

**DFI Inc. and its subsidiaries**  
**Consolidated Financial Statements and**  
**Independent Auditors' Review Report**  
**For the nine months ended September 30, 2023 and 2022**

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 September 30, 2023 and the restated consolidated balance sheet as of September 30, 2022 of DFI Inc. and its subsidiaries (hereinafter collectively the "Group"), which comprise the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, the consolidated statement of changes in equity, and consolidated statement of cash flow for the nine months ended September 30, 2023 and 2022, as well as the notes to 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, its insignificant subsidiaries of DFI Inc. has been included in the aforesaid consolidated financial statements based on the financial statements of these invested companies were not reviewed by the independent auditors for the same period. As of September 30, 2023, and September 30, 2022 after restatement these subsidiaries had total assets of NTD (the same below) 872,424 thousand and NTD1,316,882 thousand respectively, representing 7.45% and 9.81% of total consolidated assets respectively; and total liabilities of NTD181,646 thousand and NTD236,010 thousand respectively, representing 2.99% and 3.07% of total consolidated liabilities respectively; and its total comprehensive income (loss) of NTD18,140 thousand, NTD56,852 thousand, NTD60,773 thousand, and NTD114,726 thousand respectively for the three months ended September 30, 2023 and 2022, for the nine months ended September 30, 2023 and 2022, representing 22.29%, 19.12%, 18.34%, and 18.02% 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 September 30, 2023 and September 30, 2022 after restatement, the consolidated financial performance for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, and the consolidated cash flows for the nine months ended September 30, 2023 and 2022, 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:

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November 1, 2023

### Notes to Readers

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**

**As of September 30, 2023, December 31, September 30, and January 1, 2022**

**Unit: In Thousands of New Taiwan Dollars**

| Assets                     | 2023.9.30  |                      | 2022.12.31<br>(Restated) |                   | 2022.9.30<br>(Restated) |                   | 2022.1.1<br>(Restated) |                   |            |
|----------------------------|--|----------------------|--------------------------|-------------------|-------------------------|-------------------|------------------------|-------------------|------------|
|                            | Amount   | %                    | Amount                   | %                 | Amount                  | %                 | Amount                 | %                 |            |
| <b>Current assets:</b>     |  |                      |                          |                   |                         |                   |                        |                   |            |
| 1100                       | Cash and cash equivalents<br>(Note VI (I))   | \$ 1,558,624         | 13                       | 1,690,474         | 13                      | 1,557,332         | 12                     | 1,549,815         | 13         |
| 1110                       | Financial assets at fair value<br>through profit or loss -<br>current (Note VI (II))                         | 26,356               | -                        | 27,458            | -                       | 32,805            | -                      | 28,528            | -          |
| 1136                       | Financial assets at amortized<br>cost - current (Notes VI<br>(IV) & VIII)                                    | 2,709                | -                        | 9,557             | -                       | 15,918            | -                      | 19,708            | -          |
| 1141                       | Contract assets - current (Note<br>VI (XXI))   | 16,453               | -                        | -                 | -                       | -                 | -                      | -                 | -          |
| 1170                       | Net of notes receivable and<br>accounts receivable (Notes<br>VI (V), (XXI) & VIII)                           | 2,374,314            | 21                       | 2,611,791         | 20                      | 2,669,733         | 20                     | 2,604,256         | 21         |
| 1180                       | Accounts receivable - related<br>parties (Notes VI (V),<br>(XXI) & VII)                                      | 112,175              | 1                        | 272,306           | 2                       | 284,294           | 2                      | 182,138           | 1          |
| 1200                       | Other receivables (Notes VI<br>(V) & VII)  | 23,125               | -                        | 56,945            | -                       | 38,095            | -                      | 32,159            | -          |
| 130X                       | Inventories (Notes VI (VI))  | 3,096,572            | 26                       | 3,816,596         | 29                      | 4,086,812         | 31                     | 3,583,295         | 29         |
| 1410                       | Prepayments  | 106,707              | 1                        | 125,313           | 1                       | 144,799           | 1                      | 133,749           | 1          |
| 1460                       | Non-current assets held for<br>sale (Notes VI (VII) and<br>(IX))   | -                    | -                        | -                 | -                       | 350,482           | 3                      | 312,601           | 3          |
| 1470                       | Other current assets   | 21,587               | -                        | 17,970            | -                       | 19,050            | -                      | 16,227            | -          |
|                            | <b>Total current assets</b>  | <u>7,338,622</u>     | <u>62</u>                | <u>8,628,410</u>  | <u>65</u>               | <u>9,199,320</u>  | <u>69</u>              | <u>8,462,476</u>  | <u>68</u>  |
| <b>Non-current assets:</b> |  |                      |                          |                   |                         |                   |                        |                   |            |
| 1517                       | Financial assets at fair value<br>through other<br>comprehensive income -<br>non-current (Notes VI<br>(III)) | 88,940               | 1                        | 71,064            | 1                       | 74,185            | 1                      | 42,547            | -          |
| 1535                       | Financial assets at amortized<br>cost - non-current (Note<br>VI (IV))  | 3,396                | -                        | 3,212             | -                       | 3,344             | -                      | -                 | -          |
| 1600                       | Property, plant and equipment<br>(Notes VI (VII), (IX), VII<br>& VIII)                                       | 2,593,482            | 22                       | 2,793,096         | 21                      | 2,461,407         | 18                     | 2,477,339         | 20         |
| 1755                       | Right-of-use assets (Notes VI<br>(X) & VII)  | 317,367              | 3                        | 355,617           | 3                       | 330,109           | 2                      | 267,778           | 2          |
| 1760                       | Net of investment properties<br>(Notes VI (XI))  | 116,163              | 1                        | -                 | -                       | -                 | -                      | -                 | -          |
| 1780                       | Intangible assets (Notes VI<br>(VIII), (XII) & VII)  | 1,054,844            | 9                        | 1,121,027         | 9                       | 1,155,262         | 8                      | 974,453           | 8          |
| 1840                       | Deferred income tax assets   | 156,112              | 2                        | 156,243           | 1                       | 123,046           | 1                      | 106,790           | 1          |
| 1990                       | Other non-current assets   | 46,858               | -                        | 45,912            | -                       | 72,334            | 1                      | 90,492            | 1          |
|                            | <b>Total non-current assets</b>  | <u>4,377,162</u>     | <u>38</u>                | <u>4,546,171</u>  | <u>35</u>               | <u>4,219,687</u>  | <u>31</u>              | <u>3,959,399</u>  | <u>32</u>  |
|                            | <b>Total assets</b>  | <u>\$ 11,715,784</u> | <u>100</u>               | <u>13,174,581</u> | <u>100</u>              | <u>13,419,007</u> | <u>100</u>             | <u>12,421,875</u> | <u>100</u> |

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(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and its subsidiaries**  
**Consolidated Balance Sheets (Continued)**

**As of September 30, 2023, December 31, September 30, and January 1, 2022**

**Unit: In Thousands of New Taiwan Dollars**

|   | 2023.9.30            |            | 2022.12.31<br>(Restated) |            | 2022.9.30<br>(Restated) |            | 2022.1.1<br>(Restated) |            |
|---|----------------------|------------|--------------------------|------------|-------------------------|------------|------------------------|------------|
|   | Amount               | %          | Amount                   | %          | Amount                  | %          | Amount                 | %          |
| <b>Liabilities and equity</b>   |                      |            |                          |            |                         |            |                        |            |
| <b>Current liabilities:</b>   |                      |            |                          |            |                         |            |                        |            |
| 2100 Short-term borrowings (Notes VI (XIII) & VIII)                                       | \$ 1,550,825         | 13         | 1,886,020                | 14         | 2,070,792               | 16         | 1,311,304              | 11         |
| 2120 Financial liabilities at fair value through profit or loss - current (Note VI (II))  | 14,708               | -          | 5,020                    | -          | 17,361                  | -          | 821                    | -          |
| 2130 Contract liabilities - current (Note VI (XXI))                                       | 161,486              | 1          | 205,241                  | 2          | 226,356                 | 2          | 194,558                | 1          |
| 2170 Notes and accounts payables  | 1,991,153            | 17         | 1,996,670                | 15         | 2,126,905               | 16         | 2,218,331              | 18         |
| 2180 Accounts payables to related parties (Note VII)                                      | 30,928               | -          | 117,185                  | 1          | 179,250                 | 1          | 63,053                 | -          |
| 2200 Other payables (Note VII)  | 440,059              | 4          | 576,411                  | 4          | 524,820                 | 4          | 562,316                | 5          |
| 2230 Current income tax liabilities   | 151,532              | 1          | 234,692                  | 2          | 166,358                 | 1          | 86,768                 | 1          |
| 2250 Provisions - current (Note VI (XVI))   | 42,148               | -          | 51,236                   | -          | 48,551                  | -          | 46,247                 | -          |
| 2280 Lease liabilities - current (Notes VI (XV) & VII)                                    | 91,337               | 1          | 86,451                   | 1          | 87,372                  | 1          | 75,933                 | 1          |
| 2322 Long-term borrowings - Current portion (Notes VI (XIV) & VIII)                       | 505                  | -          | 653                      | -          | 243                     | -          | 20,000                 | -          |
| 2399 Other current liabilities  | 40,394               | -          | 31,136                   | -          | 24,163                  | -          | 18,633                 | -          |
| <b>Total current liabilities</b>  | <u>4,515,075</u>     | <u>37</u>  | <u>5,190,715</u>         | <u>39</u>  | <u>5,472,171</u>        | <u>41</u>  | <u>4,597,964</u>       | <u>37</u>  |
| <b>Non-current liabilities:</b>   |                      |            |                          |            |                         |            |                        |            |
| 2540 Long-term borrowings (Notes VI (XIV) & VIII)   | 1,000,000            | 9          | 1,550,000                | 12         | 1,550,466               | 12         | 1,730,000              | 14         |
| 2570 Deferred income tax liabilities  | 325,604              | 3          | 336,209                  | 3          | 381,730                 | 3          | 343,603                | 3          |
| 2580 Lease liabilities - non-current (Notes VI (XV) & VII)                                | 199,145              | 2          | 241,693                  | 2          | 240,309                 | 1          | 181,441                | 1          |
| 2640 Net defined benefit liabilities - non-current  | 29,763               | -          | 31,174                   | -          | 39,584                  | -          | 40,584                 | -          |
| 2670 Other non-current liabilities  | -                    | -          | -                        | -          | 787                     | -          | -                      | -          |
| <b>Total non-current liabilities</b>  | <u>1,554,512</u>     | <u>14</u>  | <u>2,159,076</u>         | <u>17</u>  | <u>2,212,876</u>        | <u>16</u>  | <u>2,295,628</u>       | <u>18</u>  |
| <b>Total liabilities</b>  | <u>6,069,587</u>     | <u>51</u>  | <u>7,349,791</u>         | <u>56</u>  | <u>7,685,047</u>        | <u>57</u>  | <u>6,893,592</u>       | <u>55</u>  |
| <b>Equity attributable to owners of the parent company (Notes VI (VIII) &amp; (XIX)):</b> |                      |            |                          |            |                         |            |                        |            |
| 3110 Share capital - Ordinary shares  | 1,144,889            | 10         | 1,144,889                | 9          | 1,144,889               | 9          | 1,144,889              | 9          |
| 3200 Capital surplus  | 608,716              | 5          | 608,586                  | 5          | 608,577                 | 5          | 655,744                | 6          |
| 3300 Retained earnings  | 1,350,788            | 12         | 1,531,997                | 11         | 1,397,980               | 10         | 1,371,470              | 11         |
| 3400 Other equity   | 96                   | -          | (38,041)                 | (1)        | (23,087)                | -          | (114,824)              | (1)        |
| <b>Total equity attributable to owners of parent company</b>                              | <u>3,104,489</u>     | <u>27</u>  | <u>3,247,431</u>         | <u>24</u>  | <u>3,128,359</u>        | <u>24</u>  | <u>3,057,279</u>       | <u>25</u>  |
| 35XX Former owner of business combination under common control                            | -                    | -          | -                        | -          | -                       | -          | 20,310                 | -          |
| 36XX Non-controlling interests (Note VI (VIII) & (XIX))                                   | 2,541,708            | 22         | 2,577,359                | 20         | 2,605,601               | 19         | 2,450,694              | 20         |
| <b>Total equity</b>   | <u>5,646,197</u>     | <u>49</u>  | <u>5,824,790</u>         | <u>44</u>  | <u>5,733,960</u>        | <u>43</u>  | <u>5,528,283</u>       | <u>45</u>  |
| <b>Total liabilities and equity</b>   | <u>\$ 11,715,784</u> | <u>100</u> | <u>13,174,581</u>        | <u>100</u> | <u>13,419,007</u>       | <u>100</u> | <u>12,421,875</u>      | <u>100</u> |

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and its subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**July 1 to September 30, 2023 and 2022 and January 1 to September 30, 2023 and 2022**

Unit: In Thousands of New Taiwan Dollars

|      | July to September<br>2023  |                  | July to September<br>2022 |                  | January to September<br>2023 |                    | January to September<br>2022 |                    |             |
|------|--|------------------|---------------------------|------------------|------------------------------|--------------------|------------------------------|--------------------|-------------|
|      | Amount   | %                | Amount                    | %                | Amount                       | %                  | Amount                       | %                  |             |
| 4000 | <b>Net operating revenue (Notes VI (XXI), VII &amp; XIV)</b>   |                  |                           |                  |                              |                    |                              |                    |             |
|      | \$ 3,921,424   | 100              | 4,093,050                 | 100              | 11,502,617                   | 100                | 11,842,778                   | 100                |             |
| 5000 | <b>Operating costs (Notes VI (VI), (IX), (X), (XII), (XV), (XVII), (XXII), VII &amp; XII)</b>                |                  |                           |                  |                              |                    |                              |                    |             |
|      | <u>(3,209,182)</u>   | <u>(82)</u>      | <u>(3,199,645)</u>        | <u>(78)</u>      | <u>(9,176,083)</u>           | <u>(80)</u>        | <u>(9,453,828)</u>           | <u>(80)</u>        |             |
|      | <b>Gross Profit</b>  |                  |                           |                  |                              |                    |                              |                    |             |
|      | <u>712,242</u>   | <u>18</u>        | <u>893,405</u>            | <u>22</u>        | <u>2,326,534</u>             | <u>20</u>          | <u>2,388,950</u>             | <u>20</u>          |             |
|      | <b>Operating expenses (Notes VI (V), (IX), (X), (XI), (XII), (XV), (XVII), (XXII), VII &amp; XII):</b>       |                  |                           |                  |                              |                    |                              |                    |             |
| 6100 | Selling and marketing expenses   | (421,747)        | (11)                      | (426,796)        | (11)                         | (1,224,679)        | (11)                         | (1,158,923)        | (10)        |
| 6200 | General and administrative expenses  | (121,776)        | (3)                       | (118,854)        | (3)                          | (366,812)          | (3)                          | (347,129)          | (3)         |
| 6300 | Research and development expenses  | (112,966)        | (3)                       | (124,999)        | (3)                          | (337,817)          | (3)                          | (344,838)          | (3)         |
| 6450 | Expected credit loss reversal benefit (impairment loss)  | <u>21,175</u>    | <u>1</u>                  | <u>(339)</u>     | <u>-</u>                     | <u>2,670</u>       | <u>-</u>                     | <u>(9,312)</u>     | <u>-</u>    |
| 6000 | <b>Total operating expenses</b>  | <u>(635,314)</u> | <u>(16)</u>               | <u>(670,988)</u> | <u>(17)</u>                  | <u>(1,926,638)</u> | <u>(17)</u>                  | <u>(1,860,202)</u> | <u>(16)</u> |
|      | <b>Net operating income</b>  |                  |                           |                  |                              |                    |                              |                    |             |
|      | <u>76,928</u>  | <u>2</u>         | <u>222,417</u>            | <u>5</u>         | <u>399,896</u>               | <u>3</u>           | <u>528,748</u>               | <u>4</u>           |             |
|      | <b>Non-operating income and expenses (Notes VI (VII), (XV), (XXIII) &amp; VII)</b>                           |                  |                           |                  |                              |                    |                              |                    |             |
| 7100 | Interest income  | 1,757            | -                         | 1,238            | -                            | 8,422              | -                            | 2,890              | -           |
| 7010 | Other income   | 6,424            | -                         | 11,454           | -                            | 36,282             | -                            | 34,956             | -           |
| 7020 | Other gain and loss  | (7,102)          | -                         | 41,889           | 1                            | (27,757)           | -                            | 74,479             | 1           |
| 7050 | Finance costs  | <u>(15,002)</u>  | <u>-</u>                  | <u>(17,462)</u>  | <u>-</u>                     | <u>(48,825)</u>    | <u>-</u>                     | <u>(43,107)</u>    | <u>-</u>    |
|      | <b>Total non-operating income and expenses</b>   | <u>(13,923)</u>  | <u>-</u>                  | <u>37,119</u>    | <u>1</u>                     | <u>(31,878)</u>    | <u>-</u>                     | <u>69,218</u>      | <u>1</u>    |
| 7900 | <b>Profit before tax</b>   | 63,005           | 2                         | 259,536          | 6                            | 368,018            | 3                            | 597,966            | 5           |
| 7950 | <b>Less: Income tax expenses (Note VI (XVIII))</b>   | <u>(27,380)</u>  | <u>(1)</u>                | <u>(59,516)</u>  | <u>(1)</u>                   | <u>(106,867)</u>   | <u>(1)</u>                   | <u>(136,434)</u>   | <u>(1)</u>  |
| 8200 | <b>Net profit for the period</b>   | <u>35,625</u>    | <u>1</u>                  | <u>200,020</u>   | <u>5</u>                     | <u>261,151</u>     | <u>2</u>                     | <u>461,532</u>     | <u>4</u>    |
|      | <b>Other comprehensive income (Note VI (XIX)):</b>   |                  |                           |                  |                              |                    |                              |                    |             |
| 8310 | <b>Items that will not be reclassified to profit or loss</b>   |                  |                           |                  |                              |                    |                              |                    |             |
| 8316 | Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | (22,748)         | (1)                       | 17,052           | -                            | 17,876             | -                            | 14,106             | -           |
| 8349 | Income tax relating to items that will not be reclassified   | <u>-</u>         | <u>-</u>                  | <u>-</u>         | <u>-</u>                     | <u>-</u>           | <u>-</u>                     | <u>-</u>           | <u>-</u>    |
|      |  | <u>(22,748)</u>  | <u>(1)</u>                | <u>17,052</u>    | <u>-</u>                     | <u>17,876</u>      | <u>-</u>                     | <u>14,106</u>      | <u>-</u>    |
| 8360 | <b>Items that may be reclassified subsequently to profit or loss</b>   |                  |                           |                  |                              |                    |                              |                    |             |
| 8361 | Exchange differences on translating the financial statements of foreign operations                           | 68,493           | 2                         | 80,220           | 2                            | 52,335             | 1                            | 161,119            | 1           |
| 8399 | Income tax relating to items that may be reclassified  | <u>-</u>         | <u>-</u>                  | <u>-</u>         | <u>-</u>                     | <u>-</u>           | <u>-</u>                     | <u>-</u>           | <u>-</u>    |
|      |  | <u>68,493</u>    | <u>2</u>                  | <u>80,220</u>    | <u>2</u>                     | <u>52,335</u>      | <u>1</u>                     | <u>161,119</u>     | <u>1</u>    |
|      | <b>Other comprehensive income (loss) for the period</b>  | <u>45,745</u>    | <u>1</u>                  | <u>97,272</u>    | <u>2</u>                     | <u>70,211</u>      | <u>1</u>                     | <u>175,225</u>     | <u>1</u>    |
| 8500 | <b>Total comprehensive income (loss) for the period</b>  | <u>\$ 81,370</u> | <u>2</u>                  | <u>297,292</u>   | <u>7</u>                     | <u>331,362</u>     | <u>3</u>                     | <u>636,757</u>     | <u>5</u>    |
|      | <b>Net profit in current period attributable to:</b>   |                  |                           |                  |                              |                    |                              |                    |             |
| 8610 | Owners of the parent company   | \$ 53,688        | 1                         | 194,205          | 5                            | 276,746            | 2                            | 393,157            | 3           |
| 8615 | Former owner of business combination under common control  | -                | -                         | -                | -                            | -                  | -                            | 3,394              | -           |
| 8620 | Non-controlling interests  | <u>(18,063)</u>  | <u>-</u>                  | <u>5,815</u>     | <u>-</u>                     | <u>(15,595)</u>    | <u>-</u>                     | <u>64,981</u>      | <u>1</u>    |
|      |  | <u>\$ 35,625</u> | <u>1</u>                  | <u>200,020</u>   | <u>5</u>                     | <u>261,151</u>     | <u>2</u>                     | <u>461,532</u>     | <u>4</u>    |
|      | <b>Total comprehensive income (loss) attributable to:</b>  |                  |                           |                  |                              |                    |                              |                    |             |
| 8710 | Owners of the parent company   | \$ 66,780        | 2                         | 253,075          | 6                            | 314,883            | 3                            | 484,894            | 4           |
| 8715 | Former owner of business combination under common control  | -                | -                         | -                | -                            | -                  | -                            | 3,394              | -           |
| 8720 | Non-controlling interests  | <u>14,590</u>    | <u>-</u>                  | <u>44,217</u>    | <u>1</u>                     | <u>16,479</u>      | <u>-</u>                     | <u>148,469</u>     | <u>1</u>    |
|      |  | <u>\$ 81,370</u> | <u>2</u>                  | <u>297,292</u>   | <u>7</u>                     | <u>331,362</u>     | <u>3</u>                     | <u>636,757</u>     | <u>5</u>    |
|      | <b>Earnings per share (Unit: In New Taiwan Dollars, Note VI (XX))</b>  |                  |                           |                  |                              |                    |                              |                    |             |
| 9750 | <b>Basic earnings per share</b>  | <u>\$ 0.47</u>   |                           | <u>1.69</u>      |                              | <u>2.42</u>        |                              | <u>3.43</u>        |             |
| 9850 | <b>Diluted earnings per share</b>  | <u>\$ 0.47</u>   |                           | <u>1.69</u>      |                              | <u>2.41</u>        |                              | <u>3.41</u>        |             |

