

DFI Inc. and its subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report

For the six months ended June 30, 2024 and 2023

This is the translation of the financial statements. CPAs do not review on this translation.

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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. The translation is not prepared by the independent auditor. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

The Board of Directors and Shareholders DFI Inc.:

Foreword

We have reviewed the accompanying consolidated balance sheet as of June 30, 2024 and 2023 of DFI Inc. and its subsidiaries (hereinafter collectively the "Group"), the consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial report (including the summary of significant accounting policies) for the six months ended June 30, 2024 and 2023. It is the responsibility of the management to prepare fair presentation consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. The responsibility of the CPAs is to draw conclusions on the consolidated financial report based on the results of their review.

Scope

We conducted our reviews in accordance with SRE 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." Except for the effects of the matter(s) described in the Basis for Qualified Conclusion paragraph. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note IV (II) to the consolidated financial statements, its insignificant subsidiaries of DFI Inc. have been included in the aforesaid consolidated financial statements based on the financial statements of these invested companies were not reviewed by the independent auditors for the same period. As of June 30, 2024, and June 30, 2023, the total assets of NTD (the same below) 787,124 thousand and NTD1,009,045 thousand respectively, representing 8.53% and 8.45% of total consolidated assets respectively; and total liabilities of NTD120,821 thousand and NTD144,765 thousand respectively, representing 2.72% and 2.27% of total consolidated liabilities respectively; and its total comprehensive income (loss) of NTD7,239 thousand, NTD32,444 thousand, NTD26,058 thousand, and NTD42,633 thousand respectively for the three months ended June 30, 2024, for the three months ended June 30, 2023, for the six months ended June 30, 2024, and for the six months ended June 30, 2023, representing 8.39%, 31.90%, 15.51%, and 17.05% of total consolidated comprehensive income (loss) respectively.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of these insignificant subsidiaries mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and of its consolidated financial performance for the three months ended June 30, 2024, for the three months ended June 30, 2023, for the six months ended June 30, 2024, and for the six months ended June 30, 2023, and its consolidated cash flows for the six months ended June 30, 2024, and for the six months ended June 30, 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 "Interim Financial Reporting", which have been endorsed by the Financial Supervisory Commission and put into effect.

KPMG Taiwan

CPA:

Assurance Document
Number Approved by
Securities Authority

Financial-Supervisory-Securities-
Audit-1060005191
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VI-18311

August 5, 2024

Notes to Reader

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and financial statements, the Chinese version shall prevail.

DFI Inc. and its subsidiaries
Consolidated Balance Sheet
June 30, 2024, December 31, 2023, and June 30, 2023
Unit: In Thousands of New Taiwan Dollars

Assets		2024.6.30		2023.12.31		2023.6.30	
		Amount	%	Amount	%	Amount	%
Current assets:							
1100	Cash and cash equivalents (Note VI (I))	\$ 1,813,138	20	1,490,285	16	1,583,745	13
1110	Financial assets at fair value through profit or loss - current (Notes VI (II))	26,280	-	45,465	-	36,526	-
1136	Financial assets at amortized cost - current (Notes VI (IV) & VIII)	2,725	-	2,709	-	7,677	-
1141	Contract assets - current (Note VI (XX))	25,260	-	812	-	14,714	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XX) and VIII)	1,894,790	21	1,867,543	21	2,407,896	21
1180	Accounts receivable - related parties (Notes VI (V), (XX) and VII)	90,495	1	71,753	1	126,415	1
1200	Other receivables (Notes VI (V) & VII)	16,853	-	12,071	-	24,422	-
130X	Inventories (Notes VI (VI))	1,668,721	18	1,893,457	21	3,182,075	27
1410	Prepayments	87,120	1	80,260	1	90,541	1
1470	Other current assets	13,441	-	5,903	-	18,173	-
	Total current assets	<u>5,638,823</u>	<u>61</u>	<u>5,470,258</u>	<u>60</u>	<u>7,492,184</u>	<u>63</u>
Non-current assets:							
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	100,821	1	86,714	1	111,688	1
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,387	-	3,211	-	3,249	-
1600	Property, plant and equipment (Notes VI (VIII) & VIII)	2,329,811	25	2,548,819	28	2,614,858	22
1755	Right-of-use assets (Notes VI (IX) & VII)	274,261	3	276,658	3	328,721	3
1760	Net of investment properties (Note VI (X))	290,656	3	115,735	1	116,591	1
1780	Intangible assets (Notes VI (VII) & (XI))	431,381	5	445,502	5	1,076,472	9
1840	Deferred income tax assets	111,879	1	110,681	1	150,622	1
1990	Other non-current assets	44,305	1	44,027	1	43,745	-
	Total non-current assets	<u>3,586,501</u>	<u>39</u>	<u>3,631,347</u>	<u>40</u>	<u>4,445,946</u>	<u>37</u>
	Total assets	<u>\$ 9,225,324</u>	<u>100</u>	<u>9,101,605</u>	<u>100</u>	<u>11,938,130</u>	<u>100</u>

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Consolidated Balance Sheets (Continued)
June 30, 2024, December 31, 2023, and June 30, 2023
Unit: In Thousands of New Taiwan Dollars

		2024.6.30		2023.12.31		2023.6.30	
		Amount	%	Amount	%	Amount	%
Liabilities and equity							
Current liabilities:							
2100	Short-term borrowings (Notes VI (XII) & VIII)	\$ 1,036,007	11	1,079,645	12	1,243,028	11
2120	Financial liabilities at fair value through profit or loss - current (Note VI (II))	5,366	-	3,365	-	16,560	-
2130	Contract liabilities - current (Note VI (XX))	145,309	2	115,375	1	130,130	1
2170	Notes and accounts payables	1,074,302	12	952,772	10	1,822,385	15
2180	Accounts payable - related parties (Note VII)	18,522	-	20,891	-	54,079	1
2200	Other payables (Note VI (XXI) & VII)	798,135	9	433,562	5	987,749	8
2230	Current income tax liabilities	93,601	1	160,348	2	138,359	1
2250	Provisions - current (Note VI (XV))	35,378	-	41,764	1	42,258	-
2280	Lease liabilities - current (Note VI (XIV) & VII)	79,587	1	69,614	1	88,926	1
2322	Long-term borrowings - current portion (Notes VI (XIII) & VIII)	-	-	-	-	560	-
2399	Other current liabilities	17,933	-	32,162	-	37,470	-
	Total current liabilities	3,304,140	36	2,909,498	32	4,561,504	38
Non-current liabilities:							
2540	Long-term borrowings (Notes VI (XIII) & VIII)	750,000	8	800,000	9	1,240,000	10
2570	Deferred income tax liabilities	211,302	2	211,603	2	328,740	3
2580	Lease liabilities - non-current (Note VI (XIV) & VII)	165,799	2	178,493	2	212,914	2
2640	Net defined benefit liabilities - non-current	18,058	-	19,129	-	30,225	-
	Total non-current liabilities	1,145,159	12	1,209,225	13	1,811,879	15
	Total liabilities	4,449,299	48	4,118,723	45	6,373,383	53
Equity attributable to the owners of the parent company (Note VI (VII) and (XVIII)):							
3110	Share capital - ordinary shares	1,144,889	12	1,144,889	13	1,144,889	10
3200	Capital surplus	629,934	7	629,767	7	608,644	5
3300	Retained earnings	1,224,538	13	1,443,171	16	1,297,100	11
3400	Other equity	(36,079)	-	(55,791)	(1)	(12,996)	-
	Total equity attributable to owners of parent company	2,963,282	32	3,162,036	35	3,037,637	26
36XX	Non-controlling interests (Note VI (VII) and (XVIII))	1,812,743	20	1,820,846	20	2,527,110	21
	Total equity	4,776,025	52	4,982,882	55	5,564,747	47
	Total liabilities and equity	\$ 9,225,324	100	9,101,605	100	11,938,130	100

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Consolidated Statements of Comprehensive Income

April 1 to June 30, 2024 and 2023 and January 1 to June 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

		April to June 2024		April to June 2023		January to June 2024		January to June 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue (Notes VI (XX), VII and XIV)	\$ 2,167,776	100	2,364,200	100	4,073,962	100	4,912,345	100
5000	Operating costs (Note VI (VI), (VIII), (IX), (XI), (XIV), (XV), (XVI), (XXI), VII & XII)	(1,579,822)	(73)	(1,739,848)	(74)	(2,960,553)	(73)	(3,605,652)	(73)
	Gross profit	587,954	27	624,352	26	1,113,409	27	1,306,693	27
	Operating expenses (Note VI (V), (VIII), (IX), (X), (XI), (XIV), (XVI), (XXI), VII & XII):								
6100	Selling and marketing expenses	(235,185)	(11)	(238,725)	(10)	(459,411)	(11)	(486,070)	(10)
6200	General and administrative expenses	(117,510)	(5)	(120,599)	(5)	(233,733)	(6)	(245,036)	(5)
6300	Research and development expenses	(118,674)	(5)	(110,873)	(5)	(229,204)	(6)	(224,851)	(5)
6450	Expected credit impairment loss (gain on reversal)	3,364	-	(25,444)	1	3,144	-	(17,927)	-
6000	Total operating expenses	(468,005)	(21)	(495,641)	(21)	(919,204)	(23)	(973,884)	(20)
	Net operating income	119,949	6	128,711	5	194,205	4	332,809	7
	Non-operating income and expenses (Notes VI (XIV), (XXII) & VII)								
7100	Interest income	6,275	-	4,492	-	8,841	-	6,665	-
7010	Other income	10,649	1	23,759	1	20,713	1	29,858	1
7020	Other gain and loss	(12,959)	(1)	(5,757)	-	(13,738)	-	(18,653)	-
7050	Finance costs	(10,998)	(1)	(14,660)	(1)	(22,169)	(1)	(32,044)	(1)
	Total non-operating income and expenses	(7,033)	(1)	7,834	-	(6,353)	-	(14,174)	-
7900	Profit before tax	112,916	5	136,545	5	187,852	4	318,635	7
7950	Less: Income tax expense (Note VI (XVII))	(31,731)	(1)	(33,294)	(1)	(51,836)	(1)	(80,583)	(2)
8000	Net profit for the period from continued operating units	81,185	4	103,251	4	136,016	3	238,052	5
8100	Net loss from discontinued operations (Note XII (III))	-	-	(3,876)	-	-	-	(12,526)	-
8200	Net profit for the period	81,185	4	99,375	4	136,016	3	225,526	5
	Other comprehensive income (Note VI (XVIII)):								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(427)	-	19,363	1	66	-	40,624	1
8349	Income tax relating to items that will not be reclassified	(1,301)	-	-	-	(1,301)	-	-	-
		(1,728)	-	19,363	1	(1,235)	-	40,624	1
8360	Items that may be reclassified subsequently to profit or loss								
	Exchange differences on translating the financial statements of foreign operations	6,794	-	(17,034)	(1)	33,213	1	(16,158)	-
8399	Income tax relating to items that may be reclassified	-	-	-	-	-	-	-	-
		6,794	-	(17,034)	(1)	33,213	1	(16,158)	-
	Other comprehensive income for the period	5,066	-	2,329	-	31,978	1	24,466	1
8500	Total comprehensive income for the period	\$ 86,251	4	101,704	4	167,994	4	249,992	6
	Net profit in current period attributable to:								
8610	Owners of the parent company	\$ 72,884	4	97,597	4	124,834	3	223,058	5
8620	Non-controlling interests	8,301	-	1,778	-	11,182	-	2,468	-
		\$ 81,185	4	99,375	4	136,016	3	225,526	5
	Total comprehensive income (loss) attributable to:								
8710	Owners of the parent company	\$ 74,029	4	101,099	4	144,546	3	248,103	6
8720	Non-controlling interests	12,222	-	605	-	23,448	1	1,889	-
		\$ 86,251	4	101,704	4	167,994	4	249,992	6
	Earnings per share (Unit: In New Taiwan Dollars, Note VI (XIX)):								
9750	Basic earnings per share								
	Net profit from continuing operations	\$	0.64	0.86	1.09	1.99			
	Net loss from discontinued operations	-		(0.01)	-	(0.04)			
		\$ 0.64		0.85	1.09	1.95			
9850	Diluted earnings per share								
	Net profit from continuing operations	\$	0.64	0.86	1.09	1.98			
	Net loss from discontinued operations	-		(0.01)	-	(0.04)			
		\$ 0.64		0.85	1.09	1.94			

