that is different from those generally applicable to stockholders and/or were used for the purpose of allocating risk among the parties rather than establishing certain matters as facts. Accordingly, you should not rely on the representations and warranties as characterizations of the actual state of facts at the time they were made or otherwise.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Quarterly Report to be signed on its behalf by the undersigned thereunto duly authorized.

DIODES INCORPORATED
(Registrant)

August 5, 2026 Date	By: /s/ Gary Yu GARY YU President and Chief Executive Officer (Principal Executive Officer)
August 5, 2026 Date	By: /s/ Brett R. Whitmire BRETT R. WHITMIRE Chief Financial Officer (Principal Financial Officer)

Exhibit 31.1

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Gary Yu**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diodes Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2026

/s/ Gary Yu
Gary Yu
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a),
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, **Brett R. Whitmire**, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Diodes Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2026

/s/ Brett R. Whitmire
Brett R. Whitmire
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

/s/ Gary Yu
Gary Yu
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. 1350
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

The undersigned hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 of Diodes Incorporated (the "Company") fully complies with the requirements of Sections 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2026

/s/ Brett R. Whitmire
Brett R. Whitmire
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Diodes Incorporated and will be furnished to the Securities and Exchange Commission or its staff upon request.