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and its subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**January 1 to September 30, 2023 and 2022**

**Unit: In Thousands of New Taiwan Dollars**

|  | Equity attributable to owners of parent company |                 |                   |                 |                         |                  | Other equity items   |   |                 | Former owner of business combination under common control | Non-controlling interests | Total equity     |   |
|--|---|-----------------|-------------------|-----------------|-------------------------|------------------|--|---|-----------------|---|---------------------------|------------------|---|
|  | Share capital - ordinary shares                 | Capital surplus | Retained earnings |                 |                         | Total            | Exchange differences on translating the financial statements of foreign operations | Unrealized gain (loss) on financial assets at fair value through other comprehensive income | Total           |   |                           |                  | Total equity attributable to owners of the parent company |
|  |   |                 | Legal reserve     | Special reserve | Unappropriated earnings |                  |  |   |                 |   |                           |                  |   |
| <b>Balance as of January 1, 2022 (Restated)</b>  | \$ 1,144,889                                    | 655,744         | 825,764           | 74,607          | 471,099                 | 1,371,470        | (134,871)  | 20,047  | (114,824)       | 3,057,279   | 20,310                    | 2,450,694        | 5,528,283   |
| Net profit for the period  | -   | -               | -                 | -               | 393,157                 | 393,157          | -  | -   | -               | 393,157   | 3,394                     | 64,981           | 461,532   |
| Other comprehensive income (loss) for the period   | -   | -               | -                 | -               | -                       | -                | 77,388   | 14,349  | 91,737          | 91,737  | -                         | 83,488           | 175,225   |
| Total comprehensive income (loss) for the period   | -   | -               | -                 | -               | 393,157                 | 393,157          | 77,388   | 14,349  | 91,737          | 484,894   | 3,394                     | 148,469          | 636,757   |
| Profit distribution:   |   |                 |                   |                 |                         |                  |  |   |                 |   |                           |                  |   |
| Legal reserve  | -   | -               | 61,568            | -               | (61,568)                | -                | -  | -   | -               | -   | -                         | -                | -   |
| Special reserve  | -   | -               | -                 | 40,215          | (40,215)                | -                | -  | -   | -               | -   | -                         | -                | -   |
| Cash dividends for ordinary shares   | -   | -               | -                 | -               | (366,364)               | (366,364)        | -  | -   | -               | (366,364)   | -                         | -                | (366,364)   |
| Cash dividends distributed by subsidiaries to non-controlling interests  | -   | -               | -                 | -               | -                       | -                | -  | -   | -               | -   | -                         | (69,711)         | (69,711)  |
| Cash dividends distributed from capital surplus  | -   | (45,796)        | -                 | -               | -                       | -                | -  | -   | -               | (45,796)  | -                         | -                | (45,796)  |
| Reorganization   | -   | (1,371)         | -                 | -               | -                       | -                | -  | -   | -               | (1,371)   | (23,704)                  | (1,485)          | (26,560)  |
| Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount | -   | -               | -                 | -               | (283)                   | (283)            | -  | -   | -               | (283)   | -                         | (5,157)          | (5,440)   |
| Changes in percentage of ownership interests in subsidiaries   | -   | -               | -                 | -               | -                       | -                | -  | -   | -               | -   | -                         | 1                | 1   |
| Non-controlling interests adjustments  | -   | -               | -                 | -               | -                       | -                | -  | -   | -               | -   | -                         | 3,415            | 3,415   |
| Acquisition of subsidiaries  | -   | -               | -                 | -               | -                       | -                | -  | -   | -               | -   | -                         | 79,375           | 79,375  |
| <b>Balance as of September 30, 2022</b>  | <b>\$ 1,144,889</b>                             | <b>608,577</b>  | <b>887,332</b>    | <b>114,822</b>  | <b>395,826</b>          | <b>1,397,980</b> | <b>(57,483)</b>  | <b>34,396</b>   | <b>(23,087)</b> | <b>3,128,359</b>  | <b>-</b>                  | <b>2,605,601</b> | <b>5,733,960</b>  |
| <b>Balance as of January 1, 2023</b>   | <b>\$ 1,144,889</b>                             | <b>608,586</b>  | <b>887,332</b>    | <b>114,822</b>  | <b>529,843</b>          | <b>1,531,997</b> | <b>(69,315)</b>  | <b>31,274</b>   | <b>(38,041)</b> | <b>3,247,431</b>  | <b>-</b>                  | <b>2,577,359</b> | <b>5,824,790</b>  |
| Net profit for the period  | -   | -               | -                 | -               | 276,746                 | 276,746          | -  | -   | -               | 276,746   | -                         | (15,595)         | 261,151   |
| Other comprehensive income (loss) for the period   | -   | -               | -                 | -               | -                       | -                | 24,422   | 13,715  | 38,137          | 38,137  | -                         | 32,074           | 70,211  |
| Total comprehensive income (loss) for the period   | -   | -               | -                 | -               | 276,746                 | 276,746          | 24,422   | 13,715  | 38,137          | 314,883   | -                         | 16,479           | 331,362   |
| Amend 2022 legal reserve provision   | -   | -               | (15,964)          | -               | 15,964                  | -                | -  | -   | -               | -   | -                         | -                | -   |
| Profit distribution:   |   |                 |                   |                 |                         |                  |  |   |                 |   |                           |                  |   |
| Legal reserve  | -   | -               | 52,689            | -               | (52,689)                | -                | -  | -   | -               | -   | -                         | -                | -   |
| Special reserve reversal   | -   | -               | -                 | (76,782)        | 76,782                  | -                | -  | -   | -               | -   | -                         | -                | -   |
| Cash dividends for ordinary shares   | -   | -               | -                 | -               | (457,955)               | (457,955)        | -  | -   | -               | (457,955)   | -                         | -                | (457,955)   |
| Cash dividends distributed by subsidiaries to non-controlling interests  | -   | -               | -                 | -               | -                       | -                | -  | -   | -               | -   | -                         | (52,145)         | (52,145)  |
| Changes in percentage of ownership interests in subsidiaries   | -   | 7               | -                 | -               | -                       | -                | -  | -   | -               | 7   | -                         | 15               | 22  |
| Disposition of unearned funds of employee stock ownership trust  | -   | 123             | -                 | -               | -                       | -                | -  | -   | -               | 123   | -                         | -                | 123   |
| <b>Balance as of September 30, 2023</b>  | <b>\$ 1,144,889</b>                             | <b>608,716</b>  | <b>924,057</b>    | <b>38,040</b>   | <b>388,691</b>          | <b>1,350,788</b> | <b>(44,893)</b>  | <b>44,989</b>   | <b>96</b>       | <b>3,104,489</b>  | <b>-</b>                  | <b>2,541,708</b> | <b>5,646,197</b>  |

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and its subsidiaries**  
**Consolidated Statements of Cash Flow**  
**January 1 to September 30, 2023 and 2022**

**Unit: In Thousands of New Taiwan Dollars**

|   | <b>January to<br/>September 2023</b> | <b>January to<br/>September 2022</b> |
|---|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities:</b>  |                                      |                                      |
| <b>Net profit before tax for the period</b>   | \$ 368,018                           | 597,966                              |
| <b>Adjustment item:</b>   |                                      |                                      |
| Adjustments for   |                                      |                                      |
| Depreciation expenses   | 175,930                              | 160,400                              |
| Amortization expenses   | 74,778                               | 73,675                               |
| Expected credit (impairment loss) gain on reversal                                    | (2,670)                              | 9,312                                |
| Evaluation losses of financial assets measured at fair value through gains and losses | 331                                  | 187                                  |
| Interest expense  | 48,825                               | 43,107                               |
| Interest income   | (8,422)                              | (2,890)                              |
| Dividend income   | (6,845)                              | (3,941)                              |
| Loss (gain) on disposal of property, plant and equipment                              | 263                                  | (72)                                 |
| Gain on disposal of non-current assets held for sale                                  | -                                    | (14,624)                             |
| Loss on liquidation of subsidiary   | -                                    | 391                                  |
| Gain on lease amendment   | (58)                                 | (1,216)                              |
| Total revenue, expense and loss items   | 282,132                              | 264,329                              |
| Changes in assets/liabilities related to business activities:                         |                                      |                                      |
| Net changes in assets related to operating activities:                                |                                      |                                      |
| Financial assets mandatorily classified as at fair value through profit or loss       | 771                                  | (4,464)                              |
| Contract assets   | (16,453)                             | -                                    |
| Notes and accounts receivable   | 258,759                              | 62,118                               |
| Accounts receivable - related parties   | 160,131                              | (86,821)                             |
| Other receivables   | 15,273                               | (4,924)                              |
| Inventories   | 718,053                              | (318,301)                            |
| Prepayments   | 18,606                               | (4,465)                              |
| Other current assets  | (5,876)                              | 2,286                                |
| Other operating assets  | 2,286                                | -                                    |
| Total net changes in assets related to operating activities                           | 1,151,550                            | (354,571)                            |
| Net changes in liabilities related to operating activities:                           |                                      |                                      |
| Financial liabilities held for trading  | 9,688                                | 16,540                               |
| Contract liabilities  | (43,755)                             | 19,105                               |
| Notes and accounts payables   | (5,517)                              | (189,940)                            |
| Accounts payable - related parties  | (86,257)                             | 116,197                              |
| Other payables  | (136,594)                            | (101,394)                            |
| Provisions  | (9,088)                              | 2,304                                |
| Other current liabilities   | 9,258                                | 5,354                                |
| Net defined benefit liabilities   | (1,702)                              | (6,919)                              |
| Total net changes in liabilities related to operating activities                      | (263,967)                            | (138,753)                            |
| Total net changes in assets and liabilities related to operating activities           | 887,583                              | (493,324)                            |
| Total adjustment items  | 1,169,715                            | (228,995)                            |
| Cash generated from operations  | 1,537,733                            | 368,971                              |
| Interest received   | 8,286                                | 2,837                                |
| Interest paid   | (49,032)                             | (41,040)                             |
| Income tax paid   | (214,503)                            | (104,844)                            |
| <b>Net cash generated from operating activities</b>                                   | 1,282,484                            | 225,924                              |

**(Continued on the next page)**

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and its subsidiaries**  
**Consolidated Statements of Cash Flow (Continued from the previous page)**  
**January 1 to September 30, 2023 and 2022**

**Unit: In Thousands of New Taiwan Dollars**

|  | <b>January to<br/>September 2023</b> | <b>January to<br/>September 2022</b> |
|--|--------------------------------------|--------------------------------------|
| <b>Cash flows from investing activities:</b>                                   |                                      |                                      |
| Purchase of financial assets at amortized cost                                 | -                                    | (10)                                 |
| Proceeds from sale of financial assets at amortized cost                       | 6,848                                | 21,982                               |
| Purchase of financial assets at fair value through other comprehensive income  | -                                    | (16,098)                             |
| Acquisition of subsidiaries (less cash obtained)                               | -                                    | (141,309)                            |
| Proceeds from disposal of non-current assets held for sale                     | -                                    | 46,401                               |
| Purchase of property, plant and equipment                                      | (21,374)                             | (151,005)                            |
| Proceeds from disposal of property, plant and equipment                        | 179                                  | 100                                  |
| Decrease in refundable deposits  | 1,131                                | 2,419                                |
| Purchase of intangible assets  | (7,092)                              | (42,660)                             |
| Decrease (increase) in other non-current assets                                | (426)                                | 5,930                                |
| Dividends received   | 6,845                                | 3,941                                |
| <b>Net cash used in investing activities</b>                                   | <b>(13,889)</b>                      | <b>(270,309)</b>                     |
| <b>Cash flows from financing activities:</b>                                   |                                      |                                      |
| Proceeds from short-term borrowings  | 4,229,785                            | 5,601,343                            |
| Repayment of short-term borrowings   | (4,564,134)                          | (4,990,597)                          |
| Proceeds from long-term borrowings   | 1,100,000                            | 1,150,000                            |
| Repayments of long-term borrowings   | (1,650,166)                          | (1,350,120)                          |
| Repayment of the principal portion of lease                                    | (69,960)                             | (55,891)                             |
| Cash dividends paid  | (457,955)                            | (412,160)                            |
| Acquisition of ownership interests in subsidiaries                             | -                                    | (5,440)                              |
| Changes in non-controlling interests   | (52,145)                             | (69,711)                             |
| Disposition of unearned funds of employee stock ownership trust                | 145                                  | -                                    |
| <b>Net cash used in financing activities</b>                                   | <b>(1,464,430)</b>                   | <b>(132,576)</b>                     |
| <b>Effect of changes in exchange rate</b>                                      | <b>63,985</b>                        | <b>184,478</b>                       |
| <b>Increase (decrease) in cash and cash equivalents for the current period</b> | <b>(131,850)</b>                     | <b>7,517</b>                         |
| <b>Cash and cash equivalents at the beginning of the period</b>                | <b>1,690,474</b>                     | <b>1,549,815</b>                     |
| <b>Cash and cash equivalents at the end of the period</b>                      | <b>\$ 1,558,624</b>                  | <b>1,557,332</b>                     |

(Please refer to notes to consolidated financial statements)

Chairman: Chi-Hung, Chen

President: Chia-Hung, Su

Accounting Supervisor: Li-Min, Huang

**DFI Inc. and its subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the nine months ended September 30, 2023 and 2022**  
**(The amount shall be dominated in thousands of NTD, 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 boards and computer components for industrial computers, sales and services of intelligent solution-related products.

**II. Date and Procedures of Authorization of Financial Statements**

The consolidated financial statements were approved and issued by the Board of Directors on November 1, 2023.

**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, 2023, the Group began to apply the following newly revised International Financial Reporting Standards (IFRS), the impact explanation is as follows:

1. Amendments to IAS 12, “Deferred Income Taxes on Assets and Liabilities Arising from a Single Transaction”

The amended provisions narrow the scope of the recognition exemption. When the initial recognition of the transaction generates an equal amount of taxable and deductible temporary differences, the recognition exemption is no longer applicable, and an equal amount of deferred income tax assets and deferred income tax liabilities should be recognized. This accounting change increased deferred income tax assets and deferred income tax liabilities by NTD27,934 thousand and NTD27,934 thousand respectively as of January 1, 2022; the deferred income tax assets and deferred income tax liabilities as of September 30, 2022 increased by NTD27,934 thousand and NTD27,934 thousand respectively; the deferred income tax assets and deferred income tax liabilities as of December 31, 2022 increased NTD30,261 thousand and NTD30,261 thousand respectively.

