

DFI Inc. and its subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report
For the three months ended March 31, 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 March 31, 2024 and 2023 of DFI Inc. and its subsidiaries (hereinafter collectively the "Group"), which comprise the consolidated income statement, consolidated statement of changes in equity, and consolidated statement of cash flow from January 1 to March 31, 2024 and 2023, as well as the notes to the consolidated financial report (including the summary of significant accounting policies). 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, a part of its insignificant subsidiaries of DFI Inc. has been included in the aforesaid consolidated financial statements based on the financial statements of these invested companies not reviewed by the independent auditors for the same period. As of March 31, 2024 and 2023, these subsidiaries had total assets of NTD (the same below) 729,963 thousand and NTD 877,602 thousand respectively, representing 8.16% and 7.07% of total consolidated assets respectively; and total liabilities of NTD115,851 thousand and NTD112,677 thousand, respectively, representing 2.73% and 1.62% of total consolidated liabilities respectively; and its total comprehensive income (loss) of NTD18,819 thousand and NTD10,189 thousand respectively for the three months ended March 31, 2024, and 2023, representing 23.02% and 6.87% 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 March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 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 (88) Taiwan-Finance-Securities -VI-18311
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May 6, 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

March 31, 2024, December 31, 2023 and March 31, 2023

Unit: In Thousands of New Taiwan Dollars

	2024.3.31		2023.12.31		2023.3.31		
	Amount	%	Amount	%	Amount	%	
Assets							
Current assets:							
1100	Cash and cash equivalents (Note VI (I))	\$ 1,544,646	17	1,490,285	16	1,496,874	12
1110	Financial assets at fair value through profit or loss - current (Note VI (II))	28,298	-	45,465	-	29,343	-
1136	Financial assets at amortized cost - current (Note VI (IV) and VIII)	2,709	-	2,709	-	7,677	-
1141	Contract assets - current (Note VI (XX))	1,285	-	812	-	4,006	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XX) and VIII)	1,782,287	21	1,867,543	21	2,477,249	20
1180	Accounts receivable - related parties (Notes VI (V), (XX) and VII)	96,632	1	71,753	1	213,990	2
1200	Other receivables (Notes VI (V) and VII)	22,454	-	12,071	-	25,603	-
130X	Inventories (Note VI (VI))	1,755,982	20	1,893,457	21	3,540,793	29
1410	Prepayments	87,185	1	80,260	1	107,170	1
1470	Other current assets	8,945	-	5,903	-	18,696	-
	Total current assets	<u>5,330,423</u>	<u>60</u>	<u>5,470,258</u>	<u>60</u>	<u>7,921,401</u>	<u>64</u>
Non-current assets:							
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	95,116	1	86,714	1	92,325	1
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,365	-	3,211	-	3,209	-
1600	Property, plant and equipment (Notes VI (VIII) & VIII)	2,351,456	26	2,548,819	28	2,647,493	21
1755	Right-of-use assets (Notes VI (IX) & VII)	274,774	3	276,658	3	336,444	3
1760	Net of investment properties (Note VI (X))	291,532	3	115,735	1	117,020	1
1780	Intangible assets (Notes VI (VII) & (XI))	438,108	5	445,502	5	1,095,428	9
1840	Deferred income tax assets	110,634	1	110,681	1	151,072	1
1990	Other non-current assets	45,338	1	44,027	1	45,187	-
	Total non-current assets	<u>3,610,323</u>	<u>40</u>	<u>3,631,347</u>	<u>40</u>	<u>4,488,178</u>	<u>36</u>
	Total assets	<u>\$ 8,940,746</u>	<u>100</u>	<u>9,101,605</u>	<u>100</u>	<u>12,409,579</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)
March 31, 2024, December 31, 2023 and March 31, 2023

Unit: In Thousands of New Taiwan Dollars

		<u>2024.3.31</u>		<u>2023.12.31</u>		<u>2023.3.31</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Liabilities and equity							
Current liabilities:							
2100	Short-term borrowings (Notes VI (XII) & VIII)	\$ 994,938	11	1,079,645	12	1,327,235	11
2120	Financial liabilities at fair value through profit or loss - current (Note VI (II))	15,698	-	3,365	-	4,276	-
2130	Contract liabilities - current (Note VI (XX))	127,029	1	115,375	1	152,223	1
2170	Notes and accounts payable	882,207	10	952,772	10	1,943,152	16
2180	Accounts payable - related parties (Note VII)	16,986	-	20,891	-	84,159	-
2200	Other payables (Note VII)	741,010	9	433,562	5	977,844	9
2230	Current income tax liabilities	164,903	2	160,348	2	269,129	2
2250	Provisions - current (Note VI (XV))	35,893	-	41,764	1	47,576	-
2280	Lease liabilities - current (Note VI (XIV) & VII)	74,433	1	69,614	1	85,846	1
2322	Long-term borrowings - current portion (Notes VI (XIII) & VIII)	-	-	-	-	608	-
2399	Other current liabilities	22,465	-	32,162	-	38,709	-
	Total current liabilities	<u>3,075,562</u>	<u>34</u>	<u>2,909,498</u>	<u>32</u>	<u>4,930,757</u>	<u>40</u>
Non-current liabilities:							
2540	Long-term borrowings (Notes VI (XIII) & VIII)	770,000	9	800,000	9	1,430,000	11
2570	Deferred income tax liabilities	210,807	2	211,603	2	332,138	3
2580	Lease liabilities - non-current (Note VI (XIV) & VII)	172,033	2	178,493	2	222,983	2
2640	Net defined benefit liabilities - non-current	18,603	-	19,129	-	30,690	-
	Total non-current liabilities	<u>1,171,443</u>	<u>13</u>	<u>1,209,225</u>	<u>13</u>	<u>2,015,811</u>	<u>16</u>
	Total liabilities	<u>4,247,005</u>	<u>47</u>	<u>4,118,723</u>	<u>45</u>	<u>6,946,568</u>	<u>56</u>
Equity attributable to the owners of the parent company (Note VI (VII) and (XVIII)):							
3110	Share capital - ordinary shares	1,144,889	13	1,144,889	13	1,144,889	9
3200	Capital surplus	629,866	7	629,767	7	608,619	5
3300	Retained earnings	1,151,654	13	1,443,171	16	1,199,503	10
3400	Other equity	(37,224)	-	(55,791)	(1)	(16,498)	-
	Total equity attributable to owners of parent company	<u>2,889,185</u>	<u>33</u>	<u>3,162,036</u>	<u>35</u>	<u>2,936,513</u>	<u>24</u>
36XX	Non-controlling interests (Note VI (VII) and (XVIII))	<u>1,804,556</u>	<u>20</u>	<u>1,820,846</u>	<u>20</u>	<u>2,526,498</u>	<u>20</u>
	Total equity	<u>4,693,741</u>	<u>53</u>	<u>4,982,882</u>	<u>55</u>	<u>5,463,011</u>	<u>44</u>
	Total liabilities and equity	<u>\$ 8,940,746</u>	<u>100</u>	<u>9,101,605</u>	<u>100</u>	<u>12,409,579</u>	<u>100</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
Consolidated Statements of Comprehensive Income
January 1 to March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	<u>January to March 2024</u>		<u>January to March 2023</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 Net operating revenue (Notes VI (XX), VII and XIV)	\$ 1,906,186	100	2,548,145	100
5000 Operating costs (Note VI (VI), (VIII), (IX), (XI), (XIV), (XV), (XVI), (XXI), VII & XII)	<u>(1,380,731)</u>	<u>(72)</u>	<u>(1,865,804)</u>	<u>(73)</u>
Gross profit	<u>525,455</u>	<u>28</u>	<u>682,341</u>	<u>27</u>
Operating expenses (Note VI (V), (VIII), (IX), (X), (XI), (XIV), (XVI), (XXI), VII & XII):				
6100 Selling and marketing expenses	(224,226)	(12)	(247,345)	(10)
6200 General and administrative expenses	(116,223)	(6)	(124,437)	(5)
6300 Research and development expenses	(110,530)	(6)	(113,978)	(4)
6450 Expected credit impairment loss (gain on reversal)	<u>(220)</u>	<u>-</u>	<u>7,517</u>	<u>-</u>
6000 Total operating expenses	<u>(451,199)</u>	<u>(24)</u>	<u>(478,243)</u>	<u>(19)</u>
Net operating income	<u>74,256</u>	<u>4</u>	<u>204,098</u>	<u>8</u>
Non-operating income and expenses (Notes XIV, (XXII) & VII)				
7100 Interest income	2,566	-	2,173	-
7010 Other income	10,064	1	6,099	-
7020 Other gain and loss	(779)	-	(12,896)	-
7050 Finance costs	<u>(11,171)</u>	<u>(1)</u>	<u>(17,384)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>680</u>	<u>-</u>	<u>(22,008)</u>	<u>(1)</u>
7900 Profit before tax	74,936	4	182,090	7
7950 Less: Income tax expense (Note VI (XVII))	<u>(20,105)</u>	<u>(1)</u>	<u>(47,289)</u>	<u>(2)</u>
8000 Net profit for the period from continued operating units	54,831	3	134,801	5
8100 Net loss from discontinued operations (Note XII)	<u>-</u>	<u>-</u>	<u>(8,650)</u>	<u>-</u>
8200 Net profit for the period	<u>54,831</u>	<u>3</u>	<u>126,151</u>	<u>5</u>
Other comprehensive income (Note (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	493	-	21,261	1
8349 Income tax relating to items that will not be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>493</u>	<u>-</u>	<u>21,261</u>	<u>1</u>
8360 Items that may be reclassified subsequently to profit or loss				
8361 Exchange differences on translating the financial statements of foreign operations	26,419	1	876	-
8399 Income tax relating to items that may be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>26,419</u>	<u>1</u>	<u>876</u>	<u>-</u>
Other comprehensive income for the period	<u>26,912</u>	<u>1</u>	<u>22,137</u>	<u>1</u>
8500 Total comprehensive income for the period	<u>\$ 81,743</u>	<u>4</u>	<u>148,288</u>	<u>6</u>
Net profit in current period attributable to:				
8610 Owners of the parent company	\$ 51,950	3	125,461	5
8620 Non-controlling interests	<u>2,881</u>	<u>-</u>	<u>690</u>	<u>-</u>
	<u>\$ 54,831</u>	<u>3</u>	<u>126,151</u>	<u>5</u>
Total comprehensive income (loss) attributable to:				
8710 Owners of the parent company	\$ 70,517	4	147,004	6
8720 Non-controlling interests	<u>11,226</u>	<u>-</u>	<u>1,284</u>	<u>-</u>
	<u>\$ 81,743</u>	<u>4</u>	<u>148,288</u>	<u>6</u>
Earnings per share (Unit: In New Taiwan Dollars, Note VI (XIX)):				
9750 Basic earnings per share				
Net profit from continuing operations	\$	0.45	1.12	
Net loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(0.02)</u>	
	<u>\$ 0.45</u>		<u>1.10</u>	
9850 Diluted earnings per share				
Net profit from continuing operations	\$	0.45	1.11	
Net loss from discontinued operations	<u>-</u>	<u>-</u>	<u>(0.02)</u>	
	<u>\$ 0.45</u>		<u>1.09</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
Consolidated Statements of Changes in Equity
January 1 to March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