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Consolidated Statements of Changes in Equity
January 1 to June 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of parent company											
	Retained earnings						Other equity items					
	Share capital - ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent company	Non- controlling interests	Total equity
Balance as of January 1, 2023	\$ 1,144,889	608,586	887,332	114,822	529,843	1,531,997	(69,315)	31,274	(38,041)	3,247,431	2,577,359	5,824,790
Net profit for the period	-	-	-	-	223,058	223,058	-	-	-	223,058	2,468	225,526
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(11,418)	36,463	25,045	25,045	(579)	24,466
Total comprehensive income (loss) for the period	-	-	-	-	223,058	223,058	(11,418)	36,463	25,045	248,103	1,889	249,992
Amend 2022 legal reserve provision	-	-	(15,964)	-	15,964	-	-	-	-	-	-	-
Profit distribution:												
Legal reserve	-	-	52,689	-	(52,689)	-	-	-	-	-	-	-
Special reserve reversal	-	-	-	(76,782)	76,782	-	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(457,955)	(457,955)	-	-	-	(457,955)	-	(457,955)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(52,145)	(52,145)
Disposition of employee stock ownership trust inflows	-	51	-	-	-	-	-	-	-	51	-	51
Changes in ownership interests in subsidiaries	-	7	-	-	-	-	-	-	-	7	7	14
Balance as of June 30, 2023	\$ 1,144,889	608,644	924,057	38,040	335,003	1,297,100	(80,733)	67,737	(12,996)	3,037,637	2,527,110	5,564,747
Balance as of January 1, 2024	\$ 1,144,889	629,767	924,057	38,040	481,074	1,443,171	(97,599)	41,808	(55,791)	3,162,036	1,820,846	4,982,882
Net profit for the period	-	-	-	-	124,834	124,834	-	-	-	124,834	11,182	136,016
Other comprehensive income for the period	-	-	-	-	-	-	19,507	205	19,712	19,712	12,266	31,978
Total comprehensive income for the period	-	-	-	-	124,834	124,834	19,507	205	19,712	144,546	23,448	167,994
Profit distribution:												
Legal reserve	-	-	36,913	-	(36,913)	-	-	-	-	-	-	-
Special reserve	-	-	-	17,750	(17,750)	-	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(343,467)	(343,467)	-	-	-	(343,467)	-	(343,467)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(31,605)	(31,605)
Disposition of employee stock ownership trust inflows	-	124	-	-	-	-	-	-	-	124	-	124
Changes in ownership interests in subsidiaries	-	43	-	-	-	-	-	-	-	43	54	97
Balance as of June 30, 2024	\$ 1,144,889	629,934	960,970	55,790	207,778	1,224,538	(78,092)	42,013	(36,079)	2,963,282	1,812,743	4,776,025

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows
January 1 to June 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	<u>January to June 2024</u>	<u>January to June 2023</u>
Cash flows from operating activities:		
Net profit before tax from continued operating units	\$ 187,852	318,635
Net loss before tax from discontinued operations	-	(13,622)
Net profit before tax for the period	<u>187,852</u>	<u>305,013</u>
Adjustment item:		
Adjustments for		
Depreciation expenses	107,288	116,239
Amortization expenses	14,601	50,255
Expected credit impairment loss (gain on reversal)	(3,144)	18,505
Evaluation losses of financial assets measured at fair value through profit or losses	72	230
Interest expense	22,169	33,823
Interest income	(8,841)	(6,665)
Dividend income	(5,589)	(6,943)
Loss (gain) on disposal of property, plant and equipment	(901)	185
Gain on liquidation of subsidiary	(4,360)	-
Loss (Gain) on lease amendment	<u>13</u>	<u>(125)</u>
Total revenue, expense and loss items	<u>121,308</u>	<u>205,504</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets mandatorily classified as at fair value through profit or loss	19,113	(9,298)
Contract assets	(24,448)	(14,714)
Notes and accounts receivable	(24,079)	185,441
Accounts receivable - related parties	(18,742)	145,891
Other receivables	(4,756)	32,514
Inventories	224,736	634,521
Prepayments	(6,860)	34,772
Other current assets	(5,489)	365
Other operating assets	<u>510</u>	<u>1,802</u>
Total net changes in assets related to operating activities	<u>159,985</u>	<u>1,011,294</u>
Net change in liabilities related to operating activities:		
Financial liabilities held for trading	2,001	11,540
Contract liabilities	29,934	(75,111)
Notes and accounts payables	121,530	(174,285)
Accounts payable - related parties	(2,369)	(63,106)
Other payables	(9,451)	(97,907)
Provision for liabilities	(6,386)	(8,978)
Other current liabilities	(14,229)	6,334
Net defined benefit liabilities	<u>(1,271)</u>	<u>(1,139)</u>
Total net changes in liabilities related to operating activities	<u>119,759</u>	<u>(402,652)</u>
Total net changes in assets and liabilities related to operating activities	<u>279,744</u>	<u>608,642</u>
Total adjustment items	<u>401,052</u>	<u>814,146</u>
Cash inflows from operations	588,904	1,119,159
Interest received	8,723	6,576
Interest paid	(22,214)	(34,270)
Income tax paid	<u>(124,933)</u>	<u>(181,736)</u>
Net cash inflows from operating activities	<u>450,480</u>	<u>909,729</u>

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Consolidated Statements of Cash Flows (Continued from the previous page)
January 1 to June 30, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	<u>January to June 2024</u>	<u>January to June 2023</u>
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(14,041)	-
Purchase of financial assets at amortized cost	(16)	-
Proceeds from sale of financial assets at amortized cost	-	1,880
Purchase of property, plant and equipment	(12,790)	(16,413)
Proceeds from disposal of property, plant and equipment	1,181	176
Decrease (increase) in refundable deposits	(981)	2,083
Purchase of intangible assets	(450)	(5,525)
Increase in other non-current assets	(2,121)	(309)
Dividends received	5,589	6,943
Net cash outflows from investing activities	<u>(23,629)</u>	<u>(11,165)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	2,184,916	2,270,016
Decrease in short-term borrowings	(2,235,674)	(2,906,281)
Long-term borrowings	-	690,000
Repayments of long-term borrowings	(50,000)	(1,000,110)
Repayment of lease principal	(39,571)	(46,776)
Disposition of employee stock ownership trust inflows	221	65
Net cash outflows from financing activities	<u>(140,108)</u>	<u>(993,086)</u>
Effect of changes in exchange rate	<u>36,110</u>	<u>(12,207)</u>
Increase (decrease) in cash and cash equivalents for the current period	<u>322,853</u>	<u>(106,729)</u>
Cash and cash equivalents at the beginning of the period	<u>1,490,285</u>	<u>1,690,474</u>
Cash and cash equivalents at the end of the period	<u>\$ 1,813,138</u>	<u>1,583,745</u>

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hong, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

DFI Inc. and its subsidiaries
Notes to Consolidated Financial Statements
For the six months ended June 30, 2024 and 2023
(The amount shall be dominated in thousands of NT\$, unless otherwise specified)

I. Company History

On July 14, 1981, DFI Inc. (the “Company”) was established and registered under the approval from the Ministry of Economic Affairs, having the registered address of 10F, No. 97, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City. The Company and its subsidiaries (hereafter collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of board cards and computer components for industrial computers, services for intelligent products of industrial automation.

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved and issued by the Board of Directors on August 5, 2024.

III. Application of Newly Issued and Revised Standards and Interpretations

- (I) Effect of adopting new and amended standards and interpretations endorsed by the Financial Supervisory Commission (FSC)

As of January 1, 2024, the Group began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the consolidated financial statements.

- Amendment to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IFRS 7 and IAS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

- (II) Impact of not yet adopting IFRSs endorsed by the FSC

The Group assessed that the application of the following newly revised IFRSs, effective January 1, 2025, would not have a material impact on the consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

- (III) New and amended standards and interpretations not yet endorsed by the FSC

The standards and interpretations issued and amended by the IASB but not yet endorsed by the FSC that may be related to the Group are as follows:

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

New issued or amended standards	Main amendments	Effective date of issuance by IASB
IFRS 18 "Presentation and Disclosure of Financial Statements"	The new guidelines introduce three categories of income and expenses, two subtotals on the income statement, and a single footnote regarding management performance measurement. These three amendments and enhancements to the guidance on segmenting information in financial statements lay the foundation for providing users with improved and consistent information, and will have an impact on all companies.	January 1, 2027
IFRS 18 "Presentation and Disclosure of Financial Statements"	<ul style="list-style-type: none"> • A more structured income statement: The company currently uses various formats to express its financial performance, which makes it challenging for investors to compare the financial performance of different companies. The new guidelines have implemented a more structured income statement. They have introduced a new subtotal called 'operating profit' and require that all revenues and expenses be classified into three new categories based on the company's main business activities. • Management Performance Measurement (MPM): The new criteria introduce the concept of management performance measurement. Companies are now required to provide an explanation, in a single footnote in the financial statements, regarding the usefulness of each measurement indicator, its calculation method, and how it is adjusted for amounts recognized in accordance with international financial reporting standards accounting principles. • More detailed information: The new guidelines provide instructions on how companies can improve the organization of information in financial statements. This guidance includes determining whether the information should be included in the primary financial statements or further disaggregated in the notes. 	January 1, 2027

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

The Group is now continuously assessing the impact of the above standards and interpretations on the financial position and operating results of the Group, and will disclose the related impact after completing the assessment.

The Group expects that the following newly issued and amended standards that have not been endorsed will not deliver a material impact on the consolidated financial statements.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendments to IFRS 17 "Comparative Information on Initial Application of IFRS 17 and IFRS 9"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRSs

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers ("Guidelines") and International Accounting Standards 34, "Interim Financial Reporting", which have been endorsed by the FSC and put into effect. The consolidated financial statements do not include all the necessary information that should be disclosed in the entire annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations, and Interpretative Bulletins, which have been endorsed by the FSC and put into effect.

Besides the descriptions mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to Note IV of the consolidated financial statements for the year ended December 31, 2023.

(II) Basis of Consolidation

1. Subsidiaries included in the consolidated financial statements

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding %			Description
			2024.6.30	2023.12.31	2023.6.30	
The Company	DFI AMERICA, LLC	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 1
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 1
The Company	Yan Tong Technology Ltd (Yan Tong)	Investment business	100.00%	100.00%	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 1

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding %			Description
			2024.6.30	2023.12.31	2023.6.30	
The Company	Brainstorm Corporation (Brainstorm)	Wholesale and retail of computer and peripheral devices	-	-	35.09%	Note 2
Yan Tong	Yan Tong Infotech (Dongguan) Co., Ltd.	Manufacturing and sales of mainboard, board cards, host computer, electronic parts and components	-	-	100.00%	Notes 1, 3
Yan Tong	Yan Ying Hao Trading (Shenzhen) Co., Ltd. (Yan Ying Hao)	Wholesale, import and export of computer motherboard, board cards, host computer, electronic parts and components	100.00%	100.00%	100.00%	Note 1
The Company	AEWIN Technologies Co., Ltd. (AEWIN)	Design, manufacture and sale of industrial computer motherboards and related products	51.38%	51.38%	51.38%	-
AEWIN	Wise Way	Investment business	51.38%	51.38%	51.38%	-
AEWIN	Aewin Tech Inc.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	-
Wise Way	Bright Profit	Investment business	51.38%	51.38%	51.38%	-
Bright Profit	Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN)	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	-
Beijing AEWIN	Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	-
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	48.07%	48.07%	48.07%	-
Ace Pillar	Cyber South Management Ltd. (Cyber South)	Holding Company	48.07%	48.07%	48.07%	-
Ace Pillar	Hong Kong Ace Pillar Enterprise Company Limited (Hong Kong ACE Pillar)	Trade of transmission mechanical components	-	48.07%	48.07%	Note 4
Ace Pillar/Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Trade of transmission mechanical components	48.07%	48.07%	48.07%	-
Cyber South	Proton Inc. (Proton)	Holding Company	48.07%	48.07%	48.07%	-
Cyber South	Ace Tek (HK) Holding Co., Ltd. (Ace Tek)	Holding Company	48.07%	48.07%	48.07%	-
Ace Tek	ADVANCEDTEK ACE (TJ) INC. (ACEAD)	Electronic system integration	48.07%	48.07%	48.07%	-
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	48.07%	48.07%	48.07%	-
Cyber South	Grace Transmission (Tianjin) Co., Ltd. (Tianjin Jinhao)	Manufacturing and processing of mechanical transmission products	-	48.07%	48.07%	Note 5
Ace Pillar	ACE Energy Co., Ltd. (ACE Energy)	Energy technical services	48.00%	48.00%	48.00%	-
ACE Energy	BlueWalker GmbH (BWA)	Trading and services of energy management products	48.00%	48.00%	48.00%	-
Ace Pillar	Standard Technology Corp. (Standard Co.)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	28.84%	28.84%	-
Standard Co.	Standard Technology Corp. (STCBVI)	Holding Company	28.84%	28.84%	28.84%	-
STCBVI	Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.84%	28.84%	28.84%	-

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

- Note 1: It is a subsidiary of minor significance. Apart from the audited financial report for the second quarter of 2024, the remaining financial reports have not been reviewed by a CPA.
- Note 2: As stated in Note VI (VII), on October 2, 2023, the Company divested its 35.09% equity stake in Brainstorm to Metaage Corporation, a subsidiary of Qisda Corporation, resulting in the loss of control over Brainstorm.
- Note 3: Yan Tong has been fully liquidated in August, 2023 and deregistration has been completed in November, 2023.
- Note 4: The cancellation procedures for Hong Kong Ace Pillar were completed in February 2024.
- Note 5: Grace Transmission Co., Ltd. completed its liquidation in January 2024.

2. Subsidiaries not included in the consolidated financial statements: None.

(III) Criteria for classifying assets and liabilities as current or non-current

The Group classifies assets meeting one of the following conditions as current assets, while all other assets that are not current assets are classified as non-current assets:

1. The asset is expected to be realized in the normal course of business or is intended to be sold or consumed;
2. The asset is held primarily for trading purposes;
3. The asset is realized within twelve months after the reporting period; or
4. The asset is cash or cash equivalents (as defined by IAS 7) unless the asset is restricted from being exchanged or used to settle a liability at least twelve months after the reporting period.

The Group classifies liabilities as current liabilities if one of the following conditions is met, and all other liabilities that are not current liabilities are classified as non-current liabilities:

1. The liability is expected to be settled in the normal course of business;
2. The liability is held primarily for trading purposes;
3. The liability is expected to be due for settlement within twelve months after the reporting period; or
4. The entity does not have the right to defer settlement of the liability beyond twelve months after the end of the reporting period.

(IV) Employee benefits

Pensions to defined benefit plans in the interim period are calculated based on the actuarially determined pension cost rate on the reporting date of the previous year. The calculation basis is from the beginning of the year to the end of the period, and it is adjusted for any significant market volatility, significant curtailment, settlement or other significant one-off events after the reporting date.