If the Group handled in accordance with the previous accounting policy in the third quarter of 2023, the deferred income tax assets and deferred income tax liabilities as of September 30, 2023 would be decreased by NTD30,261 thousand and NTD30,261 thousand respectively.

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

### 2. Others

As of January 1, 2023, the following newly revised standards also came into effect, however, which has not had a significant impact on the consolidated financial statements:

- Amendments to IAS 1, “Disclosure of Accounting Policies”.
- Amendments to IAS 8, “Definition of Accounting Estimates”.

As of May 23, 2023, the Group began to apply amendments to IAS 12, “International Tax Reform — Pillar Two Model Rules”, which has not had a significant impact on the consolidated financial statements.

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

Based on the Group’s assessment, the adoption of the following newly revised IFRSs effective from January 1, 2024 will not have a significant impact on the consolidated financial statements.

- Amendments 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

#### (III) Newly issued and revised standards and interpretations not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28, Disposal of Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- 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 (hereinafter referred to as “Guidelines”) and IAS 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 Interpretations, 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

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

statement for the year ended December 31, 2022. For the related information, please refer to Note IV of the consolidated financial statements for the year ended December 31, 2022.

### (II) Basis of Consolidation

#### 1. Subsidiaries included in the consolidated financial statements

| Name of investor<br>company | Name of subsidiary                                   | Nature of business   | Comprehensive shareholding % |            |           | Description |
|-----------------------------|--|--|------------------------------|------------|-----------|-------------|
|                             |  |  | 2023.9.30                    | 2022.12.31 | 2022.9.30 |             |
| The Company                 | DFI AMERICA, LLC                                     | Sale of industrial computer cards  | 100.00%                      | 100.00%    | 100.00%   | Note 1      |
| The Company                 | DFI Co., Ltd.  | Sale 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.                 | Sale 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%                       | 35.09%     | 35.09%    | Note 4      |
| Yan Tong                    | Yan Tong Infotech (Dongguan) Co., Ltd.               | Manufacturing and sales of computer cards, board cards, host computers, electronic parts and components                                | 100.00%                      | 100.00%    | 100.00%   | Note 1      |
| Yan Tong                    | Yan Ying Hao Trading (Shenzhen) Co., Ltd.            | Wholesale, import and export of computer cards, board cards, host computers, electronic parts and components                           | 100.00%                      | 100.00%    | 100.00%   | Note 1      |
| The Company                 | AEWIN Technologies Co., Ltd. (AEWIN)                 | Design, manufacturing and sale of industrial computer cards 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 devices and software  | 51.38%                       | 51.38%     | 51.38%    | -           |
| The Company                 | Ace Pillar Co., Ltd. (Ace Pillar)                    | Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems | 48.07%                       | 48.07%     | 48.07%    | -           |

## 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      |
|---------------------------------|--|--|------------------------------|------------|-----------|------------------|
|                                 |  |  | 2023.9.30                    | 2022.12.31 | 2022.9.30 |                  |
| 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)   | Trading of transmission mechanical components  | 48.07%                       | 48.07%     | 48.07%    | -                |
| Ace Pillar/ Proton/ Cyber South | Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)                        | Trading 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 machinery transmission products                                      | 48.07%                       | 48.07%     | 48.07%    | -                |
| Ace Pillar                      | BlueWalker GmbH (BWA)  | Trading and services of energy management products   | -                            | -          | 48.07%    | Notes 3 & Note 5 |
| Ace Pillar                      | ACE Energy Co., Ltd. (ACE Energy)  | Energy Service Company   | 48.00%                       | 48.00%     | 48.07%    | Note 5           |
| ACE Energy                      | BlueWalker GmbH (BWA)  | Trading and services of energy management products   | 48.00%                       | 48.00%     | -         | Note 3           |
| Ace Pillar                      | Standard Technology Corporation (Standard Co.)                           | Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services | 28.84%                       | 28.84%     | 28.84%    | Notes 2 & Note 5 |
| Standard Co.                    | Standard Technology Corp. (STCBVI)                                       | Holding Company  | 28.84%                       | 28.84%     | 28.84%    | Notes 2 & Note 5 |
| STCBVI                          | Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)  | Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services | 28.84%                       | 28.84%     | 28.84%    | Notes 2 & Note 5 |

Note1: It is an insignificant subsidiary and its financial statements have not been reviewed by the accountants.

Note2: As stated in Note VI (VIII), Ace Pillar acquired 60% equity in Standard Co. and its subsidiaries on March 1, 2022 and gained control since then.

Note3: As described in Note VI (VIII), Ace Pillar acquired 100% equity in BlueWalker GmbH on April 1, 2022, and subsequently, on December 1, 2022, the organizational structure was adjusted and ACE Energy acquired 100% equity of BWA from Ace Pillar.

Note4: According to the former equity purchase agreement and the Articles of Association of Brainstorm, the Company has acquired 55.29% of the voting rights and more than half of the seats at the Board of Directors of Brainstorm. Therefore, the Company has taken control of Brainstorm.

Note5: It is an immaterial subsidiary for the period ended September 30, 2022 and its financial statements have not been reviewed by the accountants.

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

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

### (III) Property, plant and equipment

#### 1. Recognition and measurement

Property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the significant components of property, plant and equipment have different useful lives, they are treated as separate items (major components) of property, plant and equipment.

Gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

#### 2. Subsequent costs

Subsequent expenditures are capitalized only when it is probable that future economic benefits will flow to the Group.

#### 3. Depreciation

Depreciation is calculated on the basis of the cost of an asset less its residual value and is recognized in profit or loss over the estimated useful life of each component using the straight-line method. Except for land, which is not subject to depreciation, the estimated useful lives of the remaining components are. Machinery equipment: 2 to 10 years; Office and other equipment: 2 to 10 years. In addition, buildings and structures are depreciated over the estimated useful lives of their significant components. The estimated useful lives of the main building and auxiliary buildings are 5 to 54 years; the estimated useful lives of other auxiliary electrical and mechanical equipment and engineering systems are 10 years.

The depreciation method, useful lives and residual values are reviewed at each reporting date, and the effects of any changes in estimates are deferred and adjusted.

#### 4. When the use of the property for owner-occupied is changed to investment property, the property is reclassified as investment property based on the book value when the use is changed.

### (IV) Investment property

Investment property refers to property held to earn rentals or for capital appreciation, or both. Investment property is measured at cost when initially recognized, and subsequently measured at cost less accumulated depreciation and less accumulated impairment losses. The depreciation method, useful life, and residual values shall be compared with the regulations on property, plant and equipment. Costs include expenses directly attributable to the acquisition of investment property and any directly attributable costs of bringing investment property ready for use and borrowing costs capitalised.

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

Gains or losses on the disposal of the investment property (calculated as the difference between the net disposal price and the carrying amount of the item) are recognized in profit or loss.

Rental income arising from investment property is recognized on a straight-line basis over the lease period. The incentives for leasing are recognized as an adjustment to lease income during the lease period.

When the use of investment property is changed and reclassified as property, plant and equipment, the book value at the time of change of use shall be used for reclassification.

### (V) 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.

### (VI) Income taxes

The income tax expenses have been prepared and disclosed by the Group in accordance with paragraph B12 of International Accounting Standard 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 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 judgements 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, 2022.

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

### 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 statements for the year ended December 31, 2022. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2022.

#### (I) Cash and cash equivalents

|   | <u>2023.9.30</u>           | <u>2022.12.31</u>       | <u>2022.9.30</u>        |
|---|----------------------------|-------------------------|-------------------------|
| Cash on hand and petty cash                                   | \$ 468                     | 589                     | 457                     |
| Demand deposits and check deposits                            | 1,496,524                  | 1,689,885               | 1,464,975               |
| Time deposits with original maturity date within three months | <u>61,632</u>              | <u>-</u>                | <u>91,900</u>           |
|   | <u><b>\$ 1,558,624</b></u> | <u><b>1,690,474</b></u> | <u><b>1,557,332</b></u> |

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

|  | <u>2023.9.30</u>        | <u>2022.12.31</u>    | <u>2022.9.30</u>     |
|--|-------------------------|----------------------|----------------------|
| Financial assets mandatorily classified as at fair value through profit or loss: |                         |                      |                      |
| Non-hedging derivative instruments:  |                         |                      |                      |
| Forward foreign exchange contracts   | \$ 616                  | 1,353                | 6,717                |
| Foreign exchange swap contracts  | <u>-</u>                | <u>34</u>            | <u>132</u>           |
|  | 616                     | 1,387                | 6,849                |
| Non-derivative financial assets:   |                         |                      |                      |
| Fund beneficiary certificates  | <u>25,740</u>           | <u>26,071</u>        | <u>25,956</u>        |
|  | <u><b>\$ 26,356</b></u> | <u><b>27,458</b></u> | <u><b>32,805</b></u> |
| Financial liabilities held for trading:  |                         |                      |                      |
| Derivative financial instruments:  |                         |                      |                      |
| Forward foreign exchange contracts   | \$ 1,204                | 1,106                | 4,141                |
| Foreign exchange SWAP contracts  | <u>13,504</u>           | <u>3,914</u>         | <u>13,220</u>        |
|  | <u><b>\$ 14,708</b></u> | <u><b>5,020</b></u>  | <u><b>17,361</b></u> |

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

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

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 outstanding derivative financial instruments as of the reporting date is as follows:

1. Forward foreign exchange contracts

| <b>2023.9.30</b>  |   |                        |
|-------------------|---|------------------------|
| <b>Currency</b>   | <b>Contractual amount<br/>(In thousands of NTD)</b> | <b>Maturity period</b> |
| Buy JPY/Sell USD  | USD 1,816   | 2023.10                |
| Buy USD/Sell RMB  | RMB 101,243   | 2023.10                |
| Buy USD/Sell RMB  | USD 720   | 2023.10                |
| Buy RMB/Sell USD  | USD 2,050   | 2023.10                |
| Buy USD/Sell EUR  | USD 1,250   | 2023.10                |
| Buy EUR/Sell USD  | USD 1,381   | 2023.10                |
| <b>2022.12.31</b> |   |                        |
| <b>Currency</b>   | <b>Contractual amount<br/>(In thousands of NTD)</b> | <b>Maturity period</b> |
| Buy JPY/Sell USD  | USD 916   | 2023.01                |
| Buy USD/Sell RMB  | RMB 146,756   | 2023.01                |
| Buy RMB/Sell USD  | USD 2,800   | 2023.01                |
| Buy TWD/Sell USD  | USD 6,660   | 2023.01                |
| Buy USD/Sell EUR  | USD 800   | 2023.01                |
| Buy EUR/Sell USD  | USD 1,100   | 2023.01                |
| <b>2022.9.30</b>  |   |                        |
| <b>Currency</b>   | <b>Contractual amount<br/>(In thousands of NTD)</b> | <b>Maturity period</b> |
| Buy JPY/Sell USD  | USD 390   | 2022.10                |
| Buy USD/Sell RMB  | USD 589   | 2022.10                |
| Buy USD/Sell RMB  | RMB 121,193   | 2022.10                |
| Buy RMB/Sell USD  | USD 2,250   | 2022.10                |
| Buy TWD/Sell USD  | USD 2,640   | 2022.10                |
| Buy USD/Sell EUR  | USD 909   | 2022.10                |
| Buy EUR/Sell USD  | USD 1,343   | 2022.10                |

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

### 2. Foreign exchange SWAP contracts

| <b>2023.9.30</b>         |   |                        |
|--------------------------|---|------------------------|
| <b>Currency</b>          | <b>Contractual amount<br/>(In thousands of NTD)</b> | <b>Maturity period</b> |
| Swap in TWD/Swap out USD | USD 33,630  | 2023.10                |
| Swap in TWD/Swap out RMB | RMB 47,000  | 2023.10                |
| <b>2022.12.31</b>        |   |                        |
| <b>Currency</b>          | <b>Contractual amount<br/>(In thousands of NTD)</b> | <b>Maturity period</b> |
| Swap in TWD/Swap out USD | USD 30,630  | 2023.01                |
| Swap in TWD/Swap out RMB | RMB 47,000  | 2023.01                |
| <b>2022.9.30</b>         |   |                        |
| <b>Currency</b>          | <b>Contractual amount<br/>(In thousands of NTD)</b> | <b>Maturity period</b> |
| Swap in TWD/Swap out USD | USD 26,730  | 2022.10-2022.12        |
| Swap in TWD/Swap out RMB | RMB 20,000  | 2022.12                |

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

|   | <b>2023.9.30</b>        | <b>2022.12.31</b>    | <b>2022.9.30</b>     |
|---|-------------------------|----------------------|----------------------|
| Equity instruments measured at fair value through other comprehensive income: |                         |                      |                      |
| Stocks of domestic listed (OTC) companies                                     | \$ 80,883               | 68,840               | 71,961               |
| Foreign unlisted (OTC) stocks   | 8,057                   | 2,224                | 2,224                |
|   | <b><u>\$ 88,940</u></b> | <b><u>71,064</u></b> | <b><u>74,185</u></b> |

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 consolidated profit or loss.

The Group did not dispose of the above-mentioned strategic investments for the nine months ended September 30, 2023 and 2022, and the gain or loss accumulated during those periods were not transferred to equity.

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

| (IV) Financial assets measured at amortized cost              | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|------------------|-------------------|------------------|
| Financial assets measured at<br>amortized cost - current:     |                  |                   |                  |
| Pledged certificate of deposits                               | \$ 2,709         | 2,325             | 2,325            |
| Time deposits with original maturity<br>date over 3 months    | -                | 7,232             | 13,593           |
|   | <u>\$ 2,709</u>  | <u>9,557</u>      | <u>15,918</u>    |
| Financial assets measured at<br>amortized cost - non-current: |                  |                   |                  |
| Corporate bonds   | <u>\$ 3,396</u>  | <u>3,212</u>      | <u>3,344</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 used by the Group to provide guarantees.

| (V) Notes and accounts receivable and other receivables | <u>2023.9.30</u>    | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|---------------------|-------------------|------------------|
| Notes receivable  | \$ 263,456          | 336,104           | 280,450          |
| Accounts receivable                                     | 2,155,955           | 2,343,503         | 2,427,775        |
| Accounts receivable - related parties                   | 112,175             | 272,306           | 284,294          |
| Less: Allowance for loss                                | (45,097)            | (67,816)          | (38,492)         |
|   | <u>\$ 2,486,489</u> | <u>2,884,097</u>  | <u>2,954,027</u> |
| Other receivables                                       | \$ 22,517           | 56,389            | 37,299           |
| Other receivables - related parties                     | 608                 | 556               | 796              |
|   | <u>\$ 23,125</u>    | <u>56,945</u>     | <u>38,095</u>    |

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

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

|                           | <b>2023.9.30</b>   |                                      |  |
|---------------------------|--|--------------------------------------|--|
|                           | <b>Book-entry<br/>amounts of<br/>accounts<br/>receivable</b> | <b>Expected credit<br/>loss rate</b> | <b>Allowance for<br/>expected credit<br/>losses for the<br/>duration of the<br/>period</b> |
| Not overdue               | \$ 1,938,154   | 0~1.88%                              | 2,352  |
| 1-30 days overdue         | 157,809  | 0~12.56%                             | 2,968  |
| 31-60 days overdue        | 8,860  | 0~34.7%                              | 710  |
| 61-90 days overdue        | 11,454   | 0~64.47%                             | 2,959  |
| Overdue more than 90 days | <u>39,678</u>  | 0~100%                               | <u>36,108</u>  |
|                           | <u><b>\$ 2,155,955</b></u>                                   |                                      | <u><b>45,097</b></u>   |
|                           | <b>2022.12.31</b>  |                                      |  |
|                           | <b>Book-entry<br/>amounts of<br/>accounts<br/>receivable</b> | <b>Expected credit<br/>loss rate</b> | <b>Allowance for<br/>expected credit<br/>losses for the<br/>duration of the<br/>period</b> |
| Not overdue               | \$ 2,042,659   | 0~3.95%                              | 1,321  |
| 1-30 days overdue         | 196,504  | 0~17.78%                             | 3,368  |
| 31-60 days overdue        | 26,676   | 0~38.69%                             | 2,342  |
| 61-90 days overdue        | 13,545   | 0~74.92%                             | 2,184  |
| Overdue more than 90 days | <u>64,119</u>  | 0~100%                               | <u>58,601</u>  |
|                           | <u><b>\$ 2,343,503</b></u>                                   |                                      | <u><b>67,816</b></u>   |
|                           | <b>2022.9.30</b>   |                                      |  |
|                           | <b>Book-entry<br/>amounts of<br/>accounts<br/>receivable</b> | <b>Expected credit<br/>loss rate</b> | <b>Allowance for<br/>expected credit<br/>losses for the<br/>duration of the<br/>period</b> |
| Not overdue               | \$ 2,202,305   | 0~3.95%                              | 1,005  |
| 1-30 days overdue         | 134,714  | 0~17.78%                             | 3,270  |
| 31-60 days overdue        | 18,271   | 0~38.69%                             | 1,536  |
| 61-90 days overdue        | 27,073   | 0~76.95%                             | 4,677  |
| Overdue more than 90 days | <u>45,412</u>  | 0~100%                               | <u>28,004</u>  |
|                           | <u><b>\$ 2,427,775</b></u>                                   |                                      | <u><b>38,492</b></u>   |

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

As of September 30, 2023, December 31, and September 30, 2022, notes and accounts receivable - related parties have been assessed by the Group that there was no expected credit loss. The analysis was as follows:

|                           | <u>2023.9.30</u>  | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---------------------------|-------------------|-------------------|------------------|
| Not overdue               | \$ 353,506        | 585,641           | 561,850          |
| 1-30 days overdue         | 10,377            | 22,769            | 2,460            |
| 31-60 days overdue        | 8,576             | -                 | 4                |
| 61-90 days overdue        | 3,167             | -                 | 4                |
| Overdue more than 90 days | 5                 | -                 | 426              |
|                           | <u>\$ 375,631</u> | <u>608,410</u>    | <u>564,744</u>   |