Equity attributable to owners of parent company

	<u>Retained earnings</u>						<u>Other equity items</u>			<u>Total equity attributable to owners of the parent company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>Share capital - Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Special reserve</u>	<u>Undistributed earnings</u>	<u>Total</u>	<u>Exchange differences on translating the financial statements of foreign operations</u>	<u>Unrealized gain (loss) on financial assets at fair value through other comprehensive income</u>	<u>Total</u>			
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	-	-	-	-	125,461	125,461	-	-	-	125,461	690	126,151
Other comprehensive income for the period	-	-	-	-	-	-	282	21,261	21,543	21,543	594	22,137
Total comprehensive income for the period	-	-	-	-	125,461	125,461	282	21,261	21,543	147,004	1,284	148,288
Profit distribution:												
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	-	33	-	-	-	-	-	-	-	33	-	33
Balance as of March 31, 2023	\$ 1,144,889	608,619	887,332	114,822	197,349	1,199,503	(69,033)	52,535	(16,498)	2,936,513	2,526,498	5,463,011
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	-	-	-	-	51,950	51,950	-	-	-	51,950	2,881	54,831
Other comprehensive income for the period	-	-	-	-	-	-	17,185	1,382	18,567	18,567	8,345	26,912
Total comprehensive income for the period	-	-	-	-	51,950	51,950	17,185	1,382	18,567	70,517	11,226	81,743
Profit distribution:												
Cash dividends for ordinary shares	-	-	-	-	(343,467)	(343,467)	-	-	-	(343,467)	-	(343,467)
Cash dividends distributed by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(27,549)	(27,549)
Disposition of employee stock ownership trust inflows	-	69	-	-	-	-	-	-	-	69	-	69
Changes in ownership interests in subsidiaries	-	30	-	-	-	-	-	-	-	30	33	63
Balance as of March 31, 2024	\$ 1,144,889	629,866	924,057	38,040	189,557	1,151,654	(80,414)	43,190	(37,224)	2,889,185	1,804,556	4,693,741

(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 March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	January to March 2024	January to March 2023
Cash flows from operating activities:		
Net profit before tax from continued operating units	\$ 74,936	182,090
Net loss before tax from discontinued operations	-	(8,792)
Net profit before tax for the period	74,936	173,298
Adjustment item:		
Adjustments for		
Depreciation expenses	53,012	58,429
Amortization expenses	7,416	26,164
Expected credit impairment loss (gain on reversal)	220	(7,335)
Evaluation losses (gains) of financial assets measured at fair value through profit or losses	(346)	750
Interest expense	11,171	18,974
Interest income	(2,566)	(2,173)
Gain (loss) on disposal of property, plant and equipment	(918)	270
Gain on liquidation of subsidiary	(4,360)	-
Loss (Gain) on lease amendment	13	(2)
Total revenue, expense and loss items	63,642	95,077
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	17,513	(2,635)
Contract assets	(473)	(4,006)
Notes and accounts receivable	85,049	141,911
Accounts receivable - related parties	(24,879)	58,316
Other receivables	(10,260)	31,321
Inventories	137,475	275,803
Prepayments	(6,925)	18,143
Other current assets	(3,042)	(2,281)
Other operating assets	232	-
Total net changes in assets related to operating activities	194,690	516,572
Net changes in liabilities related to operating activities:		
Financial liabilities held for trading	12,333	(744)
Contract liabilities	11,654	(53,018)
Notes and accounts payable	(70,565)	(53,518)
Accounts payable - related parties	(3,905)	(33,026)
Other payables	(62,643)	(107,593)
Provision for liabilities	(5,871)	(3,660)
Other current liabilities	(9,697)	7,573
Net defined benefit liabilities	(626)	(578)
Total net changes in liabilities related to operating activities	(129,320)	(244,564)
Total net changes in assets and liabilities related to operating activities	65,370	272,008
Total adjustment items	129,012	367,085
Cash inflows from operations	203,948	540,383
Interest received	2,402	2,137
Interest paid	(11,267)	(19,627)
Income tax paid	(17,737)	(10,618)
Net cash inflows from operating activities	177,346	512,275

(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 March 31, 2024 and 2023

Unit: In Thousands of New Taiwan Dollars

	January to March 2024	January to March 2023
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	(7,909)	-
Proceeds from sale of financial assets at amortized cost	-	1,880
Purchase of property, plant and equipment	(5,923)	(4,105)
Proceeds from disposal of property, plant and equipment	1,050	88
Increase in refundable deposits	(1,604)	(462)
Purchase of intangible assets	-	(767)
Decrease (increase) in other non-current assets	(157)	862
Net cash outflows from investing activities	(14,543)	(2,504)
Cash flows from financing activities:		
Increase in short-term borrowings	1,271,381	980,000
Decrease in short-term borrowings	(1,360,733)	(1,539,290)
Long-term borrowings	-	550,000
Repayments of long-term borrowings	(30,000)	(670,054)
Repayment of lease principal	(18,934)	(23,964)
Disposition of employee stock ownership trust inflows	132	33
Net cash outflows from financing activities	(138,154)	(703,275)
Effect of changes in exchange rate	29,712	(96)
Increase (decrease) in cash and cash equivalents for the current period	54,361	(193,600)
Cash and cash equivalents at the beginning of the period	1,490,285	1,690,474
Cash and cash equivalents at the end of the period	\$ 1,544,646	1,496,874

(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 three months ended March 31, 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, sales and services of intelligent solution-related products.