(V) Income taxes

The income tax expenses have been prepared and disclosed by the Group in accordance with paragraph B12 of International Accounting Standards 34 “Interim Financial Reporting”.

Income tax expenses are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecast by the management and are all

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

recognized as the current income tax expenses.

Income tax expenses recognized directly in equity or other comprehensive income are measured at the tax rates that are expected to apply when the related assets and liabilities are realized or settled, based on the temporary differences between their carrying amounts for financial reporting purposes and their tax bases.

V. Major Sources of Uncertainty in Significant Accounting Judgments, Estimates and Assumptions

When preparing the consolidated financial statements in conformity with the Guidelines and the IAS 34 "Interim Financial Reporting" endorsed by the FSC and put into effect, the management shall make judgments, estimates, and assumptions, which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes, and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgments and the major sources of estimation uncertainty made by the management in applying the accounting policies of the Group are consistent with Note V to the consolidated financial statements for the year ended December 31, 2023.

VI. Description of Significant Accounting Items

Besides the descriptions mentioned below, the description of significant accounting items in the consolidated financial statements has no major differences from that in the consolidated financial statement for the year ended December 31, 2023. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2023.

(I) Cash and cash equivalents

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Cash on hand and petty cash	\$ 478	489	407
Demand deposits and check deposits	1,731,535	1,418,296	1,543,338
Time deposits with original maturity date within three months	81,125	71,500	40,000
	<u>\$ 1,813,138</u>	<u>1,490,285</u>	<u>1,583,745</u>

(II) Financial instruments at fair value through profit or loss - current

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	\$ 1,837	706	9,783
Foreign exchange swap contracts	30	20,274	902
	<u>1,867</u>	<u>20,980</u>	<u>10,685</u>
Non-derivative financial assets:			
Fund beneficiary certificates	24,413	24,485	25,841
	<u>\$ 26,280</u>	<u>45,465</u>	<u>36,526</u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

	2024.6.30	2023.12.31	2023.6.30
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	\$ 672	3,365	1,838
Foreign exchange swap contracts	4,694	-	14,722
	<u>\$ 5,366</u>	<u>3,365</u>	<u>16,560</u>

Please refer to Note VI (XXII) Non-operating income and expenses for the amount recognized in profit or loss measured at fair value.

The Group engages in derivative financial instruments to hedge the exposure to exchange rate risk arising from operating activities, which are reported as financial assets or liabilities at fair value through profit or loss because hedge accounting is not applied. The details of the derivative financial instruments not yet matured as of the reporting date are as follows:

1. Forward foreign exchange contracts

2024.6.30			
Currency	Contract amount (in thousands of NTD)		Maturity period
Buy JPY/Sell USD	USD	603	2024.07
Buy USD/Sell RMB	RMB	92,289	2024.07
Buy USD/Sell RMB	USD	1,428	2024.07
Buy RMB/Sell USD	USD	2,450	2024.07
Buy USD/Sell EUR	USD	1,200	2024.07
Buy EUR/Sell USD	USD	2,187	2024.07
2023.12.31			
Currency	Contract amount (in thousands of NTD)		Maturity period
Buy JPY/Sell USD	USD	1,020	2024.01
Buy USD/Sell RMB	RMB	110,526	2024.01
Buy USD/Sell RMB	USD	1,616	2024.01
Buy RMB/Sell USD	USD	2,780	2024.01
Buy NTD/Sell USD	USD	500	2024.01
Buy USD/Sell EUR	USD	310	2024.01
Buy EUR/Sell USD	USD	1,322	2024.01
2023.6.30			
Currency	Contract amount (in thousands of NTD)		Maturity period
Buy JPY/Sell USD	USD	1,314	2023.07
Buy USD/Sell RMB	RMB	117,530	2023.07
Buy USD/Sell RMB	USD	780	2023.07
Buy RMB/Sell USD	USD	2,915	2023.07
Buy NTD/Sell USD	USD	4,800	2023.08
Buy USD/Sell EUR	USD	1,180	2023.07
Buy EUR/Sell USD	USD	1,700	2023.07

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

2. Foreign exchange SWAP contracts

2024.6.30			
Currency	Contract amount (in thousands of NTD)		Maturity period
Swap in NTD/swap out USD	USD	32,300	2024.07
Swap in NTD/swap out RMB	RMB	20,000	2024.07
2023.12.31			
Currency	Contract amount (in thousands of NTD)		Maturity period
Swap in NTD/swap out USD	USD	33,590	2024.01
Swap in NTD/swap out RMB	RMB	42,000	2024.01
2023.6.30			
Currency	Contract amount (in thousands of NTD)		Maturity period
Swap in NTD/swap out USD	USD	34,430	2023.07
Swap in NTD/swap out RMB	RMB	47,000	2023.07

(III) Financial assets at fair value through other comprehensive income - non-current

	2024.6.30	2023.12.31	2023.6.30
Equity instruments measured at fair value through other comprehensive income:			
Stocks of domestic over-the-counter (OTC) companies	\$ 92,145	77,314	103,631
Foreign unlisted (OTC) stocks	8,676	9,400	8,057
	\$ 100,821	86,714	111,688

The Group holds such equity instrument investments for the strategic investment purpose, instead of trading purpose. Therefore, they have been designated as measured at fair value through other comprehensive income.

The Group did not dispose of the above-mentioned strategic investments for the six months ended June 30, 2024 and 2023, and the gain or loss accumulated during those periods were not transferred to equity.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(IV) Financial assets measured at amortized cost

	2024.6.30	2023.12.31	2023.6.30
Financial assets measured at amortized cost - current:			
Pledged certificate of deposit	\$ 2,725	2,709	2,709
Time deposits with original maturity date over 3 months	-	-	4,968
	<u>\$ 2,725</u>	<u>2,709</u>	<u>7,677</u>
Financial assets measured at amortized cost - non-current:			
Corporate bonds	<u>\$ 3,387</u>	<u>3,211</u>	<u>3,249</u>

The Group assesses that the above assets are held for the purpose of collecting contractual cash flows and that the cash flows of these financial assets are solely payments of principal and interest on the principal amount outstanding, and, therefore, they are recorded as financial assets measured at amortized cost.

Please refer to Note VIII for details of the aforesaid financial assets pledged as collateral by the Group.

(V) Notes and accounts receivable and other receivables

	2024.6.30	2023.12.31	2023.6.30
Notes receivable	\$ 310,965	293,881	314,643
Accounts receivable	1,607,722	1,600,109	2,159,644
Accounts receivable - related parties	90,495	71,753	126,415
Less: loss allowance	(23,897)	(26,447)	(66,391)
	<u>\$ 1,985,285</u>	<u>1,939,296</u>	<u>2,534,311</u>
Other receivables	\$ 16,563	11,888	23,369
Other receivables - related parties	290	183	1,053
	<u>\$ 16,853</u>	<u>12,071</u>	<u>24,422</u>

The Group uses a simplified approach to estimate expected credit losses for all accounts receivable, which is measured using the lifetime expected credit losses and includes forward-looking information. The expected credit losses of the Group's accounts receivable are analyzed as follows:

	2024.6.30		
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,421,278	0~0.95%	1,998
1-30 days overdue	150,876	0~17.52%	2,707
31-60 days overdue	7,499	0~34.76%	694
61-90 days overdue	9,495	0~56.59%	1,317
Overdue for more than 90 days	18,574	0~100%	17,181
	<u>\$ 1,607,722</u>		<u>23,897</u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

2023.12.31			
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,370,161	0~1.01%	2,241
1-30 days overdue	183,563	0~17.06%	2,572
31-60 days overdue	20,303	0~35.53%	2,478
61-90 days overdue	4,828	0~62.76%	821
Overdue for more than 90 days	21,254	0~100%	18,335
	\$ 1,600,109		26,447
2023.6.30			
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,968,795	0~3.88%	25,107
1-30 days overdue	135,199	0~17.2%	2,428
31-60 days overdue	5,424	0~37.09%	574
61-90 days overdue	5,849	0~73.47%	1,783
Overdue for more than 90 days	44,377	0~100%	36,499
	\$ 2,159,644		66,391

As of June 30, 2024, December 31, 2023 and June 30, 2023, notes receivable - non-related parties and accounts receivable - related parties have been assessed by the Group that there was no expected credit loss, and the analysis is as follows:

	2024.6.30	2023.12.31	2023.6.30
Not overdue	\$ 396,684	361,316	427,165
1-30 days overdue	4,718	1,136	13,893
31-60 days overdue	58	3,182	-
	\$ 401,460	365,634	441,058

The statements of changes in the allowance for losses of the Group's notes and accounts receivable (including related parties) are listed as follows:

	January to June 2024	January to June 2023
Beginning balance	\$ 26,447	67,816
Recognition of impairment losses for discontinued operations	-	578
Recognition (reversal) of impairment losses for the period	(3,144)	17,927
Estimated insurance claims on accounts receivable	(153)	(19,380)
Foreign exchange gains or losses	747	(550)
Ending balance	\$ 23,897	66,391

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Please refer to Note VIII for details of the notes receivable used by the Group to provide pledge guarantees.

(VI) Inventories

	2024.6.30	2023.12.31	2023.6.30
Raw materials	\$ 533,134	574,377	1,441,763
Work in progress	146,788	136,807	138,450
Finished goods and commodities	917,223	1,019,874	1,424,899
Goods in transit	71,188	77,510	74,403
Outsourced processed goods	388	84,889	102,560
	\$ 1,668,721	1,893,457	3,182,075

The inventory-related expenses and losses recognized as the operating cost in the current period are detailed as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Cost of inventory sold	\$ 1,593,804	2,947,372	2,965,892	5,915,947
Loss on decline in value of inventories (recovery benefit)	(5,169)	26,688	467	57,316
Inventory scrap loss	-	13,001	65	13,057
Inventory gain	-	245	-	(10,441)
Subtotal	1,588,635	2,987,306	2,966,424	5,975,879
Less: Cost of inventories of discontinued operations (Note XII (III))	-	(1,242,140)	-	(2,361,249)
	\$ 1,588,635	1,745,166	2,966,424	3,614,630

The above inventory price loss was due to the write-down of inventories to net realizable value at the end of the period, thus recognized as loss on inventories. The gain on reversal of inventory valuation arises from obsolete inventory sold or scrapped, and the gain on reversal is recognized within the scope of inventory price loss.

(VII) Subsidiaries and non-controlling interests

1. Disposal of subsidiary Brainstorm Corporation (Brainstorm)

In October 2023, the Company sold its entire equity stake in Brainstorm to Metaage Corporation (Metaage), a subsidiary of Qisda Corporation (Qisda), resulting in the loss of control over Brainstorm. As both the Company and Metaage are subsidiaries of Qisda, the transaction was an organizational restructuring under joint control. The difference between the consideration received by the Company and the book value of the net assets of Brainstorm, amounting to NTD20,999 thousand, was recorded as capital surplus and was not recognized as profit or loss. Relevant details are as follows:

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Consideration received:		
Cash		\$ 530,075
The carrying amount of identifiable net assets of		
Brainstorm upon disposal:		
Cash and cash equivalents	\$ 160,990	
Net accounts receivable (including related parties)	518,925	
Inventories	957,328	
Prepayments and other current assets	24,918	
Property, plant and equipment	17,569	
Right-of-use assets	24,815	
Intangible assets	603,387	
Other non-current assets	27,676	
Short-term borrowings	(29)	
Accounts payable	(935,363)	
Other payables and other current liabilities	(19,382)	
Lease liabilities - current	(20,650)	
Lease liabilities - non-current	(5,317)	
Deferred income tax liabilities	(98,265)	
	1,256,602	
Non-controlling interests	(716,362)	
Exchange differences on translations by foreign operations	(36,637)	
Income tax on disposal of equity	5,473	509,076
Credit to capital surplus		<u>\$ 20,999</u>

2. Subsidiaries with material non-controlling interests

The non-controlling interests of subsidiaries that are material to the Group are as follows:

Name of subsidiary	Primary business premises/country of incorporation	Proportion of non-controlling interests in ownership interests		
		2024.6.30	2023.12.31	2023.6.30
Ace Pillar	Taiwan	51.93%	51.93%	51.93%
AEWIN	Taiwan	48.62%	48.62%	48.62%
Brainstorm	USA	-	-	64.91%

The summarized financial information of the above subsidiaries is stated as follows, prepared in accordance with IFRS accounting standards endorsed by the FSC and reflecting adjustments made by the Group to the fair value and differences in accounting policies on the acquisition date, and the financial information is the amount before elimination of intercompany transactions within the Group:

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(1) Summarized financial information of Ace Pillar:

	2024.6.30	2023.12.31	2023.6.30
Current assets	\$ 2,072,482	2,018,389	2,170,465
Non-current assets	1,144,145	1,138,904	1,146,588
Current liabilities	(847,320)	(734,736)	(861,671)
Non-current liabilities	(130,759)	(168,605)	(183,701)
Net assets	\$ 2,238,548	2,253,952	2,271,681
Carrying amount of non-controlling interests at end of period	\$ 1,204,383	1,212,476	1,220,556

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Net operating revenue	\$ 766,564	795,431	1,468,972	1,595,571
Net profit (loss) for the period	\$ 4,943	460	3,943	(286)
Other comprehensive income	6,236	(16,589)	18,288	(9,998)
Total comprehensive income	\$ 11,179	(16,129)	22,231	(10,284)
Net profit (loss) for the period attributable to non-controlling interests	\$ 3,532	914	3,679	1,032
Total comprehensive income attributable to non-controlling interests	\$ 6,785	(7,250)	13,396	(3,562)