The statement 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<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|--------------------------------------|--------------------------------------|
| Beginning Balance                                      | \$ 67,816                            | 32,235                               |
| Provision (reversal) of impairment loss for the period | (2,670)                              | 9,312                                |
| Impact from initial consolidation of subsidiary        | -                                    | 3,143                                |
| Unrecoverable amount written off for current year      | -                                    | (7,586)                              |
| Estimated insurance claims on accounts receivable      | (19,772)                             | -                                    |
| Effect of exchange rate changes                        | (277)                                | 1,388                                |
| Ending balance   | <u>\$ 45,097</u>                     | <u>38,492</u>                        |

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

### (VI) Inventories

|                                    | <u>2023.9.30</u>    | <u>2022.12.31</u> | <u>2022.9.30</u> |
|------------------------------------|---------------------|-------------------|------------------|
| Raw materials                      | \$ 1,414,326        | 1,737,449         | 2,002,883        |
| Work in progress                   | 161,131             | 228,553           | 224,232          |
| Manufactured goods and commodities | 1,377,373           | 1,490,591         | 1,638,998        |
| Goods in transit                   | 52,823              | 235,442           | 103,232          |
| Outsourced processing products     | 90,919              | 124,561           | 117,467          |
|                                    | <u>\$ 3,096,572</u> | <u>3,816,596</u>  | <u>4,086,812</u> |

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

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

|                              | <u>July to</u><br><u>September 2023</u> | <u>July to</u><br><u>September 2022</u> | <u>January to</u><br><u>September 2023</u> | <u>January to</u><br><u>September 2022</u> |
|------------------------------|---|---|--|--|
| Cost of inventory sold       | \$ 3,090,679                            | 3,163,741                               | 9,006,626                                  | 9,415,742                                  |
| Inventory falling price loss | 55,740                                  | 20,820                                  | 113,056                                    | 22,954                                     |
| Inventory scrap loss         | 442                                     | 15,084                                  | 13,499                                     | 15,132                                     |
| Inventory loss (gain)        | <u>(5)</u>                              | <u>-</u>                                | <u>(10,446)</u>                            | <u>-</u>                                   |
|                              | <b><u>\$ 3,146,856</u></b>              | <b><u>3,199,645</u></b>                 | <b><u>9,122,735</u></b>                    | <b><u>9,453,828</u></b>                    |

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) Non-current assets held for sale

On May 21, 2021, the consolidated subsidiary Ace Pillar to sell the land and property in Sanchong District was resolved by the Board of Directors. Therefore, the carrying value of such property was transferred to the non-current assets held for sale, amounting to NTD117,125 thousand as of March 31, 2022. Some of the aforementioned assets have been sold in January and June 2022 with a net sale price of NTD46,401 thousand with a carrying amount of NTD31,777 thousand for the assets sold and the gains on disposal were NTD14,624 thousand. As of September 30, 2022, the carrying amount of the property was NTD85,348 thousand.

On December 23, 2021, the consolidated subsidiary Tianjin Ace Pillar to sell the plant and land use rights in Tianjin Ace Pillar Pilot Free Trade Zone was resolved by the Board of Directors. Therefore, as of September 30, 2022, the total carrying amount of such plants of NTD265,134 thousand was recognized as non-current assets held for sale.

At the end of 2022, the management authority assessed that due to the impact of COVID-19 and the overall external economic environment, the above assets no longer meet the conditions for being classified as assets held for sale, so the amount of these assets, was NTD346,592 thousand, which was reclassified under the property, plant, equipment, and right-of-use assets.

### (VIII) Subsidiaries and non-controlling interests

#### 1. Acquisition of subsidiaries - Standard Technology Corp. and its subsidiaries

##### (1) Consideration transferred for acquisition of the subsidiary

On March 1, 2022 (the acquisition date), Ace Pillar, the consolidated subsidiary, acquired 4,680 thousand ordinary shares of Standard Technology Corp. (Standard Co.) for a cash consideration of NTD187,000 thousand and acquired a 60% equity interest, thereby obtaining control over this company and has included Standard Co. and its subsidiaries in the consolidated entities since the acquisition date. Standard Co. and its subsidiaries are principally engaged in the trading of semiconductor optoelectronic equipment and consumables and

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

equipment maintenance services. Standard Co. was acquired by the Group for the purpose of optimizing the layout of the semiconductor business, expanding its business and providing customers with comprehensive products and services.

(2) Net identifiable assets acquired

The fair value of the identifiable assets acquired and liabilities assumed of Standard Co. and its subsidiaries on March 1, 2022 (acquisition date), as well as the goodwill recognized due to the acquisition, are detailed as follows.

Transfer consideration:

|  |            |                  |
|--|------------|------------------|
| Cash   |            | \$ 187,000       |
| Plus: Non-controlling interests (measured by the proportion of non-controlling interests in the fair value of net identifiable assets) |            | 79,375           |
| Less: Fair value of net identifiable assets acquired:  |            |                  |
| Cash and cash equivalents  | \$ 164,493 |                  |
| Net notes and accounts receivable  | 124,853    |                  |
| Other receivables  | 1,012      |                  |
| Inventories  | 112,226    |                  |
| Prepayments and other current assets   | 5,738      |                  |
| Financial assets measured at amortized cost (including current and non-current)  | 21,127     |                  |
| Financial assets at fair value through other comprehensive income - non-current  | 1,434      |                  |
| Property, plant and equipment  | 2,841      |                  |
| Right-of-use assets  | 5,521      |                  |
| Intangible assets - Computer Software  | 1,039      |                  |
| Intangible assets - Client relationships   | 92,585     |                  |
| Deferred income tax assets   | 2,235      |                  |
| Other non-current assets   | 699        |                  |
| Short-term borrowings  | (122,161)  |                  |
| Accounts payable   | (65,200)   |                  |
| Other payables (including dividends payable)   | (75,849)   |                  |
| Current income tax liabilities   | (5,969)    |                  |
| Contract liabilities - current   | (12,069)   |                  |
| Other current liabilities  | (176)      |                  |
| Lease liabilities (including current and non-current)  | (5,464)    |                  |
| Deferred income tax liabilities  | (44,806)   |                  |
| Other non-current liabilities  | (5,671)    | 198,438          |
| Goodwill   |            | <u>\$ 67,937</u> |

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

During the measurement period, the Group continuously reviewed the above matters and adjusted the above intangible assets - customer relationships and non-controlling interests decreased by NTD18,509 thousand and NTD5,475 thousand respectively, other net liabilities decreased by NTD4,822 thousand, and goodwill increased by NTD8,212 thousand in 2022.

(3) Intangible assets

The above customer relationships are amortized on a straight-line basis over a period of 10.84 years based on the expected future economic benefits.

Goodwill mainly comes from the profitability of Standard Co., the comprehensive effect of merger, future market development, and the value of its human resources team, with no expected income tax effect.

2. Acquisition of subsidiary - BlueWalker GmbH

(1) Consideration transferred for acquisition of the subsidiary

On April 1, 2022 (the acquisition date), the merged subsidiary Ace Pillar acquired 100% equity of BlueWalker GmbH (hereinafter referred to as BWA) with cash of NTD127,200 thousand (EUR4,000 thousand), thereby obtaining control over the company and incorporating it into the Group from the acquisition date. BWA is primarily engaged in the trading and services of energy management products. The Group acquired BWA mainly to enhance product diversification and expand product sales regions for the purpose of improving overall economic efficiency.

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

(2) Net identifiable assets acquired

The fair value of the identifiable assets and liabilities of BWA acquired on April 1, 2022 (acquisition date), as well as the goodwill recognized due to the acquisition, are detailed as follows:

Transfer consideration:

|   |    |           |                      |
|---|----|-----------|----------------------|
| Cash  |    | \$        | 127,200              |
| Less: Fair value of net identifiable assets acquired: |    |           |                      |
| Cash and cash equivalents                             | \$ |           | 34,958               |
| Net notes and accounts receivable                     |    |           | 27,389               |
| Inventories   |    |           | 72,990               |
| Prepayments and other current assets                  |    |           | 2,746                |
| Property, plant and equipment                         |    |           | 636                  |
| Intangible assets - Computer Software                 |    |           | 18                   |
| Intangible assets - Client relationships              |    |           | 12,151               |
| Intangible assets - Trademark rights                  |    |           | 12,822               |
| Other non-current assets                              |    |           | 1,273                |
| Accounts payable                                      |    | (33,314)  |                      |
| Other payables  |    | (14,545)  |                      |
| Current income tax liabilities                        |    | (1,036)   |                      |
| Contract liabilities - current                        |    | (624)     |                      |
| Other current liabilities                             |    | (311)     |                      |
| Long-term borrowings due within one year              |    | (249)     |                      |
| Long-term borrowings                                  |    | (601)     |                      |
| Deferred income tax liabilities                       |    | (4,994)   |                      |
| Other non-current liabilities                         |    | (805)     | 108,504              |
| Goodwill  |    | <u>\$</u> | <u><b>18,696</b></u> |

During the measurement period, the Group continued to review the above matters and adjusted the decrease in intangible assets - customer relationships by NTD4,285 thousand and deferred income tax liabilities by NTD857 thousand in 2022, resulting in an increase in goodwill by NTD3,428 thousand.

(3) Intangible assets

The above customer relationships and trademark rights are amortized on a straight-line basis over a projected future economic benefit period of 9.75 years and 10 years, respectively.

Goodwill mainly comes from BWA's profitability, the synergy of the merger, future development in market and value of its human resource team. It is expected to have no income tax effect.

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

### 3. Acquisition of subsidiary - ACE Energy Co., Ltd. (ACE Energy)

#### (1) Consideration transferred for acquisition of the subsidiary

The consolidated subsidiary, Ace Pillar, paid NTD26,560 thousand in cash to Darly Venture, Inc., Darly2 Venture, Corp., and Darly Consulting Corporation, subsidiaries of Qisda Corporation, the parent company of the Group, on July 1, 2022 (acquisition date). Also, it paid NTD5,440 thousand to acquire a total of 10,000 thousand ordinary shares of ACE Energy from AU Optronics Corporation, a related party of the Group, accounting for 100% of the equity, thereby gaining control of this company. ACE Energy is principally engaged in energy technology services. The Group's acquisition of ACE Energy is mainly to respond to its long-term operational development and leverage its synergy.

#### (2) Net assets acquired

The carrying amount of the assets acquired and liabilities assumed of ACE Energy acquired by Ace Pillar on July 1, 2022 are detailed as follows:

Transfer consideration:

|  |    |           |                     |
|--|----|-----------|---------------------|
| Cash   |    | \$        | 32,000              |
| Less: Carrying amount of net assets acquired:          |    |           |                     |
| Cash and cash equivalents                              | \$ | 24,856    |                     |
| Financial assets measured at amortized cost - current: |    |           | 6,000               |
| Net notes and accounts receivable                      |    | 17,355    |                     |
| Prepayments and other current assets                   |    | 2,389     |                     |
| Property, plant and equipment                          |    | 3,748     |                     |
| Other non-current assets                               |    | 793       |                     |
| Accounts payable                                       |    | (5,727)   |                     |
| Other payables   |    | (12,312)  |                     |
| Contract liabilities - current                         |    | (6,029)   |                     |
| Other current liabilities                              |    | (1,062)   |                     |
| Lease liabilities - current                            |    | (1,452)   | 28,559              |
| Debit capital surplus and retained earnings            |    | <u>\$</u> | <u><b>3,441</b></u> |

As the merger is a group restructuring under common control, the transfer consideration paid by Ace Pillar exceeds the amount of the carrying amount of the aforementioned Qisda's subsidiary's investment in ACE Energy. The Company reduced capital surplus amounted to NTD1,371 thousand, and reduced non-controlling interest amounted to NTD1,485 thousand in proportion to its shareholding.

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

### 4. Subsidiaries with material non-controlling interests

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

| Name of subsidiary | Primary business premises/country of registration | Proportion of non-controlling interests in ownership interests |            |           |
|--------------------|---|--|------------|-----------|
|                    |   | 2023.9.30  | 2022.12.31 | 2022.9.30 |
| Ace Pillar         | Taiwan  | 51.93%   | 51.93%     | 51.93%    |
| AEWIN              | Taiwan  | 48.62%   | 48.62%     | 48.62%    |
| Brainstorm         | USA   | 64.91%   | 64.91%     | 64.91%    |

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

#### (1) Summary financial information on Ace Pillar:

|  | 2023.9.30              | 2022.12.31             | 2022.9.30                 |                           |
|--|------------------------|------------------------|---------------------------|---------------------------|
| Current assets   | \$ 2,143,138           | 2,359,687              | 3,001,466                 |                           |
| Non-current assets   | 1,148,762              | 1,172,156              | 823,809                   |                           |
| Current liabilities  | (831,184)              | (955,535)              | (1,222,417)               |                           |
| Non-current liabilities  | (184,894)              | (238,230)              | (243,321)                 |                           |
| Net assets   | <u>\$ 2,275,822</u>    | <u>2,338,078</u>       | <u>2,359,537</u>          |                           |
| Ending balance of non-controlling interests                                | <u>\$ 1,224,015</u>    | <u>1,253,258</u>       | <u>1,265,778</u>          |                           |
|  | July to September 2023 | July to September 2022 | January to September 2023 | January to September 2022 |
| Net operating revenue  | <u>\$ 780,090</u>      | <u>897,756</u>         | <u>2,375,661</u>          | <u>2,899,045</u>          |
| Net profit (loss) for the period   | \$ (18,683)            | 4,425                  | (18,969)                  | 85,348                    |
| Other comprehensive income   | 22,815                 | 11,488                 | 12,817                    | 31,017                    |
| Total comprehensive income   | <u>\$ 4,132</u>        | <u>15,913</u>          | <u>(6,152)</u>            | <u>116,365</u>            |
| Net profit (loss) for the period attributable to non-controlling interests | <u>\$ (9,004)</u>      | <u>4,281</u>           | <u>(7,972)</u>            | <u>48,373</u>             |
| Total comprehensive income attributable to non-controlling interests       | <u>\$ 3,452</u>        | <u>10,473</u>          | <u>(110)</u>              | <u>65,165</u>             |

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

|  | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|--------------------------------------|--------------------------------------|
| Cash flows from operating activities             | \$ 162,816                           | (115,596)                            |
| Cash flows from investing activities             | (2,832)                              | (92,965)                             |
| Cash flows from financing activities             | (197,905)                            | 134,617                              |
| Effect of changes in exchange rate               | 4,267                                | 29,000                               |
| Increase (decrease) in cash and cash equivalents | <u>\$ (33,654)</u>                   | <u>(44,944)</u>                      |
| Dividends paid to non-controlling interests      | <u>\$ (29,147)</u>                   | <u>(52,463)</u>                      |

### (2) Summary financial information on AEWIN

|   | <u>2023.9.30</u>    | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|---------------------|-------------------|------------------|
| Current assets                              | \$ 1,366,492        | 1,884,646         | 1,924,985        |
| Non-current assets                          | 1,049,341           | 1,092,177         | 1,081,600        |
| Current liabilities                         | (732,260)           | (1,234,006)       | (1,299,525)      |
| Non-current liabilities                     | <u>(442,055)</u>    | <u>(461,974)</u>  | <u>(459,588)</u> |
| Net assets                                  | <u>\$ 1,241,518</u> | <u>1,280,843</u>  | <u>1,247,472</u> |
| Ending balance of non-controlling interests | <u>\$ 601,331</u>   | <u>620,453</u>    | <u>604,232</u>   |

|  | <u>July to September<br/>2023</u> | <u>July to September<br/>2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Operating revenue  | <u>\$ 421,004</u>                 | <u>675,151</u>                    | <u>1,393,685</u>                     | <u>1,776,445</u>                     |
| Net profit (loss) for the period   | \$ (13,335)                       | 45,890                            | 6,346                                | 104,963                              |
| Other comprehensive income   | 5,056                             | 2,643                             | 1,673                                | 6,987                                |
| Total comprehensive income   | <u>\$ (8,279)</u>                 | <u>48,533</u>                     | <u>8,019</u>                         | <u>111,950</u>                       |
| Net profit (loss) for the period attributable to non-controlling interests | <u>\$ (6,483)</u>                 | <u>22,309</u>                     | <u>3,084</u>                         | <u>51,024</u>                        |
| Total comprehensive income attributable to non-controlling interests       | <u>\$ (4,048)</u>                 | <u>23,594</u>                     | <u>3,875</u>                         | <u>54,421</u>                        |

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

|  | <b>January to<br/>September 2023</b> | <b>January to<br/>September 2022</b> |
|--|--------------------------------------|--------------------------------------|
| Cash flows from operating activities             | \$ 143,931                           | 222,040                              |
| Cash flows from investing activities             | (14,424)                             | (65,097)                             |
| Cash flows from financing activities             | (289,889)                            | (95,719)                             |
| Effect of changes in exchange rate               | 1,812                                | 9,077                                |
| Increase (decrease) in cash and cash equivalents | <u>\$ (158,570)</u>                  | <u>70,301</u>                        |
| Dividends paid to non-controlling interests      | <u>\$ (22,998)</u>                   | <u>(17,248)</u>                      |