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved and issued by the Board of Directors on May 6, 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) 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:

<u>New issued or amended standards</u>	<u>Main amendments</u>	<u>Effective date of issuance by IASB</u>
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

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

<u>New issued or amended standards</u>	<u>Main amendments</u>	<u>Effective date of issuance by IASB</u>
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

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 by the FSC yet 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

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

- Amendments to IFRS 17 "Comparative Information on Initial Application of IFRS 17 and IFRS 9"
- Amendments to IAS 21 "Lack of Exchangeability"

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
			2024.3.31	2023.12.31	2023.3.31	
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
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 computer motherboards, 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%	-

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
			2024.3.31	2023.12.31	2023.3.31	
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 Corporation (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%	-

Note 1: It is a subsidiary of minor significance. Apart from the audited financial report for the first quarter of 2024, the remaining financial reports have not been reviewed by an accountant.

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) 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.

(IV) 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 recognized as the current income tax expenses.

Income tax expenses recognized directly in equity or other comprehensive income are

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

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>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Cash on hand and petty cash	\$ 467	489	499
Demand deposits and check deposits	1,436,179	1,418,296	1,496,375
Time deposits with original maturity date within three months	108,000	71,500	-
	<u>\$ 1,544,646</u>	<u>1,490,285</u>	<u>1,496,874</u>

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	\$ 3,467	706	767
Foreign exchange swap contracts	-	20,274	3,255
	<u>3,467</u>	<u>20,980</u>	<u>4,022</u>
Non-derivative financial assets:			
Fund beneficiary certificates	24,831	24,485	25,321
	<u>\$ 28,298</u>	<u>45,465</u>	<u>29,343</u>

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts\$	688	3,365	3,585
Foreign exchange swap contracts	<u>15,010</u>	<u>-</u>	<u>691</u>
	<u>\$ 15,698</u>	<u>3,365</u>	<u>4,276</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

<u>2024.3.31</u>		
<u>Currency</u>	<u>Contract amount (in thousands of NTD)</u>	<u>Maturity period</u>
Buy JPY/Sell USD	USD 697	2024.04
Buy USD/Sell RMB	RMB 107,695	2024.04
Buy USD/Sell RMB	USD 1,517	2024.04
Buy RMB/Sell USD	USD 1,560	2024.04
Buy USD/Sell EUR	USD 1,000	2024.04
Buy EUR/Sell USD	USD 1,712	2024.04
<u>2023.12.31</u>		
<u>Currency</u>	<u>Contract amount (in thousands of NTD)</u>	<u>Maturity period</u>
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

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

2023.3.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Buy JPY/Sell USD	USD 935	2023.04
Buy USD/Sell RMB	RMB 111,172	2023.04
Buy USD/Sell RMB	USD 1,000	2023.04
Buy RMB/Sell USD	USD 3,549	2023.04
Buy NTD/Sell USD	USD 700	2023.04
Buy USD/Sell EUR	USD 2,000	2023.04
Buy EUR/Sell USD	USD 1,750	2023.04

2. Foreign exchange SWAP contracts

2024.3.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Swap in NTD/swap out USD	USD 34,390	2024.04
Swap in NTD/swap out RMB	RMB 35,000	2024.04

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

2023.3.31

Currency	Contract amount (in thousands of NTD)	Maturity period
Swap in NTD/swap out USD	USD 35,530	2023.04
Swap in NTD/swap out RMB	RMB 47,000	2023.04

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

	2024.3.31	2023.12.31	2023.3.31
Equity instruments measured at fair value through other comprehensive income:			
Stocks of domestic over-the-counter (OTC) companies	\$ 86,967	77,314	90,101
Foreign unlisted (OTC) stocks	8,149	9,400	2,224
	<u>\$ 95,116</u>	<u>86,714</u>	<u>92,325</u>

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

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 three months ended March 31, 2024 and 2023, and the gain or loss accumulated during those periods were not transferred within equity.

(IV) Financial assets measured at amortized cost

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets measured at amortized cost - current:			
Pledged certificate of deposit	\$ 2,709	2,709	3,325
Time deposits with original maturity date over 3 months	-	-	4,352
	<u>\$ 2,709</u>	<u>2,709</u>	<u>7,677</u>
Financial assets measured at amortized cost - non-current:			
Corporate bonds	<u>\$ 3,365</u>	<u>3,211</u>	<u>3,209</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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Notes receivable	\$ 335,465	293,881	344,706
Accounts receivable	1,473,867	1,600,109	2,177,907
Accounts receivable - related parties	96,632	71,753	213,990
Less: loss allowance	<u>(27,045)</u>	<u>(26,447)</u>	<u>(45,364)</u>
	<u>\$ 1,878,919</u>	<u>1,939,296</u>	<u>2,691,239</u>
Other receivables	\$ 22,266	11,888	24,385
Other receivables - related parties	<u>188</u>	<u>183</u>	<u>1,218</u>
	<u>\$ 22,454</u>	<u>12,071</u>	<u>25,603</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:

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

2024.3.31			
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,217,217	0~1.01%	1,979
1-30 days overdue	210,635	0~17.52%	3,713
31-60 days overdue	13,519	0~37.07%	734
61-90 days overdue	11,735	0~63.82%	2,680
Overdue for more than 90 days	<u>20,761</u>	0~100%	<u>17,939</u>
	<u>\$ 1,473,867</u>		<u>27,045</u>
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	<u>21,254</u>	0~100%	<u>18,335</u>
	<u>\$ 1,600,109</u>		<u>26,447</u>
2023.3.31			
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,891,265	0~3.89%	1,335
1-30 days overdue	174,087	0~17.38%	5,158
31-60 days overdue	60,413	0~100%	4,735
61-90 days overdue	16,996	0~74.15%	2,230
Overdue for more than 90 days	<u>35,146</u>	0~100%	<u>31,906</u>
	<u>\$ 2,177,907</u>		<u>45,364</u>

As of March 31, 2024, December 31, 2023 and March 31, 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:

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Not overdue	\$ 427,105	361,316	557,765
1-30 days overdue	4,835	1,136	-
31-60 days overdue	87	3,182	399
61-90 days overdue	70	-	127
Overdue for more than 90 days	-	-	405
	<u>\$ 432,097</u>	<u>365,634</u>	<u>558,696</u>

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Beginning balance	\$ 26,447	67,816
Recognition of impairment losses for discontinued operations	-	182
Recognition (reversal) of impairment losses for the period	220	(7,517)
Estimated insurance claims on accounts receivable	(153)	(14,331)
Foreign exchange gains or losses	531	(786)
Ending balance	<u>\$ 27,045</u>	<u>45,364</u>

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

(VI) Inventories

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Raw materials	\$ 526,242	574,377	1,635,815
Work in progress	154,723	136,807	216,018
Finished goods and commodities	1,006,394	1,019,874	1,452,997
Goods in transit	67,520	77,510	109,334
Outsourced processed goods	1,103	84,889	126,629
	<u>\$ 1,755,982</u>	<u>1,893,457</u>	<u>3,540,793</u>

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

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Cost of inventory sold	\$ 1,372,088	2,968,575
Loss on decline in value of inventories	5,636	30,628
Inventory scrap loss	65	56
Inventory gain	<u>-</u>	<u>(10,686)</u>
Subtotal	1,377,789	2,988,573
Less: Cost of inventories of discontinued operations (Note XII (III))	<u>-</u>	<u>(1,119,109)</u>
	<u>\$ 1,377,789</u>	<u>1,869,464</u>

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.