	January to June 2024	January to June 2023
Cash flows from operating activities	\$ 144,398	154,864
Cash flows from investing activities	782	(4,760)
Cash flows from financing activities	(31,989)	(118,509)
Effect of changes in exchange rate	22,866	(11,932)
Increase in cash and cash equivalents	\$ 136,057	19,663

(2) Summarized financial information of AEWIN

	2024.6.30	2023.12.31	2023.6.30
Current assets	\$ 1,527,706	1,412,560	1,476,114
Non-current assets	997,115	1,016,617	1,061,234
Current liabilities	(855,194)	(748,210)	(941,183)
Non-current liabilities	(413,649)	(424,971)	(346,320)
Net assets	\$ 1,255,978	1,255,996	1,249,845
Ending balance of non-controlling interests at book value	\$ 608,360	608,370	605,379

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating revenue	<u>\$ 530,269</u>	<u>465,963</u>	<u>952,948</u>	<u>972,681</u>
Net profit for the period	\$ 9,810	6,954	15,433	19,681
Other comprehensive income	<u>1,374</u>	<u>(4,878)</u>	<u>5,242</u>	<u>(3,380)</u>
Total comprehensive income	<u>\$ 11,184</u>	<u>2,076</u>	<u>20,675</u>	<u>16,301</u>
Net profit for the period attributable to non-controlling interests	<u>\$ 4,769</u>	<u>3,381</u>	<u>7,503</u>	<u>9,567</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 5,437</u>	<u>1,009</u>	<u>10,052</u>	<u>7,923</u>

	January to June 2024	January to June 2023
Cash flows from operating activities	\$ 88,274	170,185
Cash flows from investing activities	(8,387)	(14,503)
Cash flows from financing activities	45,570	(211,899)
Effect of changes in exchange rate	<u>6,857</u>	<u>(4,405)</u>
Increase (decrease) in cash and cash equivalents	<u>\$ 132,314</u>	<u>(60,622)</u>

(3) Summarized financial information of Brainstorm:

	2023.6.30
Current assets	\$ 1,541,155
Non-current assets	694,476
Current liabilities	(891,841)
Non-current liabilities	<u>(110,584)</u>
Net assets	<u>\$ 1,233,206</u>
Carrying amount of non-controlling interests at end of period	<u>\$ 701,175</u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

	January to June 2024	January to June 2023
Net operating revenue	\$ 1,396,952	2,668,848
Net loss for the period	\$ (3,876)	(12,526)
Net loss for the period attributable to non-controlling interests	\$ (2,517)	(8,131)

Please refer to Note XII (III) for cash flow information.

(VIII) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2024	\$ 871,226	1,671,113	404,584	72,173	353,925	-	3,373,021
Addition	-	-	1,183	2,658	7,182	764	11,787
Disposal	-	(535)	(2,218)	(696)	(3,471)	-	(6,920)
Reclassification	(149,795)	(36,263)	962	-	2,316	(764)	(183,544)
Effect of changes in exchange rate	-	11,883	14	848	3,319	-	16,064
Balance as of June 30, 2024	\$ 721,431	1,646,198	404,525	74,983	363,271	-	3,210,408
Balance as of January 1, 2023	\$ 962,980	1,715,650	507,204	82,012	466,706	816	3,735,368
Addition	-	3,036	3,366	3,265	3,808	1,311	14,786
Disposal	-	-	(69)	(8,127)	(3,339)	-	(11,535)
Reclassification	(91,754)	(42,001)	588	-	-	(1,298)	(134,465)
Effect of changes in exchange rate	-	(9,037)	94	(544)	(1,630)	-	(11,117)
Balance as of June 30, 2023	\$ 871,226	1,667,648	511,183	76,606	465,545	829	3,593,037
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2024	\$ -	331,074	271,669	54,854	166,605	-	824,202
Depreciation	-	23,489	18,174	3,370	20,207	-	65,240
Disposal	-	(407)	(2,218)	(690)	(3,325)	-	(6,640)
Reclassification	-	(9,385)	-	-	-	-	(9,385)
Effect of changes in exchange rate	-	4,273	5	773	2,129	-	7,180
Balance as of June 30, 2024	\$ -	349,044	287,630	58,307	185,616	-	880,597
Balance as of January 1, 2023	\$ -	300,796	337,443	59,729	244,304	-	942,272
Depreciation	-	24,791	19,033	3,613	20,344	-	67,781
Disposal	-	-	(69)	(8,094)	(3,011)	-	(11,174)
Reclassification	-	(17,233)	-	-	-	-	(17,233)
Effect of changes in exchange rate	-	(2,347)	47	(508)	(659)	-	(3,467)
Balance as of June 30, 2023	\$ -	306,007	356,454	54,740	260,978	-	978,179
Book value:							
June 30, 2024	\$ 721,431	1,297,154	116,895	16,676	177,655	-	2,329,811
January 1, 2024	\$ 871,226	1,340,039	132,915	17,319	187,320	-	2,548,819
June 30, 2023	\$ 871,226	1,361,641	154,729	21,866	204,567	829	2,614,858

Please refer to Note VIII for property, plant and equipment pledged as collaterals for long-term borrowings.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(IX) Right-of-use assets

	Land	Buildings	Transportation equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2024	\$ 48,739	366,624	2,593	417,956
Addition	-	33,788	738	34,526
Decrease and lease amendment	-	(12,620)	(1,186)	(13,806)
Effect of changes in exchange rate	720	5,359	2	6,081
Balance as of June 30, 2024	\$ 49,459	393,151	2,147	444,757
Balance as of January 1, 2023	\$ 49,689	440,544	9,495	499,728
Addition	-	21,408	2,755	24,163
Decrease and lease amendment	-	(34,630)	(2,028)	(36,658)
Effect of changes in exchange rate	(1,022)	(3,466)	44	(4,444)
Balance as of June 30, 2023	\$ 48,667	423,856	10,266	482,789
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 6,029	134,015	1,254	141,298
Depreciation	610	39,147	539	40,296
Decrease and lease amendment	-	(12,414)	(985)	(13,399)
Effect of changes in exchange rate	123	2,172	6	2,301
Balance as of June 30, 2024	\$ 6,762	162,920	814	170,496
Balance as of January 1, 2023	\$ 5,282	132,773	6,056	144,111
Depreciation	904	45,010	1,903	47,817
Decrease and lease amendment	-	(34,631)	(2,028)	(36,659)
Effect of changes in exchange rate	(758)	(499)	56	(1,201)
Balance as of June 30, 2023	\$ 5,428	142,653	5,987	154,068
Book value:				
June 30, 2024	\$ 42,697	230,231	1,333	274,261
January 1, 2024	\$ 42,710	232,609	1,339	276,658
June 30, 2023	\$ 43,239	281,203	4,279	328,721

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(X) Investment property

Investment properties of the Group are detailed as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Costs:			
Balance as of January 1, 2024	\$ 91,754	42,711	134,465
Transfer from property, plant and equipment	149,795	36,263	186,058
Balance as of June 30, 2024	<u>\$ 241,549</u>	<u>78,974</u>	<u>320,523</u>
Balance as of January 1, 2023	\$ -	-	-
Transfer from property, plant and equipment	91,754	42,711	134,465
Balance as of June 30, 2023	<u>\$ 91,754</u>	<u>42,711</u>	<u>134,465</u>
Accumulated depreciation and impairment loss:			
Balance as of January 1, 2024	\$ -	18,730	18,730
Depreciation for the current period	-	1,752	1,752
Transfer from property, plant and equipment	-	9,385	9,385
Balance as of June 30, 2024	<u>\$ -</u>	<u>29,867</u>	<u>29,867</u>
Balance as of January 1, 2023	\$ -	-	-
Transfer from property, plant and equipment	-	17,233	17,233
Depreciation for the current period	-	641	641
Balance as of June 30, 2023	<u>\$ -</u>	<u>17,874</u>	<u>17,874</u>
Carrying amount:			
June 30, 2024	<u>\$ 241,549</u>	<u>49,107</u>	<u>290,656</u>
January 1, 2024	<u>\$ 91,754</u>	<u>23,981</u>	<u>115,735</u>
June 30, 2023	<u>\$ 91,754</u>	<u>24,837</u>	<u>116,591</u>
Fair value:			
June 30, 2024			<u>\$ 407,763</u>
January 1, 2024			<u>\$ 169,348</u>
June 30, 2023			<u>\$ 164,892</u>

Investment property is a commercial office building that is subleased to others. The fair value of investment property is evaluated based on the market evidence of similar property transaction prices in the same region by the management, and the input value used in the fair value evaluation technology belongs to level 3.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(XI) Intangible assets

	<u>Goodwill</u>	<u>Trademark</u>	<u>Client relationship</u>	<u>Computer software</u>	<u>Total</u>
Costs:					
Balance as of January 1, 2024	\$ 293,293	12,823	211,435	119,248	636,799
Separate acquisition	-	-	-	450	450
Write-off for the current period	-	-	-	(5,246)	(5,246)
Effects of changes in exchange rate	-	-	-	55	55
Balance as of June 30, 2024	<u>\$ 293,293</u>	<u>12,823</u>	<u>211,435</u>	<u>114,507</u>	<u>632,058</u>
Balance as of January 1, 2023	\$ 446,272	582,091	211,435	141,019	1,380,817
Separate acquisition	-	-	-	5,525	5,525
Write-off for the current period	-	-	-	(1,023)	(1,023)
Effects of changes in exchange rate	-	-	-	343	343
Balance as of June 30, 2023	<u>\$ 446,272</u>	<u>582,091</u>	<u>211,435</u>	<u>145,864</u>	<u>1,385,662</u>
Accumulated amortization:					
Balance as of January 1, 2024	\$ -	2,245	94,828	94,224	191,297
Amortization	-	641	7,421	6,539	14,601
Write-off for the current period	-	-	-	(5,246)	(5,246)
Effects of changes in exchange rate	-	-	-	25	25
Balance as of June 30, 2024	<u>\$ -</u>	<u>2,886</u>	<u>102,249</u>	<u>95,542</u>	<u>200,677</u>
Balance as of January 1, 2023	\$ -	95,840	77,892	86,058	259,790
Amortization	-	29,104	9,516	11,635	50,255
Write-off for the current period	-	-	-	(1,023)	(1,023)
Effects of changes in exchange rate	-	-	-	168	168
Balance as of June 30, 2023	<u>\$ -</u>	<u>124,944</u>	<u>87,408</u>	<u>96,838</u>	<u>309,190</u>
Book value:					
Balance as of June 30, 2024	<u>\$ 293,293</u>	<u>9,937</u>	<u>109,186</u>	<u>18,965</u>	<u>431,381</u>
Balance as of January 1, 2024	<u>\$ 293,293</u>	<u>10,578</u>	<u>116,607</u>	<u>25,024</u>	<u>445,502</u>
Balance as of June 30, 2023	<u>\$ 446,272</u>	<u>457,147</u>	<u>124,027</u>	<u>49,026</u>	<u>1,076,472</u>

According to International Accounting Standards 36, the goodwill acquired by a business combination shall be tested for impairment at least every year. There is no goodwill loss according to the impairment test result of the Group on December 31, 2023, please refer to Note VI (XII) of the Consolidated Financial Statements of 2023. On June 30, 2024, the Group evaluated the achievement of operating revenue and net operating income of the relevant cash-generating unit in the second quarter of 2024, and the budget assessment of future operating revenue and profit, and there was no impairment.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(XII) Short-term borrowings

	2024.6.30	2023.12.31	2023.6.30
Unsecured bank loans	\$ 934,783	998,741	1,168,023
Secured bank loans	101,224	80,904	75,005
	\$ 1,036,007	1,079,645	1,243,028
Unused lines of credit	\$ 5,977,033	5,834,216	6,101,474
Range of interest rate	1.63%~4.00%	0.95%~3.90%	1.68%~7.25%

Please refer to Note VIII for details of the situation where the Group pledged assets as collaterals for bank loan line.

(XIII) Long-term borrowings

	2024.6.30	2023.12.31	2023.6.30
Unsecured bank loans	\$ 550,000	600,000	990,000
Secured bank loans	200,000	200,000	250,560
Less: portion due within one year	-	-	(560)
	\$ 750,000	800,000	1,240,000
Unused lines of credit	\$ 1,650,000	1,800,000	650,000
Year of maturity	2025~2026	2025~2026	2024~2026
Range of interest rate	1.92%~2.19%	1.79%~2.05%	1.89%~5.83%

Please refer to Note VIII for details of the situation where the Group pledged assets as collaterals for bank loan line.

(XIV) Lease liabilities

The carrying amount of the lease liabilities of the Group is as follows:

	2024.6.30	2023.12.31	2023.6.30
Current	\$ 79,587	69,614	88,926
Non-current	\$ 165,799	178,493	212,914

Please refer to Note VI (XXIII) Liquidity Risk for the maturity analysis of lease liabilities.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

The amounts recognized in profit or loss are as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Interest expense on lease liabilities	<u>\$ 1,561</u>	<u>1,740</u>	<u>3,118</u>	<u>3,503</u>
Interest expense on lease liabilities for discontinued operations	<u>\$ -</u>	<u>96</u>	<u>-</u>	<u>205</u>
Short-term leases expenses and lease expenses of low-value assets	<u>\$ 4,164</u>	<u>6,323</u>	<u>9,394</u>	<u>12,294</u>
Short-term leases expenses and lease expenses of low-value assets for discontinued operations	<u>\$ -</u>	<u>1,745</u>	<u>-</u>	<u>3,485</u>
COVID-19-related rent concessions (recognized as a decrease in lease expense)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(3,450)</u>

The amounts recognized in the cash flow statement are as follows:

	January to June 2024	January to June 2023
Total cash outflow for leases	<u>\$ 52,083</u>	<u>62,813</u>

Important lease terms:

1. Lease of land, buildings and structures

The Group has leased land, buildings and structures as the office premise, warehouse and plant. The lease period of the land use right is 50 years, and the lease periods of the office premise, warehouse and plant are usually 2 to 10 years. Some leases include the options to extend the original lease contract by the same period when the lease period expires.