### (3) Summary financial information on Brainstorm:

|   | <b>2023.9.30</b>    | <b>2022.12.31</b> | <b>2022.9.30</b> |
|---|---------------------|-------------------|------------------|
| Current assets                              | \$ 1,662,162        | 1,412,116         | 1,348,778        |
| Non-current assets                          | 673,447             | 738,434           | 761,749          |
| Current liabilities                         | (975,425)           | (788,169)         | (686,037)        |
| Non-current liabilities                     | <u>(103,582)</u>    | <u>(125,366)</u>  | <u>(138,264)</u> |
| Net assets                                  | <u>\$ 1,256,602</u> | <u>1,237,015</u>  | <u>1,286,226</u> |
| Ending balance of non-controlling interests | <u>\$ 716,362</u>   | <u>703,648</u>    | <u>735,591</u>   |

|  | <b>July to September<br/>2023</b> | <b>July to September<br/>2022</b> | <b>January to<br/>September 2023</b> | <b>January to<br/>September 2022</b> |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Net operating revenue  | <u>\$ 1,832,343</u>               | <u>1,159,329</u>                  | <u>4,501,191</u>                     | <u>3,694,034</u>                     |
| Net profit (loss) for the period   | <u>\$ (5,634)</u>                 | <u>(32,006)</u>                   | <u>(16,494)</u>                      | <u>(53,021)</u>                      |
| Net profit (loss) for the period attributable to non-controlling interests | <u>\$ (2,575)</u>                 | <u>(20,775)</u>                   | <u>(10,707)</u>                      | <u>(34,416)</u>                      |

|                                       | <b>January to<br/>September 2023</b> | <b>January to<br/>September 2022</b> |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Cash flows from operating activities  | \$ 208,582                           | 139,143                              |
| Cash flows from investing activities  | (2,684)                              | (29,077)                             |
| Cash flows from financing activities  | (106,173)                            | (86,618)                             |
| Effect of changes in exchange rate    | 7,569                                | 11,140                               |
| Increase in cash and cash equivalents | <u>\$ 107,294</u>                    | <u>34,588</u>                        |

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

### (IX) Property, plant and equipment

|   | Land              | Buildings        | Machinery<br>equipment | Office<br>equipment | Other<br>equipment | Unfinished<br>construction | Total            |
|---|-------------------|------------------|------------------------|---------------------|--------------------|----------------------------|------------------|
| Costs:  |                   |                  |                        |                     |                    |                            |                  |
| Balance as of January 1, 2023                             | \$ 962,980        | 1,715,650        | 507,204                | 82,012              | 466,706            | 816                        | 3,735,368        |
| Addition  | -                 | 3,036            | 3,926                  | 4,183               | 4,601              | 2,431                      | 18,177           |
| Disposal  | -                 | -                | (41,402)               | (9,304)             | (105,891)          | -                          | (156,597)        |
| Reclassification  | (91,754)          | (42,001)         | 588                    | -                   | 1,971              | (1,898)                    | (133,094)        |
| Effect of changes in exchange rate                        | -                 | 2,329            | 387                    | 576                 | 1,987              | -                          | 5,279            |
| Balance as of September 30, 2023                          | <u>\$ 871,226</u> | <u>1,679,014</u> | <u>470,703</u>         | <u>77,467</u>       | <u>369,374</u>     | <u>1,349</u>               | <u>3,469,133</u> |
| Balance as of January 1, 2022                             | \$ 932,159        | 1,411,272        | 483,635                | 65,225              | 371,456            | 23,649                     | 3,287,396        |
| Acquisition through business combination (Note VI (VIII)) | -                 | -                | 22                     | 9,554               | 5,826              | -                          | 15,402           |
| Addition  | -                 | 51,956           | 3,754                  | 8,283               | 38,222             | 31,945                     | 134,160          |
| Disposal  | -                 | -                | (5,633)                | (4,103)             | (7,093)            | -                          | (16,829)         |
| Reclassification  | (34,752)          | (16,456)         | 6,188                  | 1,417               | 3,596              | (25,045)                   | (65,052)         |
| Effect of changes in exchange rate                        | -                 | 7,140            | 774                    | 1,527               | 5,178              | 394                        | 15,013           |
| Balance as of September 30, 2022                          | <u>\$ 897,407</u> | <u>1,453,912</u> | <u>488,740</u>         | <u>81,903</u>       | <u>417,185</u>     | <u>30,943</u>              | <u>3,370,090</u> |
| Accumulated depreciation and impairment loss:             |                   |                  |                        |                     |                    |                            |                  |
| Balance as of January 1, 2023                             | \$ -              | 300,796          | 337,443                | 59,729              | 244,304            | -                          | 942,272          |
| Depreciation  | -                 | 36,938           | 30,911                 | 5,413               | 30,239             | -                          | 103,501          |
| Disposal  | -                 | -                | (41,402)               | (9,190)             | (105,563)          | -                          | (156,155)        |
| Reclassification  | -                 | (17,233)         | -                      | -                   | -                  | -                          | (17,233)         |
| Effect of changes in exchange rate                        | -                 | 1,335            | 199                    | 363                 | 1,369              | -                          | 3,266            |
| Balance as of September 30, 2023                          | <u>\$ -</u>       | <u>321,836</u>   | <u>327,151</u>         | <u>56,315</u>       | <u>170,349</u>     | <u>-</u>                   | <u>875,651</u>   |
| Balance as of January 1, 2022                             | \$ -              | 248,703          | 300,302                | 50,864              | 210,188            | -                          | 810,057          |
| Acquisition through business combination (Note VI (VIII)) | -                 | -                | 22                     | 7,630               | 4,273              | -                          | 11,925           |
| Depreciation  | -                 | 31,897           | 33,796                 | 5,006               | 24,972             | -                          | 95,671           |
| Disposal  | -                 | -                | (5,654)                | (4,080)             | (7,067)            | -                          | (16,801)         |
| Reclassification  | -                 | (2,369)          | 46                     | -                   | (46)               | -                          | (2,369)          |
| Effect of changes in exchange rate                        | -                 | 5,086            | 360                    | 1,247               | 3,507              | -                          | 10,200           |
| Balance as of September 30, 2022                          | <u>\$ -</u>       | <u>283,317</u>   | <u>328,872</u>         | <u>60,667</u>       | <u>235,827</u>     | <u>-</u>                   | <u>908,683</u>   |
| Book value:   |                   |                  |                        |                     |                    |                            |                  |
| September 30, 2023  | <u>\$ 871,226</u> | <u>1,357,178</u> | <u>143,552</u>         | <u>21,152</u>       | <u>199,025</u>     | <u>1,349</u>               | <u>2,593,482</u> |
| January 1, 2023   | <u>\$ 962,980</u> | <u>1,414,854</u> | <u>169,761</u>         | <u>22,283</u>       | <u>222,402</u>     | <u>816</u>                 | <u>2,793,096</u> |
| September 30, 2022  | <u>\$ 897,407</u> | <u>1,170,595</u> | <u>159,868</u>         | <u>21,236</u>       | <u>181,358</u>     | <u>30,943</u>              | <u>2,461,407</u> |

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)

### (X) Right-of-use assets

|  | Land                    | Buildings             | Transportation<br>equipment | Total                 |
|--|-------------------------|-----------------------|-----------------------------|-----------------------|
| Cost of right-of-use assets:                                 |                         |                       |                             |                       |
| Balance as of January 1, 2023                                | \$ 49,689               | 440,544               | 9,495                       | 499,728               |
| Addition   | -                       | 29,228                | 2,755                       | 31,983                |
| Decrease and lease amendment                                 | -                       | (39,484)              | (2,028)                     | (41,512)              |
| Effect of changes in exchange rate                           | (408)                   | 3,962                 | 351                         | 3,905                 |
| Balance as of September 30, 2023                             | <u><b>\$ 49,281</b></u> | <u><b>434,250</b></u> | <u><b>10,573</b></u>        | <u><b>494,104</b></u> |
| Balance as of January 1, 2022                                | \$ 21,238               | 339,968               | 9,044                       | 370,250               |
| Acquisition through business<br>combination (Note VI (VIII)) | -                       | 6,237                 | 443                         | 6,680                 |
| Addition   | -                       | 142,201               | -                           | 142,201               |
| Decrease   | -                       | (78,507)              | -                           | (78,507)              |
| Effect of changes in exchange rate                           | 1,629                   | 14,504                | 905                         | 17,038                |
| Balance as of September 30, 2022                             | <u><b>\$ 22,867</b></u> | <u><b>424,403</b></u> | <u><b>10,392</b></u>        | <u><b>457,662</b></u> |
| Accumulated depreciation of right-of-<br>use assets:         |                         |                       |                             |                       |
| Balance as of January 1, 2023                                | \$ 5,282                | 132,773               | 6,056                       | 144,111               |
| Depreciation   | 1,207                   | 67,290                | 2,863                       | 71,360                |
| Decrease and lease amendment                                 | -                       | (39,043)              | (2,028)                     | (41,071)              |
| Effect of changes in exchange rate                           | (668)                   | 2,715                 | 290                         | 2,337                 |
| Balance as of September 30, 2023                             | <u><b>\$ 5,821</b></u>  | <u><b>163,735</b></u> | <u><b>7,181</b></u>         | <u><b>176,737</b></u> |
| Balance as of January 1, 2022                                | \$ 2,138                | 97,888                | 2,446                       | 102,472               |
| Acquisition through business<br>combination (Note VI (VIII)) | -                       | 1,132                 | 27                          | 1,159                 |
| Depreciation   | 418                     | 61,616                | 2,695                       | 64,729                |
| Decrease   | -                       | (49,064)              | -                           | (49,064)              |
| Effect of changes in exchange rate                           | 933                     | 6,961                 | 363                         | 8,257                 |
| Balance as of September 30, 2022                             | <u><b>\$ 3,489</b></u>  | <u><b>118,533</b></u> | <u><b>5,531</b></u>         | <u><b>127,553</b></u> |
| Book value:  |                         |                       |                             |                       |
| September 30, 2023   | <u><b>\$ 43,460</b></u> | <u><b>270,515</b></u> | <u><b>3,392</b></u>         | <u><b>317,367</b></u> |
| January 1, 2023  | <u><b>\$ 44,407</b></u> | <u><b>307,771</b></u> | <u><b>3,439</b></u>         | <u><b>355,617</b></u> |
| September 30, 2022   | <u><b>\$ 19,378</b></u> | <u><b>305,870</b></u> | <u><b>4,861</b></u>         | <u><b>330,109</b></u> |

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

### (XI) 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, 2023                 | \$ -             | -                | -                 |
| Transfer from property, plant and equipment   | 91,754           | 42,711           | 134,465           |
| Balance as of September 30, 2023              | <u>\$ 91,754</u> | <u>42,711</u>    | <u>134,465</u>    |
| Accumulated depreciation and impairment loss: |                  |                  |                   |
| Balance as of January 1, 2023                 | \$ -             | -                | -                 |
| Transfer from property, plant and equipment   | -                | 17,233           | 17,233            |
| Depreciation for the current period           | -                | 1,069            | 1,069             |
| Balance as of September 30, 2023              | <u>\$ -</u>      | <u>18,302</u>    | <u>18,302</u>     |
| Carrying amount:                              |                  |                  |                   |
| September 30, 2023                            | <u>\$ 91,754</u> | <u>24,409</u>    | <u>116,163</u>    |
| Fair value:                                   |                  |                  |                   |
| September 30, 2023                            |                  |                  | <u>\$ 164,892</u> |

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

### (XII) Intangible assets

|  | <u>Goodwill</u>   | <u>Trademark right</u> | <u>Client relationship</u> | <u>Computer software</u> | <u>Total</u>     |
|--|-------------------|------------------------|----------------------------|--------------------------|------------------|
| Costs:   |                   |                        |                            |                          |                  |
| Balance as of January 1, 2023                                | \$ 446,272        | 582,091                | 211,435                    | 141,019                  | 1,380,817        |
| Separate Acquisition   | -                 | -                      | -                          | 7,092                    | 7,092            |
| Write-off for the current period                             | -                 | -                      | -                          | (1,341)                  | (1,341)          |
| Reclassification for the current period                      | -                 | -                      | -                          | 600                      | 600              |
| Effects of exchange rate changes                             | -                 | -                      | -                          | 1,522                    | 1,522            |
| Balance as of September 30, 2023                             | <u>\$ 446,272</u> | <u>582,091</u>         | <u>211,435</u>             | <u>148,892</u>           | <u>1,388,690</u> |
| Balance as of January 1, 2022                                | \$ 349,846        | 562,692                | 129,493                    | 90,061                   | 1,132,092        |
| Acquisition through business combination (Note VI (VIII))    | 86,633            | 12,822                 | 104,736                    | 2,535                    | 206,726          |
| Business combinations adjusted during the measurement period | (1,847)           | 6,577                  | -                          | -                        | 4,730            |
| Separate Acquisition   | -                 | -                      | -                          | 42,660                   | 42,660           |
| Effects of exchange rate changes                             | -                 | -                      | -                          | 2,028                    | 2,028            |
| Balance as of September 30, 2022                             | <u>\$ 434,632</u> | <u>582,091</u>         | <u>234,229</u>             | <u>137,284</u>           | <u>1,388,236</u> |
| Accumulated amortization:                                    |                   |                        |                            |                          |                  |
| Balance as of January 1, 2023                                | \$ -              | 95,840                 | 77,892                     | 86,058                   | 259,790          |
| Amortization   | -                 | 43,657                 | 13,226                     | 17,895                   | 74,778           |
| Write-off for the current period                             | -                 | -                      | -                          | (1,341)                  | (1,341)          |
| Effects of exchange rate changes                             | -                 | -                      | -                          | 619                      | 619              |
| Balance as of September 30, 2023                             | <u>\$ -</u>       | <u>139,497</u>         | <u>91,118</u>              | <u>103,231</u>           | <u>333,846</u>   |
| Balance as of January 1, 2022                                | \$ -              | 37,513                 | 51,820                     | 68,306                   | 157,639          |
| Acquisition through business combination (Note VI (VIII))    | -                 | -                      | -                          | 1,478                    | 1,478            |
| Amortization   | -                 | 43,775                 | 18,854                     | 11,046                   | 73,675           |
| Effects of exchange rate changes                             | -                 | -                      | -                          | 182                      | 182              |
| Balance as of September 30, 2022                             | <u>\$ -</u>       | <u>81,288</u>          | <u>70,674</u>              | <u>81,012</u>            | <u>232,974</u>   |
| Book value:  |                   |                        |                            |                          |                  |
| Balance as of September 30, 2023                             | <u>\$ 446,272</u> | <u>442,594</u>         | <u>120,317</u>             | <u>45,661</u>            | <u>1,054,844</u> |
| Balance as of January 1, 2023                                | <u>\$ 446,272</u> | <u>486,251</u>         | <u>133,543</u>             | <u>54,961</u>            | <u>1,121,027</u> |
| Balance as of September 30, 2022                             | <u>\$ 434,632</u> | <u>500,803</u>         | <u>163,555</u>             | <u>56,272</u>            | <u>1,155,262</u> |

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

According to IAS 36, the goodwill acquired through 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, 2022, please refer to Note VI (XI) of the Consolidated Financial Statements of 2022. On September 30, 2023, the Group evaluated the achievement of operating revenue and net operating income of the relevant cash-generating unit in the third quarter of 2023, and the budget assessment of future operating revenue and profit, and there was no impairment.

### (XIII) Short-term borrowings

|                        | <u>2023.9.30</u>    | <u>2022.12.31</u>  | <u>2022.9.30</u>   |
|------------------------|---------------------|--------------------|--------------------|
| Unsecured bank loans   | \$ 1,490,822        | 1,774,218          | 1,943,298          |
| Secured bank loans     | 60,003              | 111,802            | 127,494            |
|                        | <u>\$ 1,550,825</u> | <u>1,886,020</u>   | <u>2,070,792</u>   |
| Unused lines of credit | <u>\$ 5,612,835</u> | <u>5,584,243</u>   | <u>4,901,597</u>   |
| Range of interest rate | <u>1.53%~7.25%</u>  | <u>1.50%~7.00%</u> | <u>1.17%~4.74%</u> |

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

### (XIV) Long-term borrowings

|                                | <u>2023.9.30</u>    | <u>2022.12.31</u>  | <u>2022.9.30</u>  |
|--------------------------------|---------------------|--------------------|-------------------|
| Unsecured bank loans           | \$ 800,000          | 1,300,000          | 1,300,000         |
| Secured bank loans             | 200,505             | 250,653            | 250,709           |
| Less: Part due within one year | (505)               | (653)              | (243)             |
|                                | <u>\$ 1,000,000</u> | <u>1,550,000</u>   | <u>1,550,466</u>  |
| Unused lines of credit         | <u>\$ 1,200,000</u> | <u>100,000</u>     | <u>500,000</u>    |
| Year of maturity               | <u>2023~2026</u>    | <u>2023~2024</u>   | <u>2023~2024</u>  |
| Range of interest rate         | <u>1.79%~5.83%</u>  | <u>1.72%~5.83%</u> | <u>1.33~5.83%</u> |

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

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

### (XV) Lease liabilities

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

|             | <u>2023.9.30</u>  | <u>2022.12.31</u> | <u>2022.9.30</u> |
|-------------|-------------------|-------------------|------------------|
| Current     | \$ <u>91,337</u>  | <u>86,451</u>     | <u>87,372</u>    |
| Non-current | \$ <u>199,145</u> | <u>241,693</u>    | <u>240,309</u>   |

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

The amounts recognized as profit and loss are as follows:

|  | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Interest expense on<br>lease liabilities   | \$ <u>1,730</u>                   | <u>1,821</u>                      | <u>5,438</u>                         | <u>4,941</u>                         |
| Short-term leases<br>expenses and lease<br>expenses of low-<br>value assets                | \$ <u>8,715</u>                   | <u>10,130</u>                     | <u>24,494</u>                        | <u>31,998</u>                        |
| COVID-19-related rent<br>concessions<br>(recognized as a<br>decrease in lease<br>expenses) | \$ <u>-</u>                       | <u>-</u>                          | <u>(3,450)</u>                       | <u>-</u>                             |

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

|                               | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|-------------------------------|--------------------------------------|--------------------------------------|
| Total cash outflow for leases | \$ <u>96,442</u>                     | <u>92,830</u>                        |

Important lease clauses:

#### 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 period of 1 to 3 years. In addition, the Group has leased offices and office equipment and other assets with a period of no longer than one year. Such leases are short-term leases or leases of low-value assets, and the Group has selected to apply the provision of exemption from recognition and not recognized them as relevant right-of-use assets and lease liabilities.