(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:

Consideration received:

Cash	\$ 530,075
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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)

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

Lease liabilities - current	(20,650)	
Lease liabilities - non-current	(5,317)	
Deferred income tax liabilities	<u>(98,265)</u>	
	1,256,602	
Non-controlling interests	(716,362)	
Exchange differences on translations by foreign operations	(36,637)	
Income tax on disposal of equity	<u>5,473</u>	<u>509,076</u>
Credit to capital surplus		<u><u>\$ 20,999</u></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		
		2024.3.31	2023.12.31	2023.3.31
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:

(1) Summarized financial information of Ace Pillar:

	2024.3.31	2023.12.31	2023.3.31
Current assets	\$ 2,031,187	2,018,389	2,294,831
Non-current assets	1,139,871	1,138,904	1,159,819
Current liabilities	(796,510)	(734,736)	(950,848)
Non-current liabilities	<u>(143,157)</u>	<u>(168,605)</u>	<u>(216,005)</u>
Net assets	<u>\$ 2,231,391</u>	<u>2,253,952</u>	<u>2,287,797</u>
Carrying amount of non-controlling interests at end of period	<u>\$ 1,201,633</u>	<u>1,212,476</u>	<u>1,227,799</u>

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

	January to March 2024	January to March 2023
Net operating revenue	<u>\$ 702,408</u>	<u>800,140</u>
Net profit (loss) for the period	\$ (1,000)	(746)
Other comprehensive income	12,052	6,591
Total comprehensive income	<u>\$ 11,052</u>	<u>5,845</u>
Net profit (loss) for the period attributable to non-controlling interests	<u>\$ 147</u>	<u>118</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 6,611</u>	<u>3,688</u>
	January to March 2024	January to March 2023
Cash flows from operating activities	\$ 4,563	69,525
Cash flows from investing activities	1,914	1,665
Cash flows from financing activities	24,364	(46,389)
Effect of changes in exchange rate	16,026	5,695
Increase in cash and cash equivalents	<u>\$ 46,867</u>	<u>30,496</u>

(2) Summarized financial information of AEWIN

	2024.3.31	2023.12.31	2023.3.31
Current assets	\$ 1,357,928	1,412,560	1,536,209
Non-current assets	1,008,911	1,016,617	1,078,614
Current liabilities	(702,293)	(748,210)	(911,949)
Non-current liabilities	<u>(419,752)</u>	<u>(424,971)</u>	<u>(455,105)</u>
Net assets	<u>\$ 1,244,794</u>	<u>1,255,996</u>	<u>1,247,769</u>
Ending balance of non-controlling interests at book value	<u>\$ 602,923</u>	<u>608,370</u>	<u>604,370</u>
	January to March 2024	January to March 2023	
Operating revenue	<u>\$ 422,679</u>	<u>506,718</u>	
Net profit for the period	\$ 5,623	12,727	
Other comprehensive income	3,868	1,498	
Total comprehensive income	<u>\$ 9,491</u>	<u>14,225</u>	
Net profit for the period attributable to non-controlling interests	<u>\$ 2,734</u>	<u>6,186</u>	
Total comprehensive income attributable to non-controlling interests	<u>\$ 4,615</u>	<u>6,914</u>	

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

	January to March 2024	January to March 2023
Cash flows from operating activities	\$ (6,769)	(442)
Cash flows from investing activities	(5,629)	(10,356)
Cash flows from financing activities	(10,585)	(161,412)
Effect of changes in exchange rate	4,812	1,817
Decrease in cash and cash equivalents	<u>\$ (18,171)</u>	<u>(170,393)</u>

(3) Summarized financial information of Brainstorm:

	2023.3.31
Current assets	\$ 1,478,750
Non-current assets	715,698
Current liabilities	(853,818)
Non-current liabilities	<u>(117,971)</u>
Net assets	<u>\$ 1,222,659</u>
Carrying amount of non-controlling interests at end of period	<u>\$ 694,329</u>
	January to March 2023
Net operating revenue	<u>\$ 1,271,896</u>
Net loss for the period	<u>\$ (8,650)</u>
Net loss for the period attributable to non-controlling interests	<u>\$ (5,614)</u>

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

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

(VIII) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Costs:							
Balance as of							
January 1,							
2024	\$ 871,226	1,671,113	404,584	72,173	353,925	-	3,373,021
Addition	-	-	742	179	4,053	120	5,094
Disposal	-	(535)	(2,218)	(600)	(1,930)	-	(5,283)
Reclassification	(149,795)	(36,263)	318	-	-	-	(185,740)
Effect of							
changes in							
exchange rate	-	8,582	10	660	2,397	-	11,649
Balance as of							
March 31,							
2024	\$ 721,431	1,642,897	403,436	72,412	358,445	120	3,198,741
Balance as of							
January 1,							
2023	\$ 962,980	1,715,650	507,204	82,012	466,706	816	3,735,368
Addition	-	81	781	1,224	1,306	711	4,103
Disposal	-	-	(69)	(7,814)	(3,340)	-	(11,223)
Reclassification	(91,754)	(42,711)	588	-	-	(588)	(134,465)
Effect of							
changes in							
exchange rate	-	2,366	(45)	245	478	-	3,044
Balance as of							
March 31,							
2023	\$ 871,226	1,675,386	508,459	75,667	465,150	939	3,596,827
Accumulated							
depreciation and							
impairment loss:							
Balance as of							
January 1,							
2024	\$ -	331,074	271,669	54,854	166,605	-	824,202
Depreciation	-	11,717	9,109	1,640	9,934	-	32,400
Disposal	-	(407)	(2,218)	(597)	(1,929)	-	(5,151)
Reclassification	-	(9,385)	-	-	-	-	(9,385)
Effect of							
changes in							
exchange rate	-	3,082	4	596	1,537	-	5,219
Balance as of							
March 31,							
2024	\$ -	336,081	278,564	56,493	176,147	-	847,285
Balance as of							
January 1,							
2023	\$ -	300,796	337,443	59,729	244,304	-	942,272
Depreciation	-	12,625	9,565	1,830	10,183	-	34,203
Disposal	-	-	(69)	(7,785)	(3,011)	-	(10,865)
Reclassification	-	(17,233)	-	-	-	-	(17,233)
Effect of							
changes in							
exchange rate	-	515	(25)	258	209	-	957
Balance as of							
March 31,							
2023	\$ -	296,703	346,914	54,032	251,685	-	949,334
Book value:							
March 31, 2024	\$ 721,431	1,306,816	124,872	15,919	182,298	120	2,351,456
January 1, 2024	\$ 871,226	1,340,039	132,915	17,319	187,320	-	2,548,819
March 31, 2023	\$ 871,226	1,378,683	161,545	21,635	213,465	939	2,647,493

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost of right-of-use assets:				
Balance as of January 1, 2024	\$ 48,739	366,624	2,593	417,956
Addition	-	15,491	-	15,491
Decrease and lease amendment	-	(8,121)	(1,186)	(9,307)
Effect of changes in exchange rate	<u>523</u>	<u>4,032</u>	<u>8</u>	<u>4,563</u>
Balance as of March 31, 2024	<u>\$ 49,262</u>	<u>378,026</u>	<u>1,415</u>	<u>428,703</u>
Balance as of January 1, 2023	\$ 49,689	440,544	9,495	499,728
Addition	-	3,371	1,178	4,549
Decrease and lease amendment	-	(26,926)	(1,612)	(28,538)
Effect of changes in exchange rate	<u>53</u>	<u>89</u>	<u>(54)</u>	<u>88</u>
Balance as of March 31, 2023	<u>\$ 49,742</u>	<u>417,078</u>	<u>9,007</u>	<u>475,827</u>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2024	\$ 6,029	134,015	1,254	141,298
Depreciation	304	19,134	298	19,736
Decrease and lease amendment	-	(7,915)	(985)	(8,900)
Effect of changes in exchange rate	<u>89</u>	<u>1,699</u>	<u>7</u>	<u>1,795</u>
Balance as of March 31, 2024	<u>\$ 6,422</u>	<u>146,933</u>	<u>574</u>	<u>153,929</u>
Balance as of January 1, 2023	\$ 5,282	132,773	6,056	144,111
Depreciation	601	22,460	953	24,014
Decrease and lease amendment	-	(26,804)	(1,612)	(28,416)
Effect of changes in exchange rate	<u>1</u>	<u>(299)</u>	<u>(28)</u>	<u>(326)</u>
Balance as of March 31, 2023	<u>\$ 5,884</u>	<u>128,130</u>	<u>5,369</u>	<u>139,383</u>
Book value:				
March 31, 2024	<u>\$ 42,840</u>	<u>231,093</u>	<u>841</u>	<u>274,774</u>
January 1, 2024	<u>\$ 42,710</u>	<u>232,609</u>	<u>1,339</u>	<u>276,658</u>
March 31, 2023	<u>\$ 43,858</u>	<u>288,948</u>	<u>3,638</u>	<u>336,444</u>