2. Other leases

The Group has leased the transport equipment with a lease period of 1 to 3 years. In addition, certain of the Group's leases for offices and office equipment and other assets are short-term leases or leases of low-value assets, and the Group has selected to apply the provision of exemption from recognition and not recognized them as relevant right-of-use assets and lease liabilities.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(XV) Provisions - product warranty

	2024.6.30	2023.12.31	2023.6.30
Provision for warranty	\$ 35,378	41,764	42,258

The warranty provisions for products of the Group are mainly related to the industrial computer board cards and systems, and the warranty provision is estimated based on the historical warranty data of similar products.

(XVI) Employee benefits

1. Defined benefit plans

Since there were no significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the reporting date of the prior fiscal year, the Group adopted the actuarial determined pension cost on December 31, 2023 and 2022 to measure and disclose pension costs for interim periods.

The reported expenses of the Group are detailed as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating costs	\$ 51	94	101	190
Operating expenses	23	47	47	92
	\$ 74	141	148	282

2. Defined contribution plans

The reported expenses of the Group are detailed as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating costs	\$ 3,081	3,140	6,140	6,306
Operating expenses	13,259	13,527	26,843	26,878
	\$ 16,340	16,667	32,983	33,184

(XVII) Income taxes

1. The income tax expenses of the Group are detailed as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Current income tax expense	\$ 33,678	34,873	54,190	81,175
Deferred income tax benefits	(1,947)	(2,533)	(2,354)	(1,688)
	\$ 31,731	32,340	51,836	79,487
Less: Income tax benefits for discontinued operations	-	954	-	1,096
Income tax expense for continuing operations	\$ 31,731	33,294	51,836	80,583

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

2. The details of income tax expenses recognized by the Group under other comprehensive income are as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Items that will not be reclassified to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ 1,301	-	1,301	-

3. Circumstances of income tax approval

The Company's profit-seeking enterprise income tax has been approved by the tax authority for the year 2022.

(XVIII) Capital and other equities

Besides the descriptions mentioned below, there were no significant changes in capital and other equities in the consolidated financial statements for the six months ended June 30, 2024 and 2023. For the related information, please refer to Note VI (XIX) of the consolidated financial statements for the year ended December 31, 2023.

1. Share capital - ordinary shares

As of June 30, 2024, December 31 and June 30, 2023, the total authorized capital of the Company was NTD1,772,000 thousand, which was divided into 177,200 thousand shares at NTD10 per share. The number of issued shares were both 114,489 thousand shares. The reserved capital for issuance of stock options to employees in the authorized share capital is 20,000 thousand shares.

2. Capital surplus

The Company's capital surplus balance is analyzed as follows:

	2024.6.30	2023.12.31	2023.6.30
Share premium	\$ 599,203	599,203	578,204
Recognized changes in percentage of ownership interests in subsidiaries	6,049	6,006	5,974
Gain on asset disposal	808	808	808
Others	23,874	23,750	23,658
	\$ 629,934	629,767	608,644

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Pursuant to the provisions of the Company Act, the capital surplus shall be first used to recover the loss before it is distributed as the realized capital surplus to the shareholders based on their respective shareholding ratios in the form of new shares or cash. If the aforementioned is done in cash, is authorized to be resolved by the Board of Directors and reported to the Shareholders' Meeting. The realized capital surplus as termed in the preceding sentence includes the proceeds from the shares issued at a premium over the face value and the income from the acceptance of donations. Pursuant to the provision of Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the capital surplus shall be accrued out of the capital, and the total amount accrued every year shall be no higher than ten percent of the paid-in capital.

3. Retained earnings and dividend policy

Under the provision of the Articles of Association of the Company, if there are any earnings in the final settlement, it shall first accrue the tax, make up the accumulated loss, and then set aside 10% as the legal surplus reserve, except when the legal surplus reserve has reached the paid-in capital of the Company. If there are any earnings after the special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall formulate the earnings distribution proposal together with the accumulated unappropriated earnings and submit them to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution shall be in the form of cash dividends.

According to the Articles of Association of the Company, due to the fierce competition in the industry, the volatile environment, and the stable growth stage of the Company's life cycle, to effectively master the Company's future investment opportunities, working capital needs, and long-term financial planning, and to meet shareholders' cash inflow needs, the Board of Directors formulates the earnings distribution proposal should take into account the general distribution level of the relevant industry and adopt a balanced dividend policy, and distribute according to the principle of prudence. If the Company's annual final settlement has earnings of 2% of the capital, the dividend distribution should not be less than 10% of the distributable earnings for the year, and the proportion of cash dividends paid each year should not be less than 10% of the total of cash and stock dividends paid for the year.

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, it may, by resolution of the Shareholders' Meeting, distribute the legal surplus

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. If the aforementioned is done in cash, is authorized to be resolved by the Board of Directors and reported to the Shareholders' Meeting.

(2) Special reserve

Under the regulations issued by the Financial Supervisory Commission, when distributing the distributable earnings, for the net deductibles of other shareholders' equity incurred in the current year, the Company shall accrue the special surplus reserve in the same amount out of the amount of current after-tax net income added to the current unappropriated earnings, including items other than current after-tax net income and the unappropriated earnings in the previous period, and for the deductibles of other shareholders' equity accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the unappropriated earnings in the previous period. If deductibles of other shareholders' equity are reversed in future, the reversed portion may be distributed as earnings.

4. Distribution of earnings

On March 4, 2024, and March 2, 2023, the Board of Directors of the Company resolved the amount of cash dividends and distribution amounts for the years ended December 31, 2023 and 2022, respectively. On May 30, 2024, and May 31, 2023, the annual shareholders' meeting resolved the other earnings distribution proposal for the years ended December 31, 2023 and 2022, respectively. The relevant distribution amounts were as follows:

	2023		2022	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
Legal reserve		\$ 36,913		52,689
Special reserve (reversal)		\$ 17,750		(76,782)
Dividends distributed to owners of common stock:				
Cash dividends	3.0	343,467	4.0	457,955

In addition, on May 31, 2023, the annual shareholders' meeting resolved to amend the amount of the legal reserve in the earnings distribution proposal for the year ended in 2021, reversing the legal reserve of NTD15,964 thousand.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

The information regarding the earnings distribution can be found on the MOPS (Market Observation Post System).

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2024	\$ (97,599)	41,808	(55,791)
Exchange difference from conversion of net assets of foreign operating organizations	19,507	-	19,507
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	205	205
Balance as of June 30, 2024	<u>\$ (78,092)</u>	<u>42,013</u>	<u>(36,079)</u>

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2023	\$ (69,315)	31,274	(38,041)
Exchange difference from conversion of net assets of foreign operating organizations	(11,418)	-	(11,418)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	36,463	36,463
Balance as of June 30, 2023	<u>\$ (80,733)</u>	<u>67,737</u>	<u>(12,996)</u>

6. Non-controlling interests (net amount after tax)

	January to June 2024	January to June 2023
Beginning balance	\$ 1,820,846	2,577,359
Shares attributable to non-controlling interests:		
Net profit for the period	11,182	2,468
Exchange differences on translating the financial statements of foreign operations	13,706	(4,740)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(515)	4,161
Income taxes related to other comprehensive income	(925)	-
Cash dividends distributed by subsidiaries to non- controlling interests	(31,605)	(52,145)
Changes in ownership interests in subsidiaries	54	7
Ending balance	<u>\$ 1,812,743</u>	<u>2,527,110</u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(XIX) Earnings per share

1. Basic earnings per share

	April to June 2024			April to June 2023		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	\$ 72,884	-	72,884	98,956	(1,359)	97,597
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	-		114,489	114,489	
Basic earnings (loss) per share (NTD)	\$ 0.64	-	0.64	0.86	(0.01)	0.85
	January to June 2024			January to June 2023		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	124,834	-	124,834	227,453	(4,395)	223,058
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	-		114,489	114,489	
Basic earnings (loss) per share (NTD)	1.09	-	1.09	1.99	(0.04)	1.95

2. Diluted earnings (loss) per share

	April to June 2024			April to June 2023		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	\$ 72,884	-	72,884	98,956	(1,359)	97,597
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	-		114,489	114,489	
Effects of potential ordinary shares with dilution effect (in thousands of shares):						
Effects of employee stock compensation	162	-		267	267	
Weighted average number of outstanding ordinary shares (after adjusting for the dilutive effect of potential ordinary shares) (in thousands of shares)	114,651	-		114,756	114,756	
Diluted earnings (loss) per share (NTD)	\$ 0.64	-	0.64	0.86	(0.01)	0.85

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

	January to June 2024			January to June 2023		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	<u>124,834</u>	<u>-</u>	<u>124,834</u>	<u>227,453</u>	<u>(4,395)</u>	<u>223,058</u>
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	-		114,489	114,489	
Effects of potential ordinary shares with dilution effect (in thousands of shares):						
Effects of employee stock compensation	<u>353</u>	<u>-</u>		<u>510</u>	<u>510</u>	
Weighted average number of outstanding ordinary shares (after adjusting for the dilutive effect of potential ordinary shares) (in thousands of shares)	<u>114,842</u>	<u>-</u>		<u>114,999</u>	<u>114,999</u>	
Diluted earnings (loss) per share (NTD)	<u>\$ 1.09</u>	<u>-</u>	<u>1.09</u>	<u>1.98</u>	<u>(0.04)</u>	<u>1.94</u>

(XX) Revenue from customer contracts

1. Breakdown of revenue

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Main products and services:				
Industrial computer \$ board cards and systems	1,331,375	1,499,244	2,455,657	3,092,851
Industrial automation intelligence	497,425	552,443	964,307	1,077,492
Others	338,976	312,513	653,998	742,002
	<u>\$ 2,167,776</u>	<u>2,364,200</u>	<u>4,073,962</u>	<u>4,912,345</u>

2. Balance of contracts

	2024.6.30	2023.12.31	2023.6.30
Notes and accounts receivable (including related parties)	\$ 2,009,182	1,965,743	2,600,702
Less: loss allowance	(23,897)	(26,447)	(66,391)
	<u>\$ 1,985,285</u>	<u>1,939,296</u>	<u>2,534,311</u>
Contract assets	<u>\$ 25,260</u>	<u>812</u>	<u>14,714</u>
Contract liabilities	<u>\$ 145,309</u>	<u>115,375</u>	<u>130,130</u>

For the disclosure of notes receivable, accounts receivable (including related parties) and their impairments, please see Note VI (V) for details.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

The contract assets and liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Group transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2024 and 2023 were recognized as income of NTD84,777 thousand and NTD111,985 thousand, respectively, for the six months ended June 30, 2024 and 2023.

(XXI) Compensation of employees and directors

In accordance with the Articles of Association, the Company shall set aside at least 5-20% of the earnings, if any, in the year as compensation to the employees and no greater than 1% as compensation to directors. But if the Company still has an accumulated loss, a certain amount should be reserved in advance for offsetting. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

For the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023, the estimated employee compensations of the Company were NTD7,077 thousand, NTD9,352 thousand, NTD11,989 thousand, and NTD21,249 thousand respectively; and the estimated director compensations were NTD758 thousand, NTD995 thousand, NTD1,282 thousand and NTD2,261 thousand respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations of employees and directors multiplied by the Company's proposed distribution rate of compensations of employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The estimated amount of compensation for employees in 2023 and 2022 were NTD35,191 thousand and NTD47,852 thousand respectively, while for directors were NTD3,744 thousand and NTD5,091 thousand respectively. There is no difference from the actual distribution amount, and further information can be found on MOPS.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(XXII) Non-operating income and expenses

1. Interest income

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Interest on bank deposit	\$ 5,644	3,870	7,999	5,978
Interest income from financial assets measured at amortized cost	46	29	243	57
Interest on deposits	3	2	5	5
Others	12	17	24	51
Interest on financial assets at fair value through profit or loss	570	574	570	574
	<u>\$ 6,275</u>	<u>4,492</u>	<u>8,841</u>	<u>6,665</u>

2. Other income

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Rental income	\$ 2,209	2,066	4,418	3,852
Dividend income	5,589	6,943	5,589	6,943
Others	2,851	14,750	10,706	19,063
	<u>\$ 10,649</u>	<u>23,759</u>	<u>20,713</u>	<u>29,858</u>

3. Other gain and loss

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Gain (loss) on disposal of property, plant and equipment	\$ (17)	85	901	(185)
Gain on liquidation of subsidiary	-	-	4,360	-
Net gains (losses) on foreign currency exchange	14,332	(1,194)	58,405	(3,979)
Loss on financial instruments at fair value through profit or loss	(27,934)	(4,348)	(77,946)	(16,893)
Other gains (expenses)	660	(91)	542	402
Subtotal	(12,959)	(5,548)	(13,738)	(20,655)
Less: Other gains (losses) of discontinued operations	-	209	-	(2,002)
Other losses from continuing operations	<u>\$ (12,959)</u>	<u>(5,757)</u>	<u>(13,738)</u>	<u>(18,653)</u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

4. Finance costs

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Bank interest expenses	\$ 9,437	13,013	19,051	30,115
Financial expenses on lease liabilities	1,561	1,836	3,118	3,708
Subtotal	10,998	14,849	22,169	33,823
Less: Finance costs of discontinued operations	-	(189)	-	(1,779)
Finance costs of continuing operations	<u>\$ 10,998</u>	<u>14,660</u>	<u>22,169</u>	<u>32,044</u>

(XXIII) Financial instruments

Besides the descriptions mentioned below, there are no significant changes in the fair value of financial instruments, and credit risk, liquidity risk, and market risk due to the exposure of financial instruments of the Group. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2023.