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

### (XVI) Provisions - product warranty

|                        | <u>2023.9.30</u> | <u>2022.12.31</u> | <u>2022.9.30</u> |
|------------------------|------------------|-------------------|------------------|
| Provision for warranty | <u>\$ 42,148</u> | <u>51,236</u>     | <u>48,551</u>    |

The warranty provisions for products of the Group is mainly related to the sale of industrial computer boards and systems, and the warranty reserve is estimated based on the historical warranty data of similar products.

### (XVII) 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 actuarially determined pension cost on December 31, 2022 and 2021 to measure and disclose pension costs for interim periods.

The reported expenses of the Group are detailed as follows:

|                    | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--------------------|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Operating costs    | \$ 94                             | 409                               | 284                                  | 932                                  |
| Operating expenses | 47                                | 225                               | 139                                  | 444                                  |
|                    | <u>\$ 141</u>                     | <u>634</u>                        | <u>423</u>                           | <u>1,376</u>                         |

#### 2. Defined contribution plans

The reported expenses of the Group are detailed as follows:

|                    | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--------------------|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Operating costs    | \$ 3,069                          | 3,136                             | 9,375                                | 9,054                                |
| Operating expenses | 13,575                            | 12,932                            | 40,453                               | 37,383                               |
|                    | <u>\$ 16,644</u>                  | <u>16,068</u>                     | <u>49,828</u>                        | <u>46,437</u>                        |

### (XVIII) Income taxes

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

|                             | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|-----------------------------|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Current income tax expense  | \$ 35,105                         | 73,105                            | 116,280                              | 157,243                              |
| Deferred income tax benefit | (7,725)                           | (13,589)                          | (9,413)                              | (20,809)                             |
|                             | <u>\$ 27,380</u>                  | <u>59,516</u>                     | <u>106,867</u>                       | <u>136,434</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.

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

### (XIX) Capital and other equities

Other than the descriptions mentioned below, there were no significant changes in capital and other equities in the consolidated financial statements for the nine months ended September 30, 2023 and 2022. For the related information, please refer to Note VI (XVIII) of the consolidated financial statements for the year ended December 31, 2022.

#### 1. Share capital - Ordinary shares

As of September 30, 2023, December 31 and September 30, 2022, 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 share capital reserved for the issuance of the exercise of employee share options was 20,000 thousand shares.

#### 2. Capital surplus

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

|   | <u>2023.9.30</u>         | <u>2022.12.31</u>     | <u>2022.9.30</u>      |
|---|--------------------------|-----------------------|-----------------------|
| Share premium   | \$ 578,204               | 578,204               | 578,204               |
| Recognized changes in percentage of ownership interests in subsidiaries | 5,974                    | 5,967                 | 5,962                 |
| Gain on asset disposal  | 808                      | 808                   | 808                   |
| Others  | <u>23,730</u>            | <u>23,607</u>         | <u>23,603</u>         |
|   | <u><b>\$ 608,716</b></u> | <u><b>608,586</b></u> | <u><b>608,577</b></u> |

Pursuant to the provisions of the Company Act, the capital reserve shall be first used to recover the loss before it is distributed as the realized capital reserve to the shareholders based on their respective shareholding ratios in the form of new shares or cash. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as mentioned in the preceding paragraph shall be in the form of cash. The aforementioned realized capital reserve includes the income derived from the issuance of new shares at a premium and the income from endowments received by the company. Pursuant to the provision of the processing standard for negotiable securities offering and issuance by 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

In accordance with 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

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

special surplus reserve is set aside or reversed in accordance with the law, the Board of Directors shall formulate the earnings distribution proposal together with the accumulated unappropriated earnings and submit them to the Shareholders' Meeting for dividend distribution. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if the earnings distribution shall be in the form of cash dividends.

According to the Articles of Association of the Company, due to the fierce competition in the industry, the volatile environment, and the stable growth stage of the Company's life cycle, to effectively master the Company's future investment opportunities, working capital needs, and long-term financial planning, and to meet shareholders' cash inflow needs, the Board of Directors, when formulating 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 amounting to 2% of the capital, the dividend distribution shall not be less than 10% of the distributable earnings for the year, and the proportion of cash dividends paid each year shall not be less than 10% of the total 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, the Company shall 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. The Board of Directors is authorized to make a resolution to distribute and report to the Shareholders' Meeting if which as aforementioned shall be in the form of cash.

(2) Special reserve

Under the regulations issued by the FSC, 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 reserve in the same amount accrued out of the unappropriated earnings in the previous period. If other deductibles of shareholders' equity are reversed in future, the Company shall distribute the profit with the reversed part.

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

### 4. Distribution of earnings

On March 2, 2023, and March 3, 2022, the Board of Directors of the Company resolved the amount of cash dividends and cash distributions from capital reserves in the earnings distribution proposal for the years ended December 31, 2022, and 2021, respectively. And on May 31, 2023, and June 17, 2022, the annual shareholders' meeting resolved the other earnings distribution proposal for the years ended December 31, 2022 and 2021, respectively. The relevant distribution amounts were as follows:

|  | 2022                     |                    | 2021                     |                |
|--|--------------------------|--------------------|--------------------------|----------------|
|  | Dividend per share (NTD) | Amount             | Dividend per share (NTD) | Amount         |
| Legal reserve                                    |                          | <u>\$ 52,689</u>   |                          | <u>61,568</u>  |
| Special reserve (reversal)                       |                          | <u>\$ (76,782)</u> |                          | <u>40,215</u>  |
| Dividends distributed to owners of common stock: |                          |                    |                          |                |
| Cash dividends                                   | 4.0                      | <u>457,955</u>     | 3.2                      | <u>366,364</u> |
| Cash distributed from capital surplus            | -                        | <u>-</u>           | 0.4                      | <u>45,796</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 2021, reversing the legal reserve of NTD15,964 thousand.

The information regarding the profit 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, 2023   | \$ (69,315)  | 31,274  | (38,041)        |
| Exchange differences from conversion of net assets of foreign operating organizations       | 24,422   | -   | 24,422          |
| Unrealized gain (loss) on financial assets at fair value through other comprehensive income | -  | 13,715  | 13,715          |
| Balance as of September 30, 2023  | <u>\$ (44,893)</u>   | <u>44,989</u>   | <u>96</u>       |
| Balance as of January 1, 2022   | \$ (134,871)   | 20,047  | (114,824)       |
| Exchange differences from conversion of net assets of foreign operating organizations       | 77,388   | -   | 77,388          |
| Unrealized gain (loss) on financial assets at fair value through other comprehensive income | -  | 14,349  | 14,349          |
| Balance as of September 30, 2022  | <u>\$ (57,483)</u>   | <u>34,396</u>   | <u>(23,087)</u> |

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

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

|   | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|---|--------------------------------------|--------------------------------------|
| Beginning Balance   | \$ 2,577,359                         | 2,450,694                            |
| Shares attributable to non-controlling interests:   |                                      |                                      |
| Net profit for the period   | (15,595)                             | 64,981                               |
| Exchange differences on translating the financial statements of foreign operations          | 27,913                               | 83,731                               |
| Unrealized gain (loss) on financial assets at fair value through other comprehensive income | 4,161                                | (243)                                |
| Non-controlling interests adjustments   | -                                    | 3,415                                |
| Cash dividends distributed by subsidiaries to non-controlling interests                     | (52,145)                             | (69,711)                             |
| Increase in non-controlling interests in subsidiaries acquired                              | -                                    | 79,375                               |
| Changes in percentage of ownership interests in subsidiaries                                | 15                                   | 1                                    |
| Acquisition of additional equity in subsidiaries  | -                                    | (5,157)                              |
| Organizational restructuring under common control   | -                                    | (1,485)                              |
| Ending balance  | <u>\$ 2,541,708</u>                  | <u>2,605,601</u>                     |

### (XX) Earnings per share

#### 1. Basic earnings per share

|   | <u>July to September<br/>2023</u> | <u>July to September<br/>2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|---|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Net profit attributable to ordinary shareholders of the Company                 | <u>\$ 53,688</u>                  | <u>194,205</u>                    | <u>276,746</u>                       | <u>393,157</u>                       |
| Weighted average number of outstanding ordinary shares (in thousands of shares) | <u>114,489</u>                    | <u>114,489</u>                    | <u>114,489</u>                       | <u>114,489</u>                       |
| Basic earnings per share (NTD)  | <u>\$ 0.47</u>                    | <u>1.69</u>                       | <u>2.42</u>                          | <u>3.43</u>                          |

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

### 2. Diluted earnings per share

|  | <u>July to September<br/>2023</u> | <u>July to September<br/>2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Net profit attributable to ordinary shareholders of the Company  | <u>\$ 53,688</u>                  | <u>194,205</u>                    | <u>276,746</u>                       | <u>393,157</u>                       |
| Weighted average number of outstanding ordinary shares (in thousands of shares)  | 114,489                           | 114,489                           | 114,489                              | 114,489                              |
| Effect of potential ordinary shares with dilution effect (in thousands of shares):   |                                   |                                   |                                      |                                      |
| Effect of employee stock compensation  | <u>392</u>                        | <u>636</u>                        | <u>553</u>                           | <u>834</u>                           |
| Weighted average number of outstanding ordinary shares (after adjusting the number of dilutive potential ordinary shares) (in thousands of shares) | <u>114,881</u>                    | <u>115,125</u>                    | <u>115,042</u>                       | <u>115,323</u>                       |
| Diluted earnings per share (NTD)   | <u>\$ 0.47</u>                    | <u>1.69</u>                       | <u>2.41</u>                          | <u>3.41</u>                          |

### (XXI) Revenue from contracts

#### 1. Breakdown of revenue

|                                       | <u>July to September<br/>2023</u> | <u>July to September<br/>2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|---------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Main products and services:           |                                   |                                   |                                      |                                      |
| Industrial computer cards and systems | \$ 1,220,102                      | 1,842,624                         | 4,312,953                            | 4,795,831                            |
| Industrial automation control         | 523,166                           | 623,516                           | 1,600,658                            | 2,277,030                            |
| Computer components                   | 1,832,343                         | 1,159,329                         | 4,501,191                            | 3,694,034                            |
| Others                                | <u>345,813</u>                    | <u>467,581</u>                    | <u>1,087,815</u>                     | <u>1,075,883</u>                     |
|                                       | <u>\$ 3,921,424</u>               | <u>4,093,050</u>                  | <u>11,502,617</u>                    | <u>11,842,778</u>                    |

#### 2. Balance of contracts

|   | <u>2023.9.30</u>    | <u>2022.12.31</u> | <u>2022.9.30</u> |
|---|---------------------|-------------------|------------------|
| Notes and accounts receivable (including related parties) | \$ 2,531,586        | 2,951,913         | 2,992,519        |
| Less: Allowance for loss                                  | <u>(45,097)</u>     | <u>(67,816)</u>   | <u>(38,492)</u>  |
|   | <u>\$ 2,486,489</u> | <u>2,884,097</u>  | <u>2,954,027</u> |
| Contract assets   | <u>\$ 16,453</u>    | <u>-</u>          | <u>-</u>         |
| Contract liabilities                                      | <u>\$ 161,486</u>   | <u>205,241</u>    | <u>226,356</u>   |

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

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

The contract assets and liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Group transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2023 and 2022 were recognized as income of NTD123,036 thousand and NTD151,172 thousand, respectively, for the nine months ended September 30, 2023 and 2022.

### (XXII) Compensation to employees and Directors

In accordance with its 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. However, if the Company still has an accumulated loss, it shall reserve the recovery amount in advance. 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 September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the estimated employee compensations of the Company were NTD5,513 thousand, NTD18,051 thousand, NTD26,762 thousand, and NTD35,456 thousand respectively; and the estimated director compensations were NTD586 thousand, NTD1,920 thousand, NTD2,847 thousand and NTD3,772 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 actual distributed amount of the next year is different from the estimate, the difference will be treated as changes in accounting estimates and recognized as profit or loss of the next year. The estimated amount of compensation for employees in 2022 and 2021 were NTD47,852 thousand and NTD53,437 thousand respectively, while for directors were NTD5,091 thousand and NTD5,685 thousand respectively. There is no difference from the distribution amount resolved by the Board of Directors of the Company, and all would be distributed in cash. For the related information, please refer to MOPS.

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

### (XXIII) Non-operating income and expenses

#### 1. Interest income

|  | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Interest on bank deposit   | \$ 1,613                          | 1,212                             | 7,591                                | 2,294                                |
| Interest income from financial assets measured at amortized cost           | 126                               | 26                                | 183                                  | 62                                   |
| Interest on deposits   | 3                                 | -                                 | 8                                    | -                                    |
| Interest income from financial assets at fair value through profit or loss | -                                 | -                                 | 574                                  | 534                                  |
| Others   | 15                                | -                                 | 66                                   | -                                    |
|  | <u>\$ 1,757</u>                   | <u>1,238</u>                      | <u>8,422</u>                         | <u>2,890</u>                         |

#### 2. Other income

|                 | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|-----------------|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Rental income   | \$ 2,066                          | 1,406                             | 5,918                                | 4,587                                |
| Dividend income | (98)                              | 3,941                             | 6,845                                | 3,941                                |
| Others          | 4,456                             | 6,107                             | 23,519                               | 26,428                               |
|                 | <u>\$ 6,424</u>                   | <u>11,454</u>                     | <u>36,282</u>                        | <u>34,956</u>                        |

#### 3. Other gain and loss

|  | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|--|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Gain (loss) on disposal of property, plant and equipment             | \$ (78)                           | 85                                | (263)                                | 72                                   |
| Loss on liquidation of subsidiary                                    | -                                 | -                                 | -                                    | (391)                                |
| Gain on disposal of non-current assets held for sale (Note VI (VII)) | -                                 | -                                 | -                                    | 14,624                               |
| Gain (loss) on foreign exchange                                      | 52,381                            | 74,555                            | 48,402                               | 132,661                              |
| Loss on financial instruments at fair value through profit or loss   | (58,458)                          | (33,295)                          | (75,351)                             | (73,303)                             |
| Other expenditures (gains)   | (947)                             | 544                               | (545)                                | 816                                  |
|  | <u>\$ (7,102)</u>                 | <u>41,889</u>                     | <u>(27,757)</u>                      | <u>74,479</u>                        |

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

### 4. Finance costs

|  | <u>July to</u><br><u>September 2023</u> | <u>July to</u><br><u>September 2022</u> | <u>January to</u><br><u>September 2023</u> | <u>January to</u><br><u>September 2022</u> |
|--|---|---|--|--|
| Bank interest expenses                     | \$ 13,272                               | 15,641                                  | 43,387                                     | 38,166                                     |
| Financial expenses on<br>lease liabilities | <u>1,730</u>                            | <u>1,821</u>                            | <u>5,438</u>                               | <u>4,941</u>                               |
|  | <u><b>\$ 15,002</b></u>                 | <u><b>17,462</b></u>                    | <u><b>48,825</b></u>                       | <u><b>43,107</b></u>                       |

### (XXIV) 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, 2022.

#### 1. Type of financial instruments

##### (1) Financial assets

|   | <u>2023.9.30</u>           | <u>2022.12.31</u>       | <u>2022.9.30</u>        |
|---|----------------------------|-------------------------|-------------------------|
| Financial assets at fair<br>value through profit or<br>loss - current                                   | \$ 26,356                  | 27,458                  | 32,805                  |
| Financial assets at fair<br>value through other<br>comprehensive income<br>- non-current                | <u>88,940</u>              | <u>71,064</u>           | <u>74,185</u>           |
| Financial assets measured<br>at amortized cost:   |                            |                         |                         |
| Cash and cash<br>equivalents  | 1,558,624                  | 1,690,474               | 1,557,332               |
| Financial assets at<br>amortized cost -<br>current  | 2,709                      | 9,557                   | 15,918                  |
| Notes receivable,<br>accounts receivable,<br>and other<br>receivables<br>(including related<br>parties) | 2,509,614                  | 2,941,042               | 2,992,122               |
| Financial assets at<br>amortized cost -<br>non-current  | 3,396                      | 3,212                   | 3,344                   |
| Refundable deposits   | <u>31,510</u>              | <u>32,641</u>           | <u>33,926</u>           |
| Subtotal  | <u>4,105,853</u>           | <u>4,676,926</u>        | <u>4,602,642</u>        |
| Total   | <u><b>\$ 4,221,149</b></u> | <u><b>4,775,448</b></u> | <u><b>4,709,632</b></u> |

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

| (2) Financial liabilities  | <u>2023.9.30</u>    | <u>2022.12.31</u> | <u>2022.9.30</u> |
|--|---------------------|-------------------|------------------|
| Financial liabilities at fair value through profit or loss - current           | \$ 14,708           | 5,020             | 17,361           |
| Financial liabilities measured at amortized cost:                              |                     |                   |                  |
| Short-term borrowings  | 1,550,825           | 1,886,020         | 2,070,792        |
| Notes payable, accounts payable and other payables (including related parties) | 2,462,140           | 2,690,266         | 2,830,975        |
| Long-term borrowings (including the part due within one year)                  | 1,000,505           | 1,550,653         | 1,550,709        |
| Lease liabilities (including current and non-current)                          | <u>290,482</u>      | <u>328,144</u>    | <u>327,681</u>   |
| Subtotal   | <u>5,303,952</u>    | <u>6,455,083</u>  | <u>6,780,157</u> |
| Total  | <u>\$ 5,318,660</u> | <u>6,460,103</u>  | <u>6,797,518</u> |