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	<u>149,795</u>	<u>36,263</u>	<u>186,058</u>
Balance as of March 31, 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	<u>91,754</u>	<u>42,711</u>	<u>134,465</u>
Balance as of March 31, 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	-	876	876
Transfer from property, plant and equipment	<u>-</u>	<u>9,385</u>	<u>9,385</u>
Balance as of March 31, 2024	<u>\$ -</u>	<u>28,991</u>	<u>28,991</u>
Balance as of January 1, 2023	\$ -	-	-
Transfer from property, plant and equipment	<u>-</u>	<u>17,233</u>	<u>17,233</u>
Depreciation for the current period	<u>-</u>	<u>212</u>	<u>212</u>
Balance as of March 31, 2023	<u>\$ -</u>	<u>17,445</u>	<u>17,445</u>
Carrying amount:			
March 31, 2024	<u>\$ 241,549</u>	<u>49,983</u>	<u>291,532</u>
January 1, 2024	<u>\$ 91,754</u>	<u>23,981</u>	<u>115,735</u>
March 31, 2023	<u>\$ 91,754</u>	<u>25,266</u>	<u>117,020</u>
Fair value:			
March 31, 2024			<u>\$ 399,363</u>
January 1, 2024			<u>\$ 169,348</u>
March 31, 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
Write-off for the current period	-	-	-	(3,261)	(3,261)
Effects of changes in exchange rate	-	-	-	39	39
Balance as of March 31, 2024	<u>\$ 293,293</u>	<u>12,823</u>	<u>211,435</u>	<u>116,026</u>	<u>633,577</u>
Balance as of January 1, 2023	\$ 446,272	582,091	211,435	141,019	1,380,817
Separate acquisition	-	-	-	767	767
Write-off for the current period	-	-	-	(1,024)	(1,024)
Effects of changes in exchange rate	-	-	-	(226)	(226)
Balance as of March 31, 2023	<u>\$ 446,272</u>	<u>582,091</u>	<u>211,435</u>	<u>140,536</u>	<u>1,380,334</u>
Accumulated amortization:					
Balance as of January 1, 2024	\$ -	2,245	94,828	94,224	191,297
Amortization	-	321	3,711	3,384	7,416
Write-off for the current period	-	-	-	(3,261)	(3,261)
Effects of changes in exchange rate	-	-	-	17	17
Balance as of March 31, 2024	<u>\$ -</u>	<u>2,566</u>	<u>98,539</u>	<u>94,364</u>	<u>195,469</u>
Balance as of January 1, 2023	\$ -	95,840	77,892	86,058	259,790
Amortization	-	14,552	5,805	5,807	26,164
Write-off for the current period	-	-	-	(1,024)	(1,024)
Effects of changes in exchange rate	-	-	-	(24)	(24)
Balance as of March 31, 2023	<u>\$ -</u>	<u>110,392</u>	<u>83,697</u>	<u>90,817</u>	<u>284,906</u>
Book value:					
Balance as of March 31, 2024	<u>\$ 293,293</u>	<u>10,257</u>	<u>112,896</u>	<u>21,662</u>	<u>438,108</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 March 31, 2023	<u>\$ 446,272</u>	<u>471,699</u>	<u>127,738</u>	<u>49,719</u>	<u>1,095,428</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 March 31, 2024, the Group evaluated the achievement of operating revenue and net operating income of

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

the relevant cash-generating unit in the first quarter of 2024, and the budget assessment of future operating revenue and profit, and there was no impairment.

(XII) Short-term borrowings

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Unsecured bank loans	\$ 896,500	998,741	1,247,478
Secured bank loans	98,438	80,904	79,757
	<u>\$ 994,938</u>	<u>1,079,645</u>	<u>1,327,235</u>
Unused lines of credit	<u>\$ 6,202,554</u>	<u>5,834,216</u>	<u>6,407,613</u>
Range of interest rate	<u>0.95%~4.00%</u>	<u>0.95%~3.90%</u>	<u>1.62%~7.25%</u>

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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Unsecured bank loans	\$ 570,000	600,000	1,180,608
Secured bank loans	200,000	200,000	250,000
Less: portion due within one year	-	-	(608)
	<u>\$ 770,000</u>	<u>800,000</u>	<u>1,430,000</u>
Unused lines of credit	<u>\$ 1,500,000</u>	<u>1,800,000</u>	<u>50,000</u>
Year of maturity	<u>2025~2026</u>	<u>2025~2026</u>	<u>2024~2026</u>
Range of interest rate	<u>1.79%~2.05%</u>	<u>1.79%~2.05%</u>	<u>1.83%~5.83%</u>

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:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Current	<u>\$ 74,433</u>	<u>69,614</u>	<u>85,846</u>
Non-current	<u>\$ 172,033</u>	<u>178,493</u>	<u>222,983</u>

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:

	January to March 2024	January to March 2023
Interest expense on lease liabilities	<u>\$ 1,557</u>	<u>1,763</u>
Interest expense on lease liabilities for discontinued operations	<u>\$ -</u>	<u>109</u>
Short-term leases expenses and lease expenses of low-value assets	<u>\$ 5,230</u>	<u>5,971</u>
Short-term leases expenses and lease expenses of low-value assets for discontinued operations	<u>\$ -</u>	<u>1,740</u>
COVID-19-related rent concessions (recognized as a decrease in lease expense)	<u>\$ -</u>	<u>(3,450)</u>

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

	January to March 2024	January to March 2023
Total cash outflow for leases	<u>\$ 25,721</u>	<u>30,097</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.

(XV) Provisions - product warranty

	2024.3.31	2023.12.31	2023.3.31
Provision for warranty	<u>\$ 35,893</u>	<u>41,764</u>	<u>47,576</u>

The warranty provisions for products 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.

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

(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:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Operating costs	\$ 50	96
Operating expenses	24	45
	<u>\$ 74</u>	<u>141</u>

2. Defined contribution plans

The reported expenses of the Group are detailed as follows:

	<u>January to March 2024</u>	<u>January to March 2023</u>
Operating costs	\$ 3,059	3,166
Operating expenses	13,584	13,351
	<u>\$ 16,643</u>	<u>16,517</u>

(XVII) Income taxes

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Current income tax expense	\$ 20,512	46,302
Deferred income tax benefits (losses)	(407)	845
	20,105	47,147
Less: Income tax benefits for discontinued operations	-	142
Income tax expense for continuing operations	<u>\$ 20,105</u>	<u>47,289</u>

2. Circumstances of income tax approval

The Company's profit-seeking enterprise income tax has been approved by the tax authority to the year of 2021.

(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 three months ended March 31, 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.

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

1. Share capital - Ordinary shares

As on March 31, 2024, December 31, 2023 and March 31, 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:

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Share premium	\$ 599,203	599,203	578,204
Recognized changes in percentage of ownership interests in subsidiaries	6,036	6,006	5,967
Gain on asset disposal	808	808	808
Others	<u>23,819</u>	<u>23,750</u>	<u>23,640</u>
	<u>\$ 629,866</u>	<u>629,767</u>	<u>608,619</u>

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.

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

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 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 are as follows:

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

	2023		2022	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
Dividends distributed to owners of common stock:				
Cash dividends	\$ 3.0	<u>343,467</u>	4.0	<u>457,955</u>

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.