1. Types of financial instruments

(1) Financial assets

	2024.6.30	2023.12.31	2023.6.30
Financial assets at fair value through profit or loss - current	\$ 26,280	45,465	36,526
Financial assets at fair value through other comprehensive income - non-current	100,821	86,714	111,688
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,813,138	1,490,285	1,583,745
Financial assets at amortized cost - current	2,725	2,709	7,677
Notes receivable, accounts receivable, and other receivables (including related parties)	2,002,138	1,951,367	2,558,733
Financial assets at amortized cost - non-current	3,387	3,211	3,249
Refundable deposits (reported in other non-current assets)	31,829	30,848	30,558
Subtotal	3,853,217	3,478,420	4,183,962
Total	<u>\$ 3,980,318</u>	<u>3,610,599</u>	<u>4,332,176</u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(2) Financial liabilities

	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Financial liabilities at fair value through profit or loss - current	\$ 5,366	3,365	16,560
Financial liabilities measured at amortized cost:			
Short-term borrowings	1,036,007	1,079,645	1,243,028
Notes payable, accounts payable and other payables (including related parties)	1,890,959	1,407,225	2,864,213
Long-term borrowings (including the part due within one year)	750,000	800,000	1,240,560
Lease liabilities (including current and non-current)	245,386	248,107	301,840
Subtotal	<u>3,922,352</u>	<u>3,534,977</u>	<u>5,649,641</u>
Total	<u><u>\$ 3,927,718</u></u>	<u><u>3,538,342</u></u>	<u><u>5,666,201</u></u>

2. Liquidity risk

The following table shows the contractual maturity date of financial liabilities, including the impact of estimated interest, and prepared at the undiscounted cash flow.

	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>5 years and above</u>
June 30, 2024					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,038,659	1,038,659	-	-	-
Long-term borrowings (floating rates)	779,047	15,005	272,200	491,842	-
Notes payable, accounts payable and other payables (including related parties)	1,890,959	1,890,959	-	-	-
Lease liabilities (including current and non-current)	255,420	84,666	88,884	58,374	23,496
Subtotal	<u>3,964,085</u>	<u>3,029,289</u>	<u>361,084</u>	<u>550,216</u>	<u>23,496</u>
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	666,487	666,487	-	-	-
Inflow	(667,652)	(667,652)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,134,839	1,134,839	-	-	-
Inflow	(1,130,175)	(1,130,175)	-	-	-
Subtotal	<u>3,499</u>	<u>3,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 3,967,584</u></u>	<u><u>3,032,788</u></u>	<u><u>361,084</u></u>	<u><u>550,216</u></u>	<u><u>23,496</u></u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
December 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,082,748	1,082,748	-	-	-
Long-term borrowings (floating rates)	836,271	15,016	44,855	776,400	-
Notes payable, accounts payable and other payables (including related parties; no interest)	1,407,225	1,407,225	-	-	-
Lease liabilities	259,553	74,745	92,617	61,275	30,916
Subtotal	<u>3,585,797</u>	<u>2,579,734</u>	<u>137,472</u>	<u>837,675</u>	<u>30,916</u>
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	711,685	711,685	-	-	-
Inflow	(709,026)	(709,026)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,211,632	1,211,632	-	-	-
Inflow	(1,231,906)	(1,231,906)	-	-	-
Subtotal	<u>(17,615)</u>	<u>(17,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 3,568,182	2,562,119	137,472	837,675	30,916
	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
June 30, 2023					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,245,379	1,245,379	-	-	-
Long-term borrowings (floating rates)	1,269,531	24,731	1,194,162	50,638	-
Notes payable, accounts payable and other payables (including related parties)	2,864,213	2,864,213	-	-	-
Lease liabilities (including current and non-current)	316,017	94,821	102,238	80,623	38,335
Subtotal	<u>5,695,140</u>	<u>4,229,144</u>	<u>1,296,400</u>	<u>131,261</u>	<u>38,335</u>
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	897,546	897,546	-	-	-
Inflow	(905,491)	(905,491)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,271,697	1,271,697	-	-	-
Inflow	(1,257,877)	(1,257,877)	-	-	-
Subtotal	<u>5,875</u>	<u>5,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
	\$ 5,701,015	4,235,019	1,296,400	131,261	38,335

The Group doesn't expect the time point of the cash flow under the maturity date analysis will come much earlier or the actual amount will be substantially different.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

3. Exchange rate risk

The carrying value of monetary assets and liabilities not denominated in functional currency (including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements) of the Group at the reporting date and their sensitivity to changes in foreign currencies are analyzed as follows (monetary unit: In thousands of NTD):

2024.6.30						
		Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
Financial assets						
Monetary items						
USD (Note 1)	\$	52,614	32.4500	1,707,335	1%	17,073
USD (Note 2)		3,133	7.2664	101,661	1%	1,017
RMB		20,044	4.4658	89,512	1%	895
Financial liabilities						
Monetary items						
USD (Note 1)		17,223	32.4500	558,882	1%	5,589
USD (Note 2)		15,369	7.2664	498,717	1%	4,987
JPY		8,925	0.2017	1,800	1%	18
2023.12.31						
		Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
Financial assets						
Monetary items						
USD (Note 1)	\$	51,794	30.7500	1,592,652	1%	15,927
USD (Note 2)		3,399	7.0912	104,534	1%	1,045
RMB		42,033	4.3364	182,270	1%	1,823
JPY		10,085	0.2175	2,193	1%	22
Financial liabilities						
Monetary items						
USD (Note 1)		13,898	30.7500	427,373	1%	4,274
USD (Note 2)		17,986	7.0912	553,055	1%	5,531
JPY		15,554	0.2175	3,383	1%	34
2023.6.30						
		Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
Financial assets						
Monetary items						
USD (Note 1)	\$	65,323	31.1000	2,031,532	1%	20,315
USD (Note 2)		5,161	7.2500	160,521	1%	1,605
RMB		47,652	4.2897	204,411	1%	2,044
JPY		4,995	0.2148	1,073	1%	11
Financial liabilities						
Monetary items						
USD (Note 1)		23,882	31.1000	742,720	1%	7,427
USD (Note 2)		19,756	7.2500	614,420	1%	6,144
JPY		19,693	0.2148	4,230	1%	42

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Note 1: Exchange rate between USD and NTD.

Note 2: Exchange rate between USD and RMB.

Due to the wide variety of functional currencies of the Group, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXII) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the three months ended June 30, 2024 and 2023, and for the six months ended June 30, 2024 and 2023.

4. Fair value

(1) Financial instruments not measured at fair value

The management of the Group believes that the carrying amounts of the financial assets and liabilities of the Group classified as amortized cost in the consolidated financial statements are close to their fair value.

(2) Financial instruments measured at fair value

The Group's financial assets/liabilities measured at fair value through profit and loss and the financial assets measured at fair value through other comprehensive income are measured at fair value on the basis of repeatability. The following table provides relevant analysis of the financial instruments measured at fair value after initial recognition and classifies these assets into levels 1 to 3 based on the observable extent of fair value. Different fair value levels are defined as follows:

- A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).
- B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.
- C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

2024.6.30				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	1,837	-	1,837
Derivative financial instruments - foreign exchange swaps contracts	-	30	-	30
Fund beneficial interest certificates	24,413	-	-	24,413
	\$ 24,413	1,867	-	26,280
Financial assets at fair value through other comprehensive income:				
Domestic Over-the-Counter stocks	\$ 92,145	-	-	92,145
Foreign unlisted stocks	-	-	8,676	8,676
	\$ 92,145	-	8,676	100,821
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	672	-	672
Derivative financial instruments - Foreign exchange swaps contracts	-	4,694	-	4,694
	\$ -	5,366	-	5,366
2023.12.31				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	706	-	706
Derivative financial instruments - Foreign exchange swaps contracts	-	20,274	-	20,274
Fund beneficial interest certificates	24,485	-	-	24,485
	\$ 24,485	20,980	-	45,465

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

2023.12.31				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income:				
Domestic Over-the-Counter stocks	\$ 77,314	-	-	77,314
Foreign unlisted stocks	-	-	9,400	9,400
	<u>\$ 77,314</u>	<u>-</u>	<u>9,400</u>	<u>86,714</u>
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	3,365	-	3,365
	<u>\$ -</u>	<u>3,365</u>	<u>-</u>	<u>3,365</u>
2023.6.30				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	9,783	-	9,783
Derivative financial instruments - Foreign exchange swaps contracts	-	902	-	902
Fund beneficial interest certificates	25,841	-	-	25,841
	<u>\$ 25,841</u>	<u>10,685</u>	<u>-</u>	<u>36,526</u>
Financial assets at fair value through other comprehensive income:				
Domestic Over-the-Counter stocks	\$ 103,631	-	-	103,631
Foreign unlisted stocks	-	-	8,057	8,057
	<u>\$ 103,631</u>	<u>-</u>	<u>8,057</u>	<u>111,688</u>
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	1,838	-	1,838
Derivative financial instruments - Foreign exchange swaps contracts	-	14,722	-	14,722
	<u>\$ -</u>	<u>16,560</u>	<u>-</u>	<u>16,560</u>

(3) Fair value measurement techniques for financial instruments measured at fair value

A. Non-derivative financial instruments

If there is an open quotation for the financial instrument in the active market, the open quotation in the active market shall be the fair value.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Except for financial instruments with active markets, fair values of the other financial instruments are obtained with valuation techniques or counterparty quotations. Evaluation technique-based fair value may be calculated by referring to the current fair value of other financial instruments with similar substantial conditions and characteristics, or discounted cash flow or other evaluation techniques, including market information application mode available on the reporting date.

The fair values of the financial instruments held by the Group are presented in terms of type and attribute as follows:

TWSE/TPEX listed stocks and fund beneficiary certificates have standard terms and conditions and are traded in active markets, and their fair values are determined in accordance with market quotations.

The Group employs the asset approach to estimate fair values of unlisted stocks without active market and infers their fair values based on the estimation of factors such as the net worth, operational status, and total market value of individual assets and liabilities covered by the evaluated company.

B. Derivative financial instruments

They are valued with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swap contracts are usually valued in line with the current forward exchange rate.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the six months ended June 30, 2024 and 2023.

(5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

	January to June 2024	January to June 2023
Beginning balance	\$ 9,400	2,224
Changes recognized in other comprehensive incomes in current period	(724)	5,833
Ending balance	<u><u>\$ 8,676</u></u>	<u><u>8,057</u></u>

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

(XXIV) Financial risk management

There were no significant changes in the objectives and policies of the Group's financial risk management compared to those disclosed in the consolidated financial statements for the year ended December 31, 2023.

(XXV) Capital management

There were no significant changes in the objectives, policies and procedures of the Group's financial risk management compared to those disclosed in the consolidated financial statements for the year ended December 31, 2023.

(XXVI) Non-cash transactions in investing and financing activities

1. Please refer to Note VI (IX) for the right-of-use assets acquired by the Group through lease.
2. The liabilities from financing activities are reconciled in the following table:

	2024.1.1	Cash flows	Non-cash change		2024.6.30
			Increase or decrease in lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 1,079,645	(50,758)	-	7,120	1,036,007
Long-term borrowings (including the part due within one year)	800,000	(50,000)	-	-	750,000
Lease liabilities	248,107	(39,571)	34,132	2,718	245,386
Total liabilities from financing activities	<u>\$ 2,127,752</u>	<u>(140,329)</u>	<u>34,132</u>	<u>9,838</u>	<u>2,031,393</u>

	2023.1.1	Cash flows	Non-cash change		2023.6.30
			Increase or decrease in lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 1,886,020	(636,265)	-	(6,727)	1,243,028
Long-term borrowings (including the part due within one year)	1,550,653	(310,110)	-	17	1,240,560
Lease liabilities	328,144	(46,776)	24,039	(3,567)	301,840
Total liabilities from financing activities	<u>\$ 3,764,817</u>	<u>(993,151)</u>	<u>24,039</u>	<u>(10,277)</u>	<u>2,785,428</u>

VII. Related Party Transactions

(I) Parent company and ultimate controller

Qisda Corporation (Qisda) is the ultimate controller of the parent company and affiliated group of the Company, directly or indirectly holding 55.09% of the Company's outstanding ordinary shares. Qisda has prepared consolidated financial reports for public use.