### 2. Liquidity risk

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

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

|  | Contractual<br>cash flows  | Within 1 year           | 1-2 years               | 2-5 years             | 5 years and<br>above |
|--|----------------------------|-------------------------|-------------------------|-----------------------|----------------------|
| <b>September 30, 2023</b>  |                            |                         |                         |                       |                      |
| Non-derivative financial liabilities:  |                            |                         |                         |                       |                      |
| Short-term borrowings  | \$ 1,553,795               | 1,553,795               | -                       | -                     | -                    |
| Long-term borrowings<br>(including the part due<br>within one year)                  | 1,044,098                  | 18,994                  | 245,061                 | 780,043               | -                    |
| Notes payable, accounts<br>payable and other payables<br>(including related parties) | 2,462,140                  | 2,462,140               | -                       | -                     | -                    |
| Lease liabilities (including<br>current and non-current)                             | <u>303,543</u>             | <u>97,034</u>           | <u>100,453</u>          | <u>71,431</u>         | <u>34,625</u>        |
| Subtotal   | <u>5,363,576</u>           | <u>4,131,963</u>        | <u>345,514</u>          | <u>851,474</u>        | <u>34,625</u>        |
| Derivative financial instruments:  |                            |                         |                         |                       |                      |
| Forward foreign exchange<br>contracts - gross delivery                               |                            |                         |                         |                       |                      |
| Outflow  | 680,447                    | 680,447                 | -                       | -                     | -                    |
| Inflow   | (679,859)                  | (679,859)               | -                       | -                     | -                    |
| Foreign exchange SWAP<br>contracts - gross delivery                                  |                            |                         |                         |                       |                      |
| Outflow  | 1,290,660                  | 1,290,660               | -                       | -                     | -                    |
| Inflow   | <u>(1,277,156)</u>         | <u>(1,277,156)</u>      | <u>-</u>                | <u>-</u>              | <u>-</u>             |
| Subtotal   | <u>14,092</u>              | <u>14,092</u>           | <u>-</u>                | <u>-</u>              | <u>-</u>             |
|  | <b><u>\$ 5,377,668</u></b> | <b><u>4,146,055</u></b> | <b><u>345,514</u></b>   | <b><u>851,474</u></b> | <b><u>34,625</u></b> |
| <b>December 31, 2022</b>   |                            |                         |                         |                       |                      |
| Non-derivative financial liabilities:  |                            |                         |                         |                       |                      |
| Short-term borrowings  | \$ 1,895,352               | 1,895,352               | -                       | -                     | -                    |
| Long-term borrowings<br>(including the part due<br>within one year)                  | 1,576,485                  | 31,155                  | 1,545,330               | -                     | -                    |
| Notes payable, accounts<br>payable and other payables<br>(including related parties) | 2,690,266                  | 2,690,266               | -                       | -                     | -                    |
| Lease liabilities (including<br>current and non-current)                             | <u>345,324</u>             | <u>92,984</u>           | <u>77,718</u>           | <u>128,867</u>        | <u>45,755</u>        |
| Subtotal   | <u>6,507,427</u>           | <u>4,709,757</u>        | <u>1,623,048</u>        | <u>128,867</u>        | <u>45,755</u>        |
| Derivative financial instruments:  |                            |                         |                         |                       |                      |
| Forward foreign exchange<br>contracts - gross delivery                               |                            |                         |                         |                       |                      |
| Outflow  | 1,024,820                  | 1,024,820               | -                       | -                     | -                    |
| Inflow   | (1,025,067)                | (1,025,067)             | -                       | -                     | -                    |
| Foreign exchange SWAP<br>contracts - gross delivery                                  |                            |                         |                         |                       |                      |
| Outflow  | 1,147,274                  | 1,147,274               | -                       | -                     | -                    |
| Inflow   | <u>(1,143,394)</u>         | <u>(1,143,394)</u>      | <u>-</u>                | <u>-</u>              | <u>-</u>             |
| Subtotal   | <u>3,633</u>               | <u>3,633</u>            | <u>-</u>                | <u>-</u>              | <u>-</u>             |
|  | <b><u>\$ 6,511,060</u></b> | <b><u>4,713,390</u></b> | <b><u>1,623,048</u></b> | <b><u>128,867</u></b> | <b><u>45,755</u></b> |

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

|  | <u>Contractual<br/>cash flows</u> | <u>Within 1 year</u>    | <u>1-2 years</u>        | <u>2-5 years</u>      | <u>5 years and<br/>above</u> |
|--|-----------------------------------|-------------------------|-------------------------|-----------------------|------------------------------|
| <b>September 30, 2022</b>  |                                   |                         |                         |                       |                              |
| Non-derivative financial liabilities:  |                                   |                         |                         |                       |                              |
| Short-term borrowings  | \$ 2,078,060                      | 2,078,060               | -                       | -                     | -                            |
| Long-term borrowings<br>(including the part due<br>within one year)                  | 1,585,777                         | 25,000                  | 1,460,336               | 100,441               | -                            |
| Notes payable, accounts<br>payable and other payables<br>(including related parties) | 2,830,975                         | 2,830,975               | -                       | -                     | -                            |
| Lease liabilities (including<br>current and non-current)                             | <u>350,713</u>                    | <u>93,861</u>           | <u>76,409</u>           | <u>130,978</u>        | <u>49,465</u>                |
| Subtotal   | <u>6,845,525</u>                  | <u>5,027,896</u>        | <u>1,536,745</u>        | <u>231,419</u>        | <u>49,465</u>                |
| Derivative financial liabilities:  |                                   |                         |                         |                       |                              |
| Forward foreign exchange<br>contracts - gross delivery                               |                                   |                         |                         |                       |                              |
| Outflow  | 798,316                           | 798,316                 | -                       | -                     | -                            |
| Inflow   | (800,892)                         | (800,892)               | -                       | -                     | -                            |
| Foreign exchange SWAP<br>contracts - gross delivery                                  |                                   |                         |                         |                       |                              |
| Outflow  | 937,639                           | 937,639                 | -                       | -                     | -                            |
| Inflow   | <u>(924,551)</u>                  | <u>(924,551)</u>        | <u>-</u>                | <u>-</u>              | <u>-</u>                     |
| Subtotal   | <u>10,512</u>                     | <u>10,512</u>           | <u>-</u>                | <u>-</u>              | <u>-</u>                     |
|  | <u><b>\$ 6,856,037</b></u>        | <u><b>5,038,408</b></u> | <u><b>1,536,745</b></u> | <u><b>231,419</b></u> | <u><b>49,465</b></u>         |

The Group does not 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 currency 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):

|                              |    | <b>2023.9.30</b>        |                      |            |                                  |   |
|------------------------------|----|-------------------------|----------------------|------------|----------------------------------|---|
|                              |    | <b>Foreign currency</b> | <b>Exchange rate</b> | <b>TWD</b> | <b>Changes in exchange rates</b> | <b>Profit and loss influence (before tax)</b> |
| <u>Financial assets</u>      |    |                         |                      |            |                                  |   |
| <u>Monetary items</u>        |    |                         |                      |            |                                  |   |
| USD (Note 1)                 | \$ | 54,714                  | 32.2700              | 1,765,618  | 1%                               | 17,656  |
| USD (Note 2)                 |    | 3,054                   | 7.3039               | 98,542     | 1%                               | 985   |
| RMB                          |    | 47,030                  | 4.4182               | 207,788    | 1%                               | 2,078   |
| JPY                          |    | 14,748                  | 0.2161               | 3,187      | 1%                               | 32  |
| <u>Financial liabilities</u> |    |                         |                      |            |                                  |   |
| <u>Monetary items</u>        |    |                         |                      |            |                                  |   |
| USD (Note 1)                 |    | 18,233                  | 32.2700              | 588,392    | 1%                               | 5,884   |
| USD (Note 2)                 |    | 15,560                  | 7.3039               | 502,124    | 1%                               | 5,021   |
| JPY                          |    | 5,195                   | 0.2161               | 1,123      | 1%                               | 11  |
|                              |    | <b>2022.12.31</b>       |                      |            |                                  |   |
|                              |    | <b>Foreign currency</b> | <b>Exchange rate</b> | <b>TWD</b> | <b>Changes in exchange rates</b> | <b>Profit and loss influence (before tax)</b> |
| <u>Financial assets</u>      |    |                         |                      |            |                                  |   |
| <u>Monetary items</u>        |    |                         |                      |            |                                  |   |
| USD (Note 1)                 | \$ | 83,777                  | 30.7300              | 2,574,467  | 1%                               | 25,745  |
| USD (Note 2)                 |    | 5,293                   | 6.9750               | 162,660    | 1%                               | 1,627   |
| RMB                          |    | 47,649                  | 4.4057               | 209,927    | 1%                               | 2,099   |
| JPY                          |    | 35,611                  | 0.2330               | 8,297      | 1%                               | 83  |
| <u>Financial liabilities</u> |    |                         |                      |            |                                  |   |
| <u>Monetary items</u>        |    |                         |                      |            |                                  |   |
| USD (Note 1)                 |    | 37,432                  | 30.7300              | 1,150,278  | 1%                               | 11,503  |
| USD (Note 2)                 |    | 24,608                  | 6.9750               | 756,188    | 1%                               | 7,562   |
| JPY                          |    | 44,051                  | 0.2330               | 10,264     | 1%                               | 103   |

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

| 2022.9.30                    |                  |               |         |                           |  |        |
|------------------------------|------------------|---------------|---------|---------------------------|--|--------|
|                              | Foreign currency | Exchange rate | TWD     | Changes in exchange rates | Profit and loss influence (before tax) |        |
| <u>Financial assets</u>      |                  |               |         |                           |  |        |
| <u>Monetary items</u>        |                  |               |         |                           |  |        |
| USD (Note 1)                 | \$               | 96,397        | 31.7500 | 3,060,605                 | 1%                                     | 30,606 |
| USD (Note 2)                 |                  | 6,567         | 7.0930  | 208,499                   | 1%                                     | 2,085  |
| RMB                          |                  | 20,583        | 4.4764  | 92,138                    | 1%                                     | 921    |
| JPY                          |                  | 38,056        | 0.2201  | 8,376                     | 1%                                     | 84     |
| <u>Financial liabilities</u> |                  |               |         |                           |  |        |
| <u>Monetary items</u>        |                  |               |         |                           |  |        |
| USD (Note 1)                 |                  | 45,097        | 31.7500 | 1,431,830                 | 1%                                     | 14,318 |
| USD (Note 2)                 |                  | 27,835        | 7.0930  | 883,773                   | 1%                                     | 8,838  |
| JPY                          |                  | 11,907        | 0.2201  | 2,621                     | 1%                                     | 26     |

Note1: Exchange rate of USD to TWD.

Note2: Exchange rate of USD to RMB.

Due to the wide variety of functional currencies of the Group, the exchange gain or loss of monetary items are disclosed through compilation. Please refer to Note VI (XXIII) for details on foreign exchange (loss) gain (including realized and unrealized) for the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022.

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

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

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

|   | 2023.9.30               |                      |                     |                      |
|---|-------------------------|----------------------|---------------------|----------------------|
|   | Fair value              |                      |                     |                      |
|   | Level 1                 | Level 2              | Level 3             | Total                |
| Financial assets at fair value through profit or loss:                |                         |                      |                     |                      |
| Derivative financial instruments - Forward foreign exchange contracts | \$ -                    | 616                  | -                   | 616                  |
| Fund beneficiary certificates   | <u>25,740</u>           | <u>-</u>             | <u>-</u>            | <u>25,740</u>        |
|   | <u><b>\$ 25,740</b></u> | <u><b>616</b></u>    | <u><b>-</b></u>     | <u><b>26,356</b></u> |
| Financial assets at fair value through other comprehensive income:    |                         |                      |                     |                      |
| Domestic listed stocks  | \$ 80,883               | -                    | -                   | 80,883               |
| Foreign unlisted stocks   | <u>-</u>                | <u>-</u>             | <u>8,057</u>        | <u>8,057</u>         |
|   | <u><b>\$ 80,883</b></u> | <u><b>-</b></u>      | <u><b>8,057</b></u> | <u><b>88,940</b></u> |
| Financial liabilities at fair value through profit or loss:           |                         |                      |                     |                      |
| Derivative financial instruments - Forward foreign exchange contracts | \$ -                    | 1,204                | -                   | 1,204                |
| Derivative financial instruments - Foreign exchange swaps contracts   | <u>-</u>                | <u>13,504</u>        | <u>-</u>            | <u>13,504</u>        |
| Subtotal  | <u><b>\$ -</b></u>      | <u><b>14,708</b></u> | <u><b>-</b></u>     | <u><b>14,708</b></u> |

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

|   | 2022.12.31              |                     |                     |                      |
|---|-------------------------|---------------------|---------------------|----------------------|
|   | 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 | \$ -                    | 1,353               | -                   | 1,353                |
| Derivative financial instruments - Foreign exchange swaps contracts   | -                       | 34                  | -                   | 34                   |
| Fund beneficiary certificates   | <u>26,071</u>           | <u>-</u>            | <u>-</u>            | <u>26,071</u>        |
|   | <u><b>\$ 26,071</b></u> | <u><b>1,387</b></u> | <u><b>-</b></u>     | <u><b>27,458</b></u> |
| Financial assets at fair value through other comprehensive income:    |                         |                     |                     |                      |
| Domestic listed stocks  | \$ 68,840               | -                   | -                   | 68,840               |
| Foreign unlisted stocks   | <u>-</u>                | <u>-</u>            | <u>2,224</u>        | <u>2,224</u>         |
|   | <u><b>\$ 68,840</b></u> | <u><b>-</b></u>     | <u><b>2,224</b></u> | <u><b>71,064</b></u> |
| Financial liabilities at fair value through profit or loss:           |                         |                     |                     |                      |
| Derivative financial instruments - Forward foreign exchange contracts | \$ -                    | 1,106               | -                   | 1,106                |
| Derivative financial instruments - Foreign exchange swaps contracts   | <u>-</u>                | <u>3,914</u>        | <u>-</u>            | <u>3,914</u>         |
| Subtotal  | <u><b>\$ -</b></u>      | <u><b>5,020</b></u> | <u><b>-</b></u>     | <u><b>5,020</b></u>  |

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

|   | 2022.9.30               |                      |                     |                      |
|---|-------------------------|----------------------|---------------------|----------------------|
|   | Fair value              |                      |                     |                      |
|   | Level 1                 | Level 2              | Level 3             | Total                |
| Financial assets at fair value through profit or loss:                |                         |                      |                     |                      |
| Derivative financial instruments - Forward foreign exchange contracts | \$ -                    | 6,717                | -                   | 6,717                |
| Derivative financial instruments - Foreign exchange swaps contracts   | -                       | 132                  | -                   | 132                  |
| Fund beneficiary certificates   | <u>25,956</u>           | <u>-</u>             | <u>-</u>            | <u>25,956</u>        |
|   | <b><u>\$ 25,956</u></b> | <b><u>6,849</u></b>  | <b><u>-</u></b>     | <b><u>32,805</u></b> |
| Financial assets at fair value through other comprehensive income:    |                         |                      |                     |                      |
| Domestic listed stocks  | \$ 71,961               | -                    | -                   | 71,961               |
| Foreign unlisted stocks   | <u>-</u>                | <u>-</u>             | <u>2,224</u>        | <u>2,224</u>         |
|   | <b><u>\$ 71,961</u></b> | <b><u>-</u></b>      | <b><u>2,224</u></b> | <b><u>74,185</u></b> |
| Financial liabilities at fair value through profit or loss:           |                         |                      |                     |                      |
| Derivative financial instruments - Forward foreign exchange contracts | \$ -                    | 4,141                | -                   | 4,141                |
| Derivative financial instruments - Foreign exchange swaps contracts   | <u>-</u>                | <u>13,220</u>        | <u>-</u>            | <u>13,220</u>        |
|   | <b><u>\$ -</u></b>      | <b><u>17,361</u></b> | <b><u>-</u></b>     | <b><u>17,361</u></b> |

## 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 with total market values of individual assets and individual liabilities covered by the valuation subject as well as other factors.

B. Derivative financial instruments

They are valued with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swaps 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 nine months ended September 30, 2023 and 2022.

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

(5) Detailed statement on changes in Level 3

Financial assets at fair value through other comprehensive income:

|   | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|---|--------------------------------------|--------------------------------------|
| Beginning Balance   | \$ 2,224                             | 1,288                                |
| Impact from initial consolidation of subsidiary                         | -                                    | 1,434                                |
| Changes recognized in other comprehensive incomes in the current period | <u>5,833</u>                         | <u>(498)</u>                         |
| Ending balance  | <u><u>\$ 8,057</u></u>               | <u><u>2,224</u></u>                  |

(XXV) 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, 2022.

(XXVI) 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, 2022.