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	17,185	-	17,185
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	1,382	1,382
Balance as of March 31, 2024	<u>\$ (80,414)</u>	<u>43,190</u>	<u>(37,224)</u>
Balance as of January 1, 2023	\$ (69,315)	31,274	(38,041)
Exchange difference from conversion of net assets of foreign operating organizations	282	-	282
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	21,261	21,261
Balance as of March 31, 2023	<u>\$ (69,033)</u>	<u>52,535</u>	<u>(16,498)</u>

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

	January to March 2024	January to March 2023
Beginning balance	\$ 1,820,846	2,577,359
Shares attributable to non-controlling interests:		
Net profit for the period	2,881	690
Exchange differences on translating the financial statements of foreign operations	9,234	594
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(889)	-
Cash dividends distributed by subsidiaries to non-controlling interests	(27,549)	(52,145)
Changes in ownership interests in subsidiaries	33	-
Ending balance	<u>\$ 1,804,556</u>	<u>2,526,498</u>

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

(XIX) Earnings per share

1. Basic earnings per share

	January to March 2024			January to March 2023		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	\$ 51,950	-	51,950	128,497	(3,036)	125,461
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	-		114,489	114,489	
Basic earnings (loss) per share (NTD)	\$ 0.45	-	0.45	1.12	(0.02)	1.10

2. Diluted earnings (loss) per share

	January to March 2024			January to March 2023		
	Continued operating unit	Discontinued operations	Total	Continued operating unit	Discontinued operations	Total
Net profit attributable to ordinary shareholders of the Company	\$ 51,950	-	51,950	128,497	(3,036)	125,461
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	455	-		659	659	
Weighted average number of outstanding ordinary shares (after adjusting for the dilutive effect of potential ordinary shares) (in thousands of shares)	114,944	-		115,148	115,148	
Diluted earnings (loss) per share (NTD)	\$ 0.45	-	0.45	1.11	(0.02)	1.09

(XX) Revenue from customer contracts

1. Breakdown of revenue

	January to March 2024	January to March 2023
Main products and services:		
Industrial computer board cards and systems	\$ 1,124,282	1,593,607
Industrial automation control	466,882	525,049
Others	315,022	429,489
	<u>\$ 1,906,186</u>	<u>2,548,145</u>

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

2. Balance of contracts

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Notes and accounts receivable (including related parties)	\$ 1,905,964	1,965,743	2,736,603
Less: loss allowance	<u>(27,045)</u>	<u>(26,447)</u>	<u>(45,364)</u>
	<u>\$ 1,878,919</u>	<u>1,939,296</u>	<u>2,691,239</u>
Contract assets	<u>\$ 1,285</u>	<u>812</u>	<u>4,006</u>
Contract liabilities	<u>\$ 127,029</u>	<u>115,375</u>	<u>152,223</u>

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

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 NTD63,601 thousand and NTD88,963 thousand, respectively, for the three months ended March 31, 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 March 31, 2024 and 2023, the estimated employee compensations of the Company were NTD4,912 thousand and NTD11,897 thousand, respectively, and the estimated director compensations were NTD524 thousand and NTD1,266 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. For the related information, please refer to MOPS.

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

(XXII) Non-operating income and expenses

1. Interest income

	January to March 2024	January to March 2023
Interest on bank deposit	\$ 2,355	2,108
Interest income from financial assets measured at amortized cost	197	28
Interest on deposits	2	3
Others	12	34
	<u>\$ 2,566</u>	<u>2,173</u>

2. Other income

	January to March 2024	January to March 2023
Rental income	\$ 2,209	1,786
Others	7,855	4,313
	<u>\$ 10,064</u>	<u>6,099</u>

3. Other gain and loss

	January to March 2024	January to March 2023
Gain (loss) on disposal of property, plant and equipment	\$ 918	(270)
Gain on liquidation of subsidiary	4,360	-
Net gains (losses) on foreign currency exchange	44,073	(2,785)
Loss on financial instruments at fair value through profit or loss	(50,012)	(12,545)
Other gains and expenses	(118)	493
Subtotal	(779)	(15,107)
Less: Other losses of discontinued operations	-	(2,211)
Other losses from continuing operations	<u>(779)</u>	<u>(12,896)</u>

4. Finance costs

	January to March 2024	January to March 2023
Bank interest expenses	\$ 9,614	17,102
Financial expenses on lease liabilities	1,557	1,872
Subtotal	11,171	18,974
Less: Finance costs of discontinued operations	-	(1,590)
Finance costs of continuing operations	<u>\$ 11,171</u>	<u>17,384</u>

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

(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

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial assets at fair value through profit or loss - current	\$ 28,298	45,465	29,343
Financial assets at fair value through other comprehensive income - non-current	<u>95,116</u>	<u>86,714</u>	<u>92,325</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents	1,544,646	1,490,285	1,496,874
Financial assets at amortized cost - current	2,709	2,709	7,677
Notes receivable, accounts receivable, and other receivables (including related parties)	1,901,373	1,951,367	2,716,842
Financial assets measured at amortized cost - non-current	3,365	3,211	3,209
Refundable deposits (reported in other non-current assets)	<u>32,452</u>	<u>30,848</u>	<u>33,103</u>
Subtotal	<u>3,484,545</u>	<u>3,478,420</u>	<u>4,257,705</u>
Total	<u>\$ 3,607,959</u>	<u>3,610,599</u>	<u>4,379,373</u>

(2) Financial liabilities

	<u>2024.3.31</u>	<u>2023.12.31</u>	<u>2023.3.31</u>
Financial liabilities at fair value through profit or loss - current	\$ 15,698	3,365	4,276
Financial liabilities measured at amortized cost:			
Short-term borrowings	994,938	1,079,645	1,327,235
Notes payable, accounts payable and other payables (including related parties)	1,640,203	1,407,225	3,005,155
Long-term borrowings (including the part due within one year)	770,000	800,000	1,430,608
Lease liabilities (including current and non-current)	<u>246,466</u>	<u>248,107</u>	<u>308,829</u>
Subtotal	<u>3,651,607</u>	<u>3,534,977</u>	<u>6,071,827</u>
Total	<u>\$ 3,667,305</u>	<u>3,538,342</u>	<u>6,076,103</u>

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

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>
March 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 997,882	997,882	-	-	-
Long-term borrowings (floating rates)	801,324	14,434	292,965	493,925	-
Notes payable, accounts payable and other payables (including related parties)	1,640,203	1,640,203	-	-	-
Lease liabilities (including current and non-current)	<u>256,966</u>	<u>79,416</u>	<u>92,870</u>	<u>57,474</u>	<u>27,206</u>
Subtotal	<u>3,696,375</u>	<u>2,731,935</u>	<u>385,835</u>	<u>551,399</u>	<u>27,206</u>
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	682,564	682,564	-	-	-
Inflow	(685,343)	(685,343)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,252,384	1,252,384	-	-	-
Inflow	<u>(1,237,374)</u>	<u>(1,237,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>12,231</u>	<u>12,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,708,606</u>	<u>2,744,166</u>	<u>385,835</u>	<u>551,399</u>	<u>27,206</u>
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, with no interest)	1,407,225	1,407,225	-	-	-
Lease liabilities	<u>259,553</u>	<u>74,745</u>	<u>92,617</u>	<u>61,275</u>	<u>30,916</u>
Subtotal	<u>3,585,797</u>	<u>2,579,734</u>	<u>137,472</u>	<u>837,675</u>	<u>30,916</u>

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

	<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>
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	<u>(1,231,906)</u>	<u>(1,231,906)</u>	-	-	-
Subtotal	<u>(17,615)</u>	<u>(17,615)</u>	-	-	-
	<u>\$ 3,568,182</u>	<u>2,562,119</u>	<u>137,472</u>	<u>837,675</u>	<u>30,916</u>
March 31, 2023					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,332,461	1,332,461	-	-	-
Long-term borrowings (floating rates)	1,466,761	28,266	1,387,670	50,825	-
Notes payable, accounts payable and other payables (including related parties)	3,005,155	3,005,155	-	-	-
Lease liabilities (including current and non-current)	<u>324,419</u>	<u>92,039</u>	<u>75,895</u>	<u>114,440</u>	<u>42,045</u>
Subtotal	<u>6,128,796</u>	<u>4,457,921</u>	<u>1,463,565</u>	<u>165,265</u>	<u>42,045</u>
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	796,229	796,229	-	-	-
Inflow	(793,411)	(793,411)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,289,301	1,289,301	-	-	-
Inflow	<u>(1,291,865)</u>	<u>(1,291,865)</u>	-	-	-
Subtotal	<u>254</u>	<u>254</u>	-	-	-
	<u>\$ 6,129,050</u>	<u>4,458,175</u>	<u>1,463,565</u>	<u>165,265</u>	<u>42,045</u>

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):

2024.3.31					
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD (Note 1)	\$	51,174	32.0000	1,637,578	1%
USD (Note 2)		3,046	7.2241	97,472	1%
RMB		35,032	4.4296	155,180	1%
JPY		3,374	0.2115	714	1%
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD (Note 1)		15,411	32.0000	493,140	1%
USD (Note 2)		17,640	7.2241	564,488	1%
JPY		20,329	0.2115	4,300	1%
2023.12.31					
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD (Note 1)	\$	51,794	30.7500	1,592,652	1%
USD (Note 2)		3,399	7.0912	104,534	1%
RMB		42,033	4.3364	182,270	1%
JPY		10,085	0.2175	2,193	1%
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD (Note 1)		13,898	30.7500	427,373	1%
USD (Note 2)		17,986	7.0912	553,055	1%
JPY		15,554	0.2175	3,383	1%

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

2023.3.31						
	Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD (Note 1)	\$	69,610	30.4800	2,121,716	1%	21,217
USD (Note 2)		5,572	6.8685	169,821	1%	1,698
RMB		47,664	4.4377	211,521	1%	2,115
JPY		35,983	0.2286	8,226	1%	82
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD (Note 1)		28,552	30.4800	870,265	1%	8,703
USD (Note 2)		19,529	6.8685	595,242	1%	5,952
JPY		14,372	0.2286	3,285	1%	33

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 March 31, 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).