(II) Names and relationships of related parties

The related parties who had transactions with the Group during the reporting period covered by this consolidated financial report are as follows:

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent company of the Company
Other related parties:	
Partner Tech Corp.	Subsidiaries directly or indirectly held by Qisda
Partner Tech Asia Pacific	Subsidiaries directly or indirectly held by Qisda
Alpha Networks Inc.	Subsidiaries directly or indirectly held by Qisda
BenQ Materials Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ Asia Pacific Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ AB DentCare Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ Healthcare Corporation	Subsidiaries directly or indirectly held by Qisda
Metaguru Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ Guru Software Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ Corporation	Subsidiaries directly or indirectly held by Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
BenQ America Corp.	Subsidiaries directly or indirectly held by Qisda
Simula Technology Inc.	Subsidiaries directly or indirectly held by Qisda
Golden Spirit Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Data Image Corporation	Subsidiaries directly or indirectly held by Qisda
Action Star Technology Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Metaage Corporation	Subsidiaries directly or indirectly held by Qisda
AdvancedTEK International Corp.	Subsidiaries directly or indirectly held by Qisda
Global Intelligence Network Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Concord Medical Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Qisda (Suzhou) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Darly Venture, Inc.	Subsidiaries directly or indirectly held by Qisda

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

Name of related party	Relationship with the Group
Darly2 Venture, Inc.	Subsidiaries directly or indirectly held by Qisda
AUO Corporation (AUO)	Company valuing Qisda under equity approach
AUO (Xiamen) Co., Ltd.	Subsidiaries directly or indirectly held by AUO
AUO Digitech Taiwan Inc.	Subsidiaries directly or indirectly held by AUO
AUO Display Plus Corp.	Subsidiaries directly or indirectly held by AUO
AUO Crystal Corp.	Subsidiaries directly or indirectly held by AUO
Darwin Precisions Corporation	Subsidiaries directly or indirectly held by AUO
Darwin Precisions (Xiamen) Corp.	Subsidiaries directly or indirectly held by AUO
AFPD Pte., Ltd.	Subsidiaries directly or indirectly held by AUO
Visco Vision Inc.	Associates of Qisda
Darfon Electronics Corporation (Darfon)	Associates of Qisda
TD HiTech Energy Inc.	Subsidiaries directly or indirectly held by Darfon
Unictron Technologies Corp.	Subsidiaries directly or indirectly held by Darfon
Darfon Energy Technology Corporation	Subsidiaries directly or indirectly held by Darfon
BenQ Foundation	Substantial related party of Qisda
Aewin Korea Technologies Co., Ltd.	Substantive related party of AEWIN
Giantech Corp.	Substantial related party of Brainstorm (Note)
Dolica Corporation	Substantial related party of Brainstorm (Note)

Note: Not considered a related party from October 2, 2023.

(III) Material transactions with related party

1. Net operating revenue

The material sales amount of the Group to the related parties is as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Parent company	\$ 28,074	28,321	58,720	72,406
Other related parties	46,924	58,783	100,758	168,546
	\$ 74,998	87,104	159,478	240,952

Sales of the Group to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit term for related parties is 60 to 120 days after shipment for receipt of payment, and 30 to 120 days for non-related parties.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

2. Purchases

The purchase amount of the Group from the related parties is as follows:

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Parent company	\$ 28,140	68,257	50,949	166,463
Other related parties	1,258	3,610	4,401	9,382
	\$ 29,398	71,867	55,350	175,845

The purchases from related parties by the Group are customized products tailored to the requirements of the order, and, therefore, the selling price is mutually agreed. The credit term for related parties is 60 to 90 days after shipment, and for non-related parties is 30 to 105 days after monthly settlement.

3. Leases

The Group has leased plants and offices from the parent company and signed the lease contracts based on the rent prices in the adjacent areas. The total value of increased right-of-use assets from January 1, 2024 to June 30, 2024 is NTD1,268 thousand.

The Group has recognized interest expenses of NTD278 thousand and NTD309 thousand for the three months ended June 30, 2024 and 2023, respectively; NTD566 thousand and NTD627 thousand for the six months ended June 30, 2024 and 2023, respectively. As of June 30, 2024, December 31 and June 30, 2023, the balances of related lease liabilities were NTD94,489 thousand, NTD100,331 thousand, and NTD107,232 thousand, respectively.

4. Disposal of subsidiaries

As stated in Note VI (VII), the Group has sold all its shares in the subsidiary Brainstorm to Metaage Corporation for a total price of NTD530,075 thousand on October 2, 2023. The payment mentioned above has been received in full.

5. Operating costs, expenses, and other income

The operating costs and expenses incurred by the Group due to the provision of product processing and management services by related parties, as well as other income generated by other transactions, are detailed below:

Item	Category of related party	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Operating costs	Parent company	\$ 5,321	5,094	9,298	8,005
	Other related parties	315	5,694	548	10,571
Operating expenses	Parent company	1,186	1,061	2,087	1,917
	Other related parties	2,869	6,454	6,013	13,701
Other income	Parent company	251	454	877	508
	Other related parties	1,357	1,357	2,714	2,714

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

6. Receivables from related parties

Details of the receivables from related parties of the Group are as follows:

Item	Category of related party	2024.6.30	2023.12.31	2023.6.30
Accounts receivable - related parties	Parent company	\$ 47,123	18,538	51,911
	Other related parties	43,372	53,215	74,504
		<u>90,495</u>	<u>71,753</u>	<u>126,415</u>
Other receivables	Parent company	265	163	83
	Other related parties	25	20	970
		<u>290</u>	<u>183</u>	<u>1,053</u>
		<u>\$ 90,785</u>	<u>71,936</u>	<u>127,468</u>

The Group provides some of the raw materials to the parent company for manufacturing, while the completed semi-finished products are sold back to the Group for processing and assembly. The Group did not recognize the amount of raw materials provided to the parent company as operating income. Furthermore, the accounts receivable and payable arising from the sale of raw materials and the purchase of semi-finished products above were not collected and paid on a net basis; therefore, they were not expressed as mutual offset.

7. Payables to related parties

The payables of the Group to related parties are detailed as follows:

Item	Category of related party	2024.6.30	2023.12.31	2023.6.30
Accounts payable - related parties	Parent company	\$ 16,948	19,747	51,209
	Other related parties	1,574	1,144	2,870
		<u>18,522</u>	<u>20,891</u>	<u>54,079</u>
Other payables	Parent company	12,049	5,657	9,198
	Other related parties	3,562	3,181	4,681
		<u>15,611</u>	<u>8,838</u>	<u>13,879</u>
Other payables- dividends payable	Parent company	154,830	-	206,440
	Other related parties	34,407	-	45,875
		<u>189,237</u>	<u>-</u>	<u>252,315</u>
Lease liabilities - current	Parent company	14,344	13,919	13,841
Lease liabilities - non-current	Parent company	80,145	86,412	93,391
		<u>94,489</u>	<u>100,331</u>	<u>107,232</u>
		<u>\$ 317,859</u>	<u>130,060</u>	<u>427,505</u>

(IV) Compensation of main managerial officers

	April to June 2024	April to June 2023	January to June 2024	January to June 2023
Short-term employee benefits	\$ 9,022	10,965	17,121	23,471

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

VIII. Pledged Assets

The details of the book-entry values of the asset pledged as collateral provided by the Group are detailed as follows:

<u>Asset name</u>	<u>Subject matter of pledge guarantee</u>	<u>2024.6.30</u>	<u>2023.12.31</u>	<u>2023.6.30</u>
Pledged certificate of deposit	Performance bond for release before tax to customs house	\$ 2,725	2,709	2,709
Notes receivable	Bank loan guarantee	101,224	80,904	75,005
Property, plant and equipment	Bank loan guarantee	442,749	446,422	450,197
Property, plant and equipment	Performance guarantee for purchases	22,106	24,146	29,190
		<u>\$ 568,804</u>	<u>554,181</u>	<u>557,101</u>

The aforesaid pledged time deposits are presented under the financial assets measured at amortized cost - current.

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments: None.

X. Significant Disaster Losses: None.

XI. Significant Events after the Balance Sheet Date

- (I) To support the long-term operational development and business expansion of the Company and its subsidiary, Ace Pillar, the Board of Directors of the Group and Ace Pillar approved the acquisition of 31.65% and 39% of the ordinary shares of Tekpak Corporation (Tekpak) for NTD560,000 thousand and NTD690,000 thousand on June 24, 2024. This acquisition resulted in the Group gaining control of Tekpak. This integration helps expand into the European and American markets by consolidating AI machine vision and automation packaging stack solutions, offering customers a diverse range of products and services, and enhancing competitiveness.
- (II) To repay bank borrowings and strengthen working capital for the Company's subsidiary, AEWIN, the Board of Directors resolved to issue unsecured convertible bonds on July 16, 2024. The total amount of the issuance is expected to be capped at NTD500,000 thousand.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

XII. Miscellaneous

- (I) The employee benefits, depreciation and amortization expenses are summarized by function as follows:

By function By nature	April to June 2024			April to June 2023		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	62,225	265,038	327,263	66,549	303,552	370,101
Labor and health insurance expenses	6,402	24,111	30,513	6,937	28,609	35,546
Pension expense	3,132	13,282	16,414	3,233	13,575	16,808
Other employee benefit expenses	4,080	12,344	16,424	5,513	11,194	16,707
Depreciation expenses	23,059	31,217	54,276	23,200	34,610	57,810
Amortization expenses	1,008	6,177	7,185	1,005	23,086	24,091

By function By nature	January to June 2024			January to June 2023		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses						
Salary expense	120,686	516,172	636,858	136,757	597,780	734,537
Labor and health insurance expenses	13,125	50,134	63,259	14,071	59,616	73,687
Pension expense	6,241	26,890	33,131	6,496	26,970	33,466
Other employee benefit expenses	7,261	23,828	31,089	10,941	21,809	32,750
Depreciation expenses	46,051	61,237	107,288	46,136	70,103	116,239
Amortization expenses	2,036	12,565	14,601	1,998	48,257	50,255

- (II) The Group's operation is not affected significantly by seasonal or periodical fluctuations.

- (III) Discontinued operations:

The Group disposed of its subsidiary, Brainstorm, and its computer components business division in October 2023, in order to streamline focus on core business and enhance competitiveness. Since the division was not classified as a discontinued operation as of June 30, 2023, the comprehensive income statement for the prior period is restated to present the discontinued operation separately from continuing operations.

The net profit attributable to the owners of the parent company from continuing and discontinued operations is detailed in Note VI (XIX).

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

The operating results and cash inflows (outflows) of the discontinued operations are as follows:

	April to June 2023	January to June 2023
Operating profit or loss after tax from the discontinued operations:		
Operating revenue	\$ 1,396,952	2,668,848
Operating costs	(1,242,140)	(2,361,249)
Gross profit	154,812	307,599
Operating expenses	(159,662)	(317,440)
Operating loss before tax from the discontinued operations	(4,850)	(9,841)
Non-operating income and expenses before tax from the discontinued operations	20	(3,781)
Income tax benefits	954	1,096
Losses from discontinued operations	<u>\$ (3,876)</u>	<u>(12,526)</u>
Cash flow from discontinued operations:		
Cash flows from operating activities		\$ 147,164
Cash flows from investing activities		(2,339)
Cash flows from financing activities		(105,123)
Effect of changes in exchange rate		1,479
Net cash inflow (outflow)		<u>\$ 41,181</u>

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loan of funds to others: please refer to Table 1.
2. Endorsement and guarantee for others: None.
3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and equity interests in joint ventures): please refer to Table 2.
4. The cumulative purchase or sale of the same securities amounted to NTD300 million or 20% and above of the paid-in capital: None.
5. The amount of property acquired reached NTD300 million or 20% and above of the paid-in capital: None.
6. The amount of property disposal reached NTD300 million or 20% and above of the paid-in capital: None.
7. The amount of purchases or sales with related parties reached NTD100 million or 20% and above of the paid-in capital: please refer to Table 3.
8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: please refer to Table 4.
9. Engaged in derivative products transactions: please refer to Note VI (II).
10. Business relationship and important transactions between the parent company and the subsidiaries: please refer to Table 5.

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

- (II) Reinvestment and related information: please refer to Table 6.
 (III) Investment information in Mainland China: please refer to Table 7.
 (IV) Information on major shareholders:

Unit: Shares

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Qisda Corporation		51,609,986	45.08%
Gordias Investments Limited of British Virgin Islands Merchant		15,707,441	13.71%
Darly2 Venture, Inc.		9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant		8,550,818	7.46%

Note: This table displays the information of the shareholders who have delivered a total of more than 5% of the ordinary shares (including treasury stocks) of the Company without physical share registration until the final working day every quarter, as calculated by the central clearing company. The share capital indicated in the financial report of the Company may be different from the actual number of shares delivered without physical registration as a result of different preparation and calculation bases.

XIV. Segment Information

Information and adjustments of the Group's operating segments are as follows:

April to June 2024					
	Board cards and system segment	Industrial automation intelligence segment	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 1,401,212	500,242	266,322	-	2,167,776
Inter-departmental income	2,312	-	-	(2,312)	-
Total income	\$ 1,403,524	500,242	266,322	(2,312)	2,167,776
Reportable department profit or loss	\$ 108,297	(7,914)	18,866	700	119,949
April to June 2023					
	Board cards and system segment	Industrial automation intelligence segment	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 1,571,746	555,021	237,433	-	2,364,200
Inter-departmental income	3,403	-	2,978	(6,381)	-
Total income	\$ 1,575,149	555,021	240,411	(6,381)	2,364,200
Reportable department profit or loss	\$ 132,230	(17,127)	12,908	700	128,711

Notes to Consolidated Financial Statements of DFI Inc. and Its Subsidiaries (Continued)

January to June 2024					
	Board cards and system segment	Industrial automation intelligence segment	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 2,604,990	967,727	501,245	-	4,073,962
Inter-departmental income	3,658	-	-	(3,658)	-
Total income	\$ 2,608,648	967,727	501,245	(3,658)	4,073,962
Reportable department profit or loss	\$ 186,092	(26,882)	33,595	1,400	194,205
January to June 2023					
	Board cards and system segment	Industrial automation intelligence segment	Others	Adjustment and elimination	Total
Revenue from external clients	\$ 3,319,751	1,086,610	505,984	-	4,912,345
Inter-departmental income	8,568	90	2,978	(11,636)	-
Total income	\$ 3,328,319	1,086,700	508,962	(11,636)	4,912,345
Reportable department profit or loss	\$ 331,217	(31,213)	31,405	1,400	332,809

Table 1.