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

- 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).

	2024.3.31			
	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	\$ -	3,467	-	3,467
Fund beneficial interest certificates	24,831	-	-	24,831
	\$ 24,831	3,467	-	28,298
Financial assets at fair value through other comprehensive income:				
Domestic Over-the-Counter stocks	\$ 86,967	-	-	86,967
Foreign unlisted stocks	-	-	8,149	8,149
	\$ 86,967	-	8,149	95,116
Financial liabilities at fair value through profit or loss:				
Derivative financial instruments - Forward foreign exchange contracts	\$ -	688	-	688
Derivative financial instruments - Foreign exchange swaps contracts	-	15,010	-	15,010
	\$ -	15,698	-	15,698
	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>
		2023.3.31			
		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					
	\$	-	767	-	767
Derivative financial instruments - Foreign exchange swaps contracts					
		-	3,255	-	3,255
Fund beneficial interest certificates					
		25,321	-	-	25,321
	\$	<u>25,321</u>	<u>4,022</u>	<u>-</u>	<u>29,343</u>
Financial assets at fair value through other comprehensive income:					
Domestic					
Over-the-Counter stocks	\$	90,101	-	-	90,101
Foreign unlisted stocks		-	-	2,224	2,224
		<u>90,101</u>	<u>-</u>	<u>2,224</u>	<u>92,325</u>
Financial liabilities at fair value through profit or loss:					
Derivative financial instruments - Forward foreign exchange contracts					
	\$	-	3,585	-	3,585
Derivative financial instruments - Foreign exchange swaps contracts					
		-	691	-	691
	\$	<u>-</u>	<u>4,276</u>	<u>-</u>	<u>4,276</u>

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

- (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.

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 three months ended March 31, 2024 and 2023.

- (5) Detailed statement on changes in level 3

Financial assets at fair value through other comprehensive income:

	January to March 2024	January to March 2023
Beginning balance	\$ 9,400	2,224
Changes recognized in other comprehensive incomes in current period	(1,251)	-
Ending balance	<u>\$ 8,149</u>	<u>2,224</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		2024.3.31
			Increase or decrease in lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 1,079,645	(89,352)	-	4,645	994,938
Long-term borrowings (including the part due within one year)	800,000	(30,000)	-	-	770,000
Lease liabilities	248,107	(18,934)	15,097	2,196	246,466
Total liabilities from financing activities	<u>\$ 2,127,752</u>	<u>(138,286)</u>	<u>15,097</u>	<u>6,841</u>	<u>2,011,404</u>

	2023.1.1	Cash flows	Non-cash change		2023.3.31
			Increase or decrease in lease liabilities	Exchange rate changes	
Short-term borrowings	\$ 1,886,020	(559,290)	-	505	1,327,235
Long-term borrowings (including the part due within one year)	1,550,653	(120,054)	-	9	1,430,608
Lease liabilities	328,144	(23,964)	4,425	224	308,829
Total liabilities from financing activities	<u>\$ 3,764,817</u>	<u>(703,308)</u>	<u>4,425</u>	<u>738</u>	<u>3,066,672</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)

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
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
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

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
AUO Digitech Taiwan Inc.	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
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
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: As of October 2, 2023, we will no longer be considered a related party.

(III) Material transactions with related party

1. Net operating income

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Parent company	\$ 30,646	44,085
Other related parties	53,834	109,763
	<u>\$ 84,480</u>	<u>153,848</u>

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.

2. Purchases

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

	<u>January to March 2024</u>	<u>January to March 2023</u>
Parent company	\$ 22,809	98,206
Other related parties	3,143	5,772
	<u>\$ 25,952</u>	<u>103,978</u>

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

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 March 31, 2024 is NTD1,268 thousand.

The Group has recognized interest expenses of NTD288 thousand and NTD318 thousand for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, the balances of related lease liabilities were NTD98,049 thousand, NTD100,331 thousand, and NTD110,668 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	January to March 2024	January to March 2023
Operating costs	Parent company	\$ 3,977	2,911
	Other related parties	233	4,877
Operating expenses	Parent company	901	856
	Other related parties	3,144	7,247
Other income	Parent company	626	54
	Other related parties	1,357	1,357

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	2024.3.31	2023.12.31	2023.3.31
Accounts receivable - related parties	Parent company	\$ 45,065	18,538	121,243
	Other related parties	<u>51,567</u>	<u>53,215</u>	<u>92,747</u>
		<u>96,632</u>	<u>71,753</u>	<u>213,990</u>
Other receivables	Parent company	169	163	722
	Other related parties	<u>19</u>	<u>20</u>	<u>496</u>
		<u>188</u>	<u>183</u>	<u>1,218</u>
		<u>\$ 96,820</u>	<u>71,936</u>	<u>215,208</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	2024.3.31	2023.12.31	2023.3.31
Accounts payable - related parties	Parent company	\$ 14,485	19,747	78,849
	Other related parties	<u>2,501</u>	<u>1,144</u>	<u>5,310</u>
		<u>16,986</u>	<u>20,891</u>	<u>84,159</u>
Other payables	Parent company	6,620	5,657	7,345
	Other related parties	<u>2,758</u>	<u>3,181</u>	<u>3,766</u>
		<u>9,378</u>	<u>8,838</u>	<u>11,111</u>
Other payables- dividends payable	Parent company	154,830	-	206,440
	Other related parties	<u>34,407</u>	<u>-</u>	<u>45,875</u>
		<u>189,237</u>	<u>-</u>	<u>252,315</u>
Lease liabilities - current	Parent company	14,302	13,919	13,802
Lease liabilities - non-current	Parent company	<u>83,747</u>	<u>86,412</u>	<u>96,866</u>
		<u>98,049</u>	<u>100,331</u>	<u>110,668</u>
		<u>\$ 313,650</u>	<u>130,060</u>	<u>458,253</u>

(IV) Compensation of main managerial officers

	January to March 2024	January to March 2023
Short-term employee benefits	<u>\$ 8,099</u>	<u>12,506</u>

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:

Asset name	Subject matter of pledge guarantee	2024.3.31	2023.12.31	2023.3.31
Pledged certificate of deposit	Performance bond for release before tax to customs house	\$ 2,709	2,709	3,325
Notes receivable	Bank loan guarantee	98,438	80,904	79,757
Property, plant and equipment	Bank loan guarantee	444,586	446,422	452,083
Property, plant and equipment	Performance guarantee for purchases	23,296	24,146	30,197
		\$ 569,029	554,181	565,362

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: None.

XII. Miscellaneous

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

By function	January to March 2024			January to March 2023		
	Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
By nature						
Employee benefits expenses						
Salary expense	58,461	251,134	309,595	70,209	294,227	364,436
Labor and health insurance expenses	6,723	26,023	32,746	7,134	31,007	38,141
Pension expense	3,109	13,608	16,717	3,262	13,396	16,658
Other employee benefit expenses	3,181	11,484	14,665	5,428	10,615	16,043
Depreciation expenses	22,992	30,020	53,012	22,936	35,493	58,429
Amortization expenses	1,028	6,388	7,416	993	25,171	26,164

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

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

(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 March 31, 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).

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

	First quarter of 2023
Operating profit or loss after tax from the discontinued operations:	
Operating revenue	\$ 1,271,896
Operating costs	<u>(1,119,109)</u>
Gross Profit	152,787
Operating expenses	<u>(157,778)</u>
Operating loss before tax from the discontinued operations	(4,991)
Non-operating income and expenses before tax from the discontinued operations	(3,801)
Income tax benefits	<u>142</u>
Losses from discontinued operations	<u>\$ (8,650)</u>
Cash flow from discontinued operations:	
Cash flows from operating activities	\$ 218,951
Cash flows from investing activities	(848)
Cash flows from financing activities	(99,844)
Effect of changes in exchange rate	<u>(213)</u>
Net cash inflow (outflow)	<u>\$ 118,046</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.

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

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.
- (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		15,734,441	13.74%
Darly2 Venture, Inc.		9,175,109	8.01%
Hyllus Investments Limited of British Virgin Islands Merchant		8,559,818	7.47%

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.

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

XIV. Segment information

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

	January to March 2024				Total
	Board cards and system segment	Industrial automation control segment	Others	Adjustment and elimination	
Revenue from external clients	\$ 1,203,778	467,485	234,923	-	1,906,186
Inter-departmental income	1,346	-	-	(1,346)	-
Total income	<u>\$ 1,205,124</u>	<u>467,485</u>	<u>234,923</u>	<u>(1,346)</u>	<u>1,906,186</u>
Reportable department profit or loss	<u>\$ 77,795</u>	<u>(18,968)</u>	<u>14,729</u>	<u>700</u>	<u>74,256</u>

	January to March 2023				Total
	Board cards and system segment	Industrial automation control segment	Others	Adjustment and elimination	
Revenue from external clients	\$ 1,748,005	531,589	268,551	-	2,548,145
Inter-departmental income	5,165	90	-	(5,255)	-
Total income	<u>\$ 1,753,170</u>	<u>531,679</u>	<u>268,551</u>	<u>(5,255)</u>	<u>2,548,145</u>
Reportable department profit or loss	<u>\$ 198,987</u>	<u>(14,086)</u>	<u>18,497</u>	<u>700</u>	<u>204,098</u>

Table 1

DFI Inc. and its subsidiaries
Loan of funds to others
From January 1 to March 31, 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 party	Yes	237,676	237,676	237,676	-	1	251,701	Business interaction	-	-	-	248,965	497,930
2	Ace Pillar	Tianjin ACE Pillar	Other receivables-related parties	Yes	199,332	199,332	155,036	-	2	-	Operating capital turnover	-	-	-	389,414	778,827
2	Ace Pillar	Suzhou Super Pillar	Other receivables-related parties	Yes	87,796	57,585	-	-	2	-	Operating capital turnover	-	-	-	389,414	778,827
3	Cyber South	Tianjin ACE Pillar	Other receivables-related parties	Yes	22,400	22,400	22,400	-	2	-	Operating capital turnover	-	-	-	540,864	540,864
4	Proton	Tianjin ACE Pillar	Other receivables-related parties	Yes	12,800	12,800	12,800	-	2	-	Operating capital turnover	-	-	-	417,284	417,284

Note 1: The limits of funds lent by AEWIN 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 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: "1" for those with the nature for financing arising from business transaction; "2" for those with short-term financing needs.

Note 6: 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)
Balance as of March 31, 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	24,831	-	24,831	-
The Company	Stock: APLEX Technology Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,638	86,967	4.41%	86,967	-
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	7,409	6.28%	7,409	-
STCBVI	Bonds: Biogen Inc.	-	Financial assets measured at amortized cost - non-current	USD 100	3,365	-	3,365	-

(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 NTD100 million or 20% and above of the paid-in capital
From January 1 to March 31, 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
			Purchases (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	105,481	99.18%	60-90 days to collect	-	-	(22,815)	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(105,481)	17.06%	60-90 days to collect	-	-	22,815	5.89%	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
Balance as of March 31, 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	247,620	0.38	145,852	Strengthen collection	-	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	237,676	-	-	-	51,894	-
AEWIN	AEWIN TECH INC.	Parent company and subsidiary	127,771	3.45	-	-	30,797	-
Ace Pillar	Tianjin ACE Pillar	Parent company and subsidiary	155,036	-	-	-	-	-

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

DFI Inc. and its subsidiaries
Business relationship and significant transactions between the parent company and the subsidiaries
From January 1 to March 31, 2024

Table 5

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)	(43,177)	60-90 days to collect	2.27%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	(105,481)	60-90 days to collect	5.53%
0	The Company	DFI Co., Ltd.	1	(Sales)	(56,383)	60-90 days to collect	2.96%
1	AEWIN	Beijing AEWIN	3	(Sales)	(24,745)	(Note 5)	1.30%
1	AEWIN	Beijing AEWIN	3	Accounts receivable	247,620	(Note 5)	2.77%
1	AEWIN	Beijing AEWIN	3	Other receivables	237,676	(Note 5)	2.66%
1	AEWIN	Aewin Tech Inc.	3	(Sales)	(95,075)	(Note 6)	4.99%
1	AEWIN	Aewin Tech Inc.	3	Accounts receivable	127,771	(Note 6)	1.43%
2	Ace Pillar	Tianjin ACE Pillar	3	Other receivables - borrowings	155,036	One year	1.73%

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 March 31, 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%	443,011	1,500	1,500	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	107,198	107,198	3,500	100%	99,460	7,123	7,104	Subsidiary of the Company
The Company	DFI Co., Ltd	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	151,882	4,351	4,351	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	158,940	4,161	4,161	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%	637,304	5,623	2,889	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%	1,029,058	182	(1,147)	Subsidiary of the Company
AEWIN	Wise Way	Anguilla	Investment business	46,129	46,129	1,500	100%	84,464	(24,070)	(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%	19,434	4,390	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	46,129	46,129	1,500	100%	125,073	(24,070)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	540,864	(2,544)	(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%	417,284	(9,012)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,833	180	(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%	221,498	4,809	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	21,727	600	100%	100,307	1,720	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy technical services	166,760	166,760	4,993	99.86%	212,825	6,589	(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%	177,915	5,648	(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 will 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 March 31, 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	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 -)	3,195	100%	3,195 (Note 2)	22,516	-
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)	(24,070)	100%	(24,070) (Note 2)	125,067	-
Aewin (Shenzhen)	Business of wholesaling computers and their peripheral equipment and software	15,265 (CNY 3,500)	(Note 4)	-	-	-	-	(1,113) (CNY (254))	100%	(1,113) (CNY (254))	(1,882) (CNY (425))	-
Tianjin ACE Pillar	Trade of transmission mechanical components	1,129,504 (USD 35,297)	(Note 1)	62,400 (USD 1,950)	-	-	62,400 (USD 1,950)	(10,696)	100%	(10,696) (Note 2)	493,504	125,533
Tianjin Jinhao	Manufacturing and processing of mechanical transmission products	-	(Note 1)	5,120 (USD 160)	-	-	5,120 (USD 160)	-	(Note 5)	- (USD -)	-	-
Quansheng Information	Electronic system integration	9,600 (USD 300)	(Note 1)	4,800 (USD 150)	-	-	4,800 (USD 150)	180	100%	180 (USD 6) (Note 2)	2,805 (USD 88)	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	46,400 (USD 1,450)	(Note 1)	- (Note 3)	-	-	- (Note 3)	1,539	100%	1,539 (USD 49) (Note 2)	111,473 (USD 3,484)	-
Shanghai Standard	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	15,360 (USD 480)	(Note 1)	15,360 (USD 480)	-	-	15,360 (USD 480)	1,696	100%	1,696 (Note 2)	96,709	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)	66,720 (Note 3 and Note 4) (USD 2,085)	2,816,245
AEWIN	46,129 (USD 1,500)	64,000 (USD 2,000)	746,895
Ace Pillar	163,808 (USD 5,119)	163,808 (USD 5,119)	1,226,560
Standard Co.	15,360 (USD 480)	15,360 (USD 480)	116,626

Note 1: 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.

Note 2: 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.

Note 3: The Company's net investment amount after the cancellation of Dongguan Nippon Trading Co., Ltd. approved by the Investment Commission in August 2014.

Note 4: 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 March 31, 2024 (these transactions had been written off when the consolidated financial statements were prepared).