DFI Inc. and its subsidiaries
Loan of funds to others
From January 1 to June 30, 2024

Unit: In Thousands of New Taiwan Dollars

No.	Financing company	Loan recipient	Transaction item	Related party	Maximum amount in current period	Ending balance	Amount actually drawn in current period	Range of interest rate	Nature of financing	Business transaction amounts	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limits for each borrowing company	Total financing limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables - related parties	Yes	237,676	172,608	172,608	-	1	262,655	Business interaction	-	-	-	251,202	502,404
2	Ace Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	246,032	223,290	89,316	0~2%	2	-	Operating capital turnover	-	-	-	391,761	783,521
2	Ace Pillar	Suzhou Super Pillar	Other receivables - related parties	Yes	87,796	-	-	-	2	-	Operating capital turnover	-	-	-	391,761	783,521
3	Cyber South	Tianjin ACE Pillar	Other receivables - related parties	Yes	22,782	22,715	22,715	-	2	-	Operating capital turnover	-	-	-	533,709	533,709
4	Proton	Tianjin ACE Pillar	Other receivables - related parties	Yes	13,018	12,980	12,980	-	2	-	Operating capital turnover	-	-	-	407,133	407,133
5	Suzhou Super Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	44,733	44,658	44,658	3%	2	-	Operating capital turnover	-	-	-	114,512	114,512

Note 1: The limits of funds lent by AEWIN to all others and to each individual object were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 2: The limits of funds lent by Ace Pillar to all others and to each individual were 40% and 20%, respectively, of the net value of the company's most recent financial statements.

Note 3: The limits of funds lent by Cyber South to all others and to each individual were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 4: The limits of funds lent by Proton to all others and to each individual were 10% and 5%, respectively, of the net value of the company's most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value.

Note 5: The limits of funds lent by Suzhou Super Pillar to all others and to each individual were 40% and 20%, respectively, of the net value of the subsidiaries' most recent financial statements. When lending funds to foreign subsidiaries that the parent company directly or indirectly holds 100% of the voting shares based on need for financing, the limit of all loans and each loan was 100% of the net value of the subsidiaries.

Note 6: "1" for those with the nature for financing arising from business transaction; "2" for those with short-term financing needs.

Note 7: The loans and transactions between the Company and its subsidiaries have been offset in the preparation of consolidated financial statements.

Table 2.

DFI Inc. and its subsidiaries
Marketable securities held at the end of the period (excluding the investments in subsidiaries, associates and joint ventures)
June 30, 2024

Unit: In thousands of New Taiwan Dollar/ In thousands of foreign currency/ In thousands of shares/ In thousands of units

Company held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Accounts	End of period				Remarks
				Number of shares/units	Carrying amount	Shareholding ratio	Fair value	
The Company	Beneficiary certificate: Cathay No.1 REIT	-	Financial assets at fair value through profit or loss - current	1,442	24,413	-	24,413	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,752	92,145	4.72%	92,145	-
AEWIN	Stock: AEWIN KOREA TECHNOLOGIES CO., LTD.	Substantial related party	Financial assets at fair value through other comprehensive income - non-current	10	740	16.67%	740	-
AEWIN	Stock: Authentrend Technology Inc.	-	Financial assets at fair value through profit or loss - non-current	300	(Note)	1.42%	-	-
Standard Co.	Stock: Intelligent Fluids GmbH	-	Financial assets at fair value through other comprehensive income - non-current	27	(Note)	1.36%	-	-
Standard Co.	Stock: COMPITEK CORP PTE. LTD.(CPL)	-	Financial assets at fair value through other comprehensive income - non-current	36	7,936	6.28%	7,936	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,387	-	3,387	-

(Note) All of the above have been provisioned for impairment.

Table 3.

DFI Inc. and its subsidiaries
The amount of purchases or sales with related parties reached NT\$100 million or 20% and above of the paid-in capital
From January 1 to June 30, 2024

Unit: In Thousands of New Taiwan Dollars

Purchaser/Seller	Name of counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and those of the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase (Sales)	Amount	Proportion to total purchase (sales)	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
Diamond Flower Information (NL) B.V.	The Company	Parent company and subsidiary	Purchases	244,762	100.00%	60-90 days to collect	-	-	(28,724)	93.06%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(244,762)	17.08%	60-90 days to collect	-	-	28,724	6.79%	Note 1
DFI AMERICA, LLC.	The Company	Parent company and subsidiary	Purchases	172,581	93.70%	60-90 days to collect	-	-	(49,189)	99.92%	Note 1
The Company	DFI AMERICA, LLC.	Parent company and subsidiary	(Sales)	(172,581)	12.04%	60-90 days to collect	-	-	49,189	11.62%	Note 1
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	142,400	98.37%	60-90 days to collect	-	-	(18,447)	97.43%	Note 1
The Company	DFI Co., Ltd.	Parent company and subsidiary	(Sales)	(142,400)	9.93%	60-90 days to collect	-	-	18,447	4.36%	Note 1
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	188,327	99.99%	120 days after shipment	-	-	(129,982)	100.00%	Note 1
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(188,327)	27.62%	120 days after shipment	-	-	129,982	25.86%	Note 1

Note 1: The above transactions have been offset when preparing the consolidated financial report.

Table 4.

DFI Inc. and its subsidiaries
Receivables from related parties reached NT\$100 million or 20% and above of paid-in capital
June 30, 2024

Unit: In Thousands of New Taiwan Dollars

Company with receivables	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	252,197	0.51	199,170	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	172,608	-	-	-	45,305	-
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	129,982	3.39	-	-	38,230	-

(Note) The aforesaid transactions had been offset when the consolidated financial statements were prepared.

Table 5.

DFI Inc. and its subsidiaries
Business relationship and significant transactions between the parent company and the subsidiaries
From January 1 to June 30, 2024

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Counterparty	Relationship with trader (Note 2)	Transaction situation			
				Account	Amount	Transaction terms	Proportion to consolidated revenue or asset (Note 7)
0	The Company	DFI AMERICA, LLC.	1	(Sales)	(172,581)	60-90 days to collect	4.24%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(244,762)	60-90 days to collect	6.01%
0	The Company	DFI Co., Ltd.	1	(Sales)	(142,400)	60-90 days to collect	3.50%
0	The Company	Qisda Corporation	2	(Sales)	(54,561)	Payment term of 60 days	1.34%
0	The Company	Qisda Optronics (Suzhou) Co., Ltd.	3	(Sales)	(44,091)	Payment term of 60 days	1.08%
1	AEWIN	Beijing AEWIN	3	(Sales)	(67,695)	(Note 5)	1.66%
1	AEWIN	Beijing AEWIN	3	Accounts receivable	252,197	(Note 5)	2.73%
1	AEWIN	Beijing AEWIN	3	Other receivables	172,608	(Note 5)	1.87%
1	AEWIN	Aewin Tech Inc.	3	(Sales)	(188,327)	(Note 6)	4.62%
1	AEWIN	Aewin Tech Inc.	3	Accounts receivable	129,982	(Note 6)	1.41%

Note 1: The number should be filled in as follows:

1. 0 stands for the parent company.
2. The subsidiaries are numbered with Arabic numbers starting with 1.

Note 2: The types of relationships with traders are indicated as follows:

1. Parent company - subsidiary.
2. Subsidiary - parent company.
3. Subsidiary - subsidiary.

Note 3: The business relationship and important transactions between the parent and subsidiaries only disclose sales of goods and accounts receivable, and corresponding purchase and accounts payable are omitted here.

Note 4: It is calculated by dividing the transaction amount by the consolidated operating income or total consolidated assets.

Note 5: 150 days after shipment and subject to extension according to market conditions.

Note 6: 120 days after shipment and subject to extension according to market conditions.

Note 7: With respect to the business relationships and important transactions between parent and subsidiary companies, only information regarding those accounting for 1% or more of the consolidated revenue or assets are disclosed.

Table 6.

DFI Inc. and its subsidiaries
Reinvestment and related information
From January 1 to June 30, 2024

Unit: In thousands of New Taiwan Dollars/In thousands of shares

Name of investor company	Name of investee	Location	Primary business	Original investment amount		Ending shareholding			Profit (loss) of the investee for the period	Investment profit (loss) recognized for the period	Remarks (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	449,943	1,985	1,985	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	107,198	107,198	3,500	100%	107,619	14,075	13,975	Subsidiary of the Company
The Company	DFI Co., Ltd.	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	142,652	6,970	6,970	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	163,096	10,101	10,101	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer motherboards and related products	564,191	564,191	30,376	51.38%	644,342	15,433	7,930	Subsidiary of the Company
The Company	Ace Pillar	Taiwan	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	1,301,359	1,301,359	53,958	48.07%	1,033,293	5,684	264	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	80,031	(33,603)	(Note 1)	Subsidiary indirectly controlled by the Company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100%	26,061	10,253	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	116,507	(33,604)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	533,709	(14,384)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Hong Kong ACE Pillar	Hong Kong	Trade of transmission mechanical components	-	5,120	-	0%	(Note 4)	-	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	407,133	(22,677)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	3,075	398	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Standard Co.	Taiwan	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	187,000	187,000	6,084	60%	218,464	11,167	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	21,727	600	100%	106,751	7,317	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy technical services	166,760	166,760	4,993	99.86%	222,037	14,832	(Note 1)	Subsidiary indirectly controlled by the Company
ACE Energy	BlueWalker GmbH	Germany	Trading and services of energy management products	138,804	138,804	(Note 3)	100%	183,883	11,051	(Note 1)	Subsidiary indirectly controlled by the Company

Note 1: The profit or loss of the investee company has been included in its investor, so to avoid confusion, it is not be expressed separately here.

Note 2: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when preparing the consolidated financial report.

Note 3: It is a limited liability company, so there is no number of shares.

Note 4: Hong Kong Ace Pillar resolved to dissolve in July 2023, and the cancellation procedures were completed in February 2024.

DFI Inc. and its subsidiaries
Investment Information in Mainland China
From January 1 to June 30, 2024

Table 7.

1. Information on reinvestment in Mainland China:

Unit: In thousands of New Taiwan Dollar/In thousands of foreign currency

Investee in mainland China	The Company's primary business	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Investment profit (loss) recognized in the period	Ending carrying value of investment	Repatriated investment income as of the end of the period
					Remitted	Repatriated						
Yan Ying Hao Trading (Shenzhen) Co. Ltd.	Wholesale, import and export of computer motherboard, board cards, host computer, electronic parts and components	13,840 (USD 500)	(Note 1)	- (USD -)	-	-	- (USD -)	8,125	100%	8,125 (Note 2)	27,660	-
Beijing AEWIN	Business of wholesaling computers and their peripheral equipment and software	46,129 (USD 1,500)	(Note 1)	46,129 (USD 1,500)	-	-	46,129 (USD 1,500)	(33,604)	100%	(33,604) (Note 2)	116,502	-
Aewin (Shenzhen)	Business of wholesaling computers and their peripheral equipment and software	15,265 (CNY 3,500)	(Note 4)	-	-	-	-	1,288 (CNY 286)	100%	1,288 (CNY 286)	513 (CNY 115)	-
Tianjin ACE Pillar	Trade of transmission mechanical components	1,145,388 (USD 35,297)	(Note 1)	63,278 (USD 1,950)	-	-	63,278 (USD 1,950)	(27,202)	100%	(27,202) (Note 2)	480,991	125,533
Tianjin Jinhao	Manufacturing and processing of mechanical transmission products	-	(Note 1)	5,192 (USD 160)	-	-	5,192 (USD 160)	-	(Note 5)	- (USD -)	- (USD -)	-
Quansheng Information	Electronic system integration	9,735 (USD 300)	(Note 1)	4,868 (USD 150)	-	-	4,868 (USD 150)	398	100%	398 (USD 12)	3,046 (USD 94)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	47,053 (USD 1,450)	(Note 1)	- (Note 3)	-	-	- (Note 3)	3,663	100%	3,663 (USD 113)	114,512 (USD 3,529)	-
Shanghai Standard	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	15,576 (USD 480)	(Note 1)	15,576 (USD 480)	-	-	15,576 (USD 480)	7,262	100%	7,262 (Note 2)	103,071	150,067

Note 1: Reinvest in the companies in Mainland China through companies established in third regions.
Note 2: It is recognized in line with the financial report prepared by the investee and reviewed by the CPA of the parent company in Taiwan.
Note 3: It was reinvested and established by Cyber South.
Note 4: It is a Mainland China-based company reinvested by Beijing AEWIN.
Note 5: Grace Transmission Co., Ltd. resolved to dissolve in January 2022 and completed its liquidation in January 2024.

2. Limit of investment in mainland China:

Name of investor company	The cumulative amount of investment remitted from Taiwan to the Mainland China at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	67,658(Note 3 and Note 4) (USD 2,085)	2,865,616
AEWIN	46,129 (USD 1,500)	64,900 (USD 2,000)	753,605
Ace Pillar	166,112 (USD 5,119)	166,112 (USD 5,119)	1,232,394
Standard Co.	15,576 (USD 480)	15,576 (USD 480)	114,412

Note1: It refers to the amount actually remitted by the Company and approved by the Investment Commission, excluding the amount remitted by subsidiaries and approved by the Investment Commission.

Note2: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the accumulated amount of investment in Mainland China shall not exceed 60% of the net value or consolidated net value, whichever the higher.

Note3: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

Note4: Repatriated amount of earnings after the cancellation of Yan Tong Infotech (Dongguan) Co., Ltd. approved by the Investment Commission in February 2017.

3. Material transactions with investees in Mainland China:

Please refer to the statement under the "Information on Significant Transactions" for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to June 30, 2024 (these transactions had been written off when the consolidated financial statements were prepared).