(XXVII) Investment and financing activities not in cash

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

|   | <u>2023.1.1</u>            | <u>Cash flows</u>       | <u>Non-cash changes</u>                                  |                                  | <u>2023.9.30</u>        |
|---|----------------------------|-------------------------|--|----------------------------------|-------------------------|
|   |                            |                         | <u>Increase or<br/>decrease in<br/>lease liabilities</u> | <u>Exchange rate<br/>changes</u> |                         |
| Short-term borrowings   | \$ 1,886,020               | (334,349)               | -  | (846)                            | 1,550,825               |
| Long-term borrowings (including the part due within one year) | 1,550,653                  | (550,166)               | -  | 18                               | 1,000,505               |
| Lease liabilities   | <u>328,144</u>             | <u>(69,960)</u>         | <u>31,484</u>  | <u>814</u>                       | <u>290,482</u>          |
| Total liabilities from financing activities                   | <u><u>\$ 3,764,817</u></u> | <u><u>(954,475)</u></u> | <u><u>31,484</u></u>                                     | <u><u>(14)</u></u>               | <u><u>2,841,812</u></u> |

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

|   | 2022.1.1            | Cash flows     | Non-cash changes                                |   |                       | 2022.9.30        |
|---|---------------------|----------------|---|---|-----------------------|------------------|
|   |                     |                | Impact from initial consolidation of subsidiary | Increase or decrease in lease liabilities | Exchange rate changes |                  |
| Short-term borrowings   | \$ 1,311,304        | 610,746        | 122,161   | -   | 26,581                | 2,070,792        |
| Long-term borrowings (including the part due within one year) | 1,750,000           | (200,120)      | 850   | -   | (21)                  | 1,550,709        |
| Lease liabilities   | 257,374             | (55,891)       | 5,464   | 111,542                                   | 9,192                 | 327,681          |
| Total liabilities from financing activities                   | <u>\$ 3,318,678</u> | <u>354,735</u> | <u>128,475</u>                                  | <u>111,542</u>                            | <u>35,752</u>         | <u>3,949,182</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 having transactions with the Group during the period under the consolidated balance sheet are as follows:

| Name of related party                            | Relationship with the Group                               |
|--|---|
| Qisda Corporation (Qisda)                        | Parent company of the Company                             |
| Other related parties:                           |   |
| Partner Technology Co., Ltd.                     | Directly/indirectly controlled subsidiary of Qisda        |
| Alpha Networks Inc.                              | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Materials Corporation                       | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Asia Pacific Corporation                    | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ AB DentCare Corp.                           | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Healthcare Corporation                      | Directly/indirectly controlled subsidiary of Qisda        |
| Metaguru Corporation                             | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Guru Software Corporation                   | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Corporation                                 | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Co., Ltd (BQC)                              | Directly/indirectly controlled subsidiary of Qisda (Note) |
| BenQ Technology (Shanghai) Co., Ltd.             | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ Intelligent Technology (Shanghai) Co., Ltd. | Directly/indirectly controlled subsidiary of Qisda        |
| DIVA Laboratories. Ltd.                          | Directly/indirectly controlled subsidiary of Qisda        |
| Suzhou BenQ Hospital Co., Ltd.                   | Directly/indirectly controlled subsidiary of Qisda        |
| BenQ America Corp.                               | Directly/indirectly controlled subsidiary of Qisda        |
| Simula Technology Inc.                           | Directly/indirectly controlled subsidiary of Qisda        |

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

| Name of related party                   | Relationship with the Group                        |
|---|--|
| Golden Spirit Co., Ltd.                 | Directly/indirectly controlled subsidiary of Qisda |
| Data Image Corporation                  | Directly/indirectly controlled subsidiary of Qisda |
| Action Star Technology Co., Ltd.        | Directly/indirectly controlled subsidiary of Qisda |
| Metaage Corporation (MTG)               | Directly/indirectly controlled subsidiary of Qisda |
| AdvancedTEK International Corp.         | Directly/indirectly controlled subsidiary of Qisda |
| Global Intelligence Network Co., Ltd.   | Directly/indirectly controlled subsidiary of Qisda |
| Concord Medical Co. Ltd.                | Directly/indirectly controlled subsidiary of Qisda |
| Webest Solution Corp.                   | Directly/indirectly controlled subsidiary of Qisda |
| Qisda Optronics (Suzhou) Co., Ltd.      | Directly/indirectly controlled subsidiary of Qisda |
| Qisda (Suzhou) Co., Ltd.                | Directly/indirectly controlled subsidiary of Qisda |
| Darly Venture Inc.                      | Directly/indirectly controlled subsidiary of Qisda |
| Darly2 Venture, Inc.                    | Directly/indirectly controlled subsidiary of Qisda |
| Darly Consulting Corporation.           | Directly/indirectly controlled subsidiary of Qisda |
| AU Optronics Corporation (AUO)          | Company evaluating Qisda using the equity method   |
| AUO (Xiamen) Co., Ltd.                  | Direct/indirect subsidiary of AUO                  |
| AUO Digitech Taiwan Inc.                | Direct/indirect subsidiary of AUO                  |
| AUO Display Plus Corporation            | Direct/indirect subsidiary of AUO                  |
| AUO Crystal Corporation                 | Direct/indirect subsidiary of AUO                  |
| Darwin Precisions Corporation           | Direct/indirect subsidiary of AUO                  |
| Darwin Precisions (Xiamen) Corp.        | Direct/indirect subsidiary of AUO                  |
| AFPD Pte., Ltd                          | Direct/indirect subsidiary of AUO                  |
| Visco Vision Inc.                       | Related enterprise of Qisda                        |
| Darfon Electronics Corporation (Darfon) | Related enterprise of Qisda                        |
| Unictron Technologies Corp.             | Direct/indirect subsidiary of Darfon               |
| BenQ Foundations                        | Substantive related party of Qisda                 |
| Suzhou BenQ Foundation                  | Substantive related party of Qisda                 |
| Everlasting Digital ESG Co., Ltd.       | Related enterprise of MTG                          |
| Aewin Korea Technologies Co., Ltd.      | Substantive related party of AEWIN                 |
| Giantech Corp.                          | Substantial related party of Brainstorm            |
| Dolica Corporation                      | Substantial related party of Brainstorm            |

Note: BenQ Corporation has disposed of 100% equity interest in BenQ Co., Ltd (BQC) on September 30, 2022, so it is no longer a related party of the Group since that date.

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

### (III) Material transactions with related parties

#### 1. Net operating revenue

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

|                       | <u>July to<br/>September 2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|-----------------------|-----------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Parent company        | \$ 20,374                         | 42,572                            | 92,780                               | 65,455                               |
| Other related parties | 58,149                            | 144,188                           | 226,695                              | 281,862                              |
|                       | <u>\$ 78,523</u>                  | <u>186,760</u>                    | <u>319,475</u>                       | <u>347,317</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 - 120 days after shipment, and 30 - 120 days for non-related parties.

#### 2. Purchase

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

|                       | <u>July to<br/>September<br/>2023</u> | <u>July to<br/>September 2022</u> | <u>January to<br/>September 2023</u> | <u>January to<br/>September 2022</u> |
|-----------------------|---------------------------------------|-----------------------------------|--------------------------------------|--------------------------------------|
| Parent company        | \$ 27,278                             | 177,067                           | 193,741                              | 467,455                              |
| Other related parties | 2,933                                 | 3,634                             | 12,315                               | 14,079                               |
|                       | <u>\$ 30,211</u>                      | <u>180,701</u>                    | <u>206,056</u>                       | <u>481,534</u>                       |

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 - 90 days after shipment, and for non-related parties is 30 - 105 days after monthly settlement.

#### 3. Lease

The Group has leased plants and offices from the parent company and other related parties respectively and signed the lease contracts based on the rental prices in the adjacent areas. The total amount of increased right-of-use assets for the nine months ended September 30, 2022 was NTD664 thousand.

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

The Group has recognized interest expenses of NTD926 thousand and NTD1,100 thousand for the nine months ended September 30, 2023 and 2022, respectively. As of September 30, 2023, December 31 and September 30, 2022, the balances of related lease liabilities were NTD103,787 thousand, NTD114,094 thousand, and NTD117,511 thousand, respectively.

### 4. Property transaction

| Category of related party | Item                          | July to September 2023 | July to September 2022 | January to September 2023 | January to September 2022 |
|---------------------------|-------------------------------|------------------------|------------------------|---------------------------|---------------------------|
| Other related parties     | Property, plant and equipment | \$ -                   | -                      | -                         | 334                       |
| Other related parties     | Intangible assets             | 578                    | 2,100                  | 578                       | 3,084                     |
|                           |                               | <u>\$ 578</u>          | <u>2,100</u>           | <u>578</u>                | <u>3,418</u>              |

### 5. Acquisition of subsidiaries

Ace Pillar, the consolidated subsidiary, acquired 100% equity interest in ACE Energy from Darly Venture Inc., Darly2 Venture, Inc., Darly Consulting Corporation, and AU Optronics Corporation at a total price of NTD32,000 thousand on July 1, 2022, and the full payment of the above relevant price has been made.

### 6. 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 | July to September 2023 | July to September 2022 | January to September 2023 | January to September 2022 |
|--------------------|---------------------------|------------------------|------------------------|---------------------------|---------------------------|
| Operating costs    | Parent company            | \$ 6,798               | 15,351                 | 14,803                    | 23,018                    |
|                    | Other related parties     | 6,652                  | 4,666                  | 17,223                    | 10,964                    |
| Operating expenses | Parent company            | 1,172                  | 1,309                  | 3,089                     | 4,278                     |
|                    | Other related parties     | 4,626                  | 6,669                  | 18,327                    | 17,788                    |
| Other income       | Parent company            | -                      | 185                    | 508                       | 185                       |
|                    | Other related parties     | 1,462                  | 1,357                  | 4,176                     | 4,082                     |

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

### 7. Receivables from related parties

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

| Item                                  | Category of related party | 2023.9.30         | 2022.12.31     | 2022.9.30      |
|---------------------------------------|---------------------------|-------------------|----------------|----------------|
| Accounts receivable - related parties | Parent company            | \$ 34,776         | 147,835        | 170,602        |
|                                       | Other related parties     | 77,399            | 124,471        | 113,692        |
|                                       |                           | 112,175           | 272,306        | 284,294        |
| Other receivables                     | Parent company            | -                 | 55             | 270            |
|                                       | Other related parties     | 608               | 501            | 526            |
|                                       |                           | 608               | 556            | 796            |
|                                       |                           | <b>\$ 112,783</b> | <b>272,862</b> | <b>285,090</b> |

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.

### 8. Accounts payable to related parties

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

| Item                               | Category of related party | 2023.9.30         | 2022.12.31     | 2022.9.30      |
|------------------------------------|---------------------------|-------------------|----------------|----------------|
| Accounts payable - related parties | Parent company            | \$ 24,527         | 115,348        | 176,366        |
|                                    | Other related parties     | 6,401             | 1,837          | 2,884          |
|                                    |                           | 30,928            | 117,185        | 179,250        |
| Other payables                     | Parent company            | 6,509             | 4,298          | 4,263          |
|                                    | Other related parties     | 3,620             | 3,711          | 5,462          |
|                                    |                           | 10,129            | 8,009          | 9,725          |
| Lease liabilities - current        | Parent company            | 13,880            | 13,763         | 13,724         |
| Lease liabilities - non-current    | Parent company            | 89,907            | 100,331        | 103,787        |
|                                    |                           | 103,787           | 114,094        | 117,511        |
|                                    |                           | <b>\$ 144,844</b> | <b>239,288</b> | <b>306,486</b> |

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

### (IV) Compensation of main managerial officers

|                              | July to September<br>2023 | July to September<br>2022 | January to<br>September<br>2023 | January to<br>September<br>2022 |
|------------------------------|---------------------------|---------------------------|---------------------------------|---------------------------------|
| Short-term employee benefits | <u>\$ 9,261</u>           | <u>11,943</u>             | <u>32,732</u>                   | <u>34,751</u>                   |

### VIII. Pledged Assets

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

| <u>Asset name</u>                 | <u>Subject matter of pledge<br/>guarantee</u>                  | <u>2023.9.30</u>  | <u>2022.12.31</u> | <u>2022.9.30</u> |
|-----------------------------------|--|-------------------|-------------------|------------------|
| Pledged certificate<br>of deposit | Performance bond for<br>release before tax to<br>customs house | \$ 2,709          | 2,325             | 2,325            |
| Notes receivable                  | Bank loan guarantee  | 60,003            | 11,802            | 127,494          |
| Property, plant and<br>equipment  | Bank loan guarantee  | 448,310           | 454,165           | 455,857          |
| Property, plant and<br>equipment  | Performance guarantee<br>for purchases                         | <u>25,967</u>     | <u>29,979</u>     | <u>32,012</u>    |
|                                   |  | <u>\$ 536,989</u> | <u>498,271</u>    | <u>617,688</u>   |

The aforementioned pledged time deposits are classified as 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

In order to concentrate on the core business and enhance competitiveness, on August 1, 2023, the Group's Board of Directors approved the sale of 33,000 ordinary shares and 200,000 special shares of its subsidiary Brainstorm to Metaage Corporation, a subsidiary of Qisda Corporation for NTD530,075 thousand. This equity transaction has been completed on October 2, 2023.

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

### XII. Others

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

| By Nature                           | July to September 2023          |                                    |         | July to September 2022          |                                    |         |
|-------------------------------------|---------------------------------|------------------------------------|---------|---------------------------------|------------------------------------|---------|
|                                     | Attributable to operating costs | Attributable to operating expenses | Total   | Attributable to operating costs | Attributable to operating expenses | Total   |
| Employee benefits expenses          |                                 |                                    |         |                                 |                                    |         |
| Salary expense                      | 57,908                          | 276,492                            | 334,400 | 84,586                          | 328,158                            | 412,744 |
| Labor and health insurance expenses | 6,707                           | 28,369                             | 35,076  | 6,652                           | 27,505                             | 34,157  |
| Pension expense                     | 3,163                           | 13,622                             | 16,785  | 3,545                           | 13,157                             | 16,702  |
| Other employee benefit expenses     | 5,112                           | 10,398                             | 15,510  | 4,705                           | 9,860                              | 14,565  |
| Depreciation expenses               | 25,394                          | 34,297                             | 59,691  | 21,397                          | 31,168                             | 52,565  |
| Amortization expenses               | 1,002                           | 23,521                             | 24,523  | 619                             | 25,718                             | 26,337  |

| By Nature                           | January to September 2023       |                                    |           | January to September 2022       |                                    |           |
|-------------------------------------|---------------------------------|------------------------------------|-----------|---------------------------------|------------------------------------|-----------|
|                                     | Attributable to operating costs | Attributable to operating expenses | Total     | Attributable to operating costs | Attributable to operating expenses | Total     |
| Employee benefits expenses          |                                 |                                    |           |                                 |                                    |           |
| Salary expense                      | 194,665                         | 874,272                            | 1,068,937 | 237,939                         | 914,643                            | 1,152,582 |
| Labor and health insurance expenses | 20,778                          | 87,985                             | 108,763   | 19,629                          | 80,482                             | 100,111   |
| Pension expense                     | 9,659                           | 40,592                             | 50,251    | 9,986                           | 37,827                             | 47,813    |
| Other employee benefit expenses     | 16,053                          | 32,207                             | 48,260    | 14,654                          | 30,028                             | 44,682    |
| Depreciation expenses               | 71,530                          | 104,400                            | 175,930   | 68,422                          | 91,978                             | 160,400   |
| Amortization expenses               | 3,000                           | 71,778                             | 74,778    | 1,519                           | 72,156                             | 73,675    |

- (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)

### XIII. Supplementary Disclosures

- (I) Information on significant transactions:
1. Loan of funds to others: Please refer to Table 1.
  2. Endorsements and guarantees for others: None.
  3. Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint venture): Please refer to Table 2.
  4. The cumulative purchase or sale of the same securities amounted to NTD300 million or 20% and above of the paid-in capital: None.
  5. The amount of property acquired reached NTD300 million or 20% and above of the paid-in capital: None.
  6. The amount of property disposal reached NTD300 million or 20% and above of the paid-in capital: None.
  7. The amount of purchases or sales with related parties reached NTD100 million or 20% and above of the paid-in capital: Please refer to Table 3.
  8. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: Please refer to Table 4.
  9. Engaged in derivative products transactions: Please refer to Note VI (II).
  10. Business relationship and important transactions between the parent company and the subsidiaries: Please refer to Table 5.
- (II) Reinvestment and related information: Please refer to Table 6.
- (III) Information on Investment in Mainland China: Please refer to Table 7.
- (IV) Information on major shareholders:

Unit: Share

| 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

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

delivered without physical registration as a result of different preparation and calculation bases.

### XIV. Segment Information

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

|                                      | July to September 2023                |   |                        |                |                                  |                   |
|--------------------------------------|---------------------------------------|---|------------------------|----------------|----------------------------------|-------------------|
|                                      | Board cards<br>and systems<br>segment | Industrial<br>automation<br>control segment | Computer<br>components | Others         | Adjustment<br>and<br>elimination | Total             |
| Revenue from external clients        | \$ 1,311,783                          | 525,768                                     | 1,832,343              | 251,530        | -                                | 3,921,424         |
| Inter-departmental income            | 1,452                                 | 14  | -                      | 2,792          | (4,258)                          | -                 |
| Total income                         | <u>\$ 1,313,235</u>                   | <u>525,782</u>                              | <u>1,832,343</u>       | <u>254,322</u> | <u>(4,258)</u>                   | <u>3,921,424</u>  |
| Reportable department profit or loss | <u>\$ 92,934</u>                      | <u>(25,020)</u>                             | <u>(3,934)</u>         | <u>12,248</u>  | <u>700</u>                       | <u>76,928</u>     |
|                                      | July to September 2022                |   |                        |                |                                  |                   |
|                                      | Board cards<br>and systems<br>segment | Industrial<br>automation<br>control segment | Computer<br>components | Others         | Adjustment<br>and<br>elimination | Total             |
| Revenue from external clients        | \$ 2,035,964                          | 634,079                                     | 1,159,329              | 263,678        | -                                | 4,093,050         |
| Inter-departmental income            | 898,626                               | -   | -                      | -              | (898,626)                        | -                 |
| Total income                         | <u>\$ 2,934,590</u>                   | <u>634,079</u>                              | <u>1,159,329</u>       | <u>263,678</u> | <u>(898,626)</u>                 | <u>4,093,050</u>  |
| Reportable department profit or loss | <u>\$ 251,567</u>                     | <u>(8,970)</u>                              | <u>(38,031)</u>        | <u>21,014</u>  | <u>(3,163)</u>                   | <u>222,417</u>    |
|                                      | January to September 2023             |   |                        |                |                                  |                   |
|                                      | Board cards<br>and systems<br>segment | Industrial<br>automation<br>control segment | Computer<br>components | Others         | Adjustment<br>and<br>elimination | Total             |
| Revenue from external clients        | \$ 4,631,534                          | 1,612,378                                   | 4,501,191              | 757,514        | -                                | 11,502,617        |
| Inter-departmental income            | 10,020                                | 104   | -                      | 5,770          | (15,894)                         | -                 |
| Total income                         | <u>\$ 4,641,554</u>                   | <u>1,612,482</u>                            | <u>4,501,191</u>       | <u>763,284</u> | <u>(15,894)</u>                  | <u>11,502,617</u> |
| Reportable department profit or loss | <u>\$ 422,486</u>                     | <u>(56,233)</u>                             | <u>(12,110)</u>        | <u>43,653</u>  | <u>2,100</u>                     | <u>399,896</u>    |
|                                      | January to September 2022             |   |                        |                |                                  |                   |
|                                      | Board cards<br>and systems<br>segment | Industrial<br>automation<br>control segment | Computer<br>components | Others         | Adjustment<br>and<br>elimination | Total             |
| Revenue from external clients        | \$ 5,249,702                          | 2,298,885                                   | 3,694,034              | 600,157        | -                                | 11,842,778        |
| Inter-departmental income            | 2,013,099                             | 1,809                                       | -                      | -              | (2,014,908)                      | -                 |
| Total income                         | <u>\$ 7,262,801</u>                   | <u>2,300,694</u>                            | <u>3,694,034</u>       | <u>600,157</u> | <u>(2,014,908)</u>               | <u>11,842,778</u> |
| Reportable department profit or loss | <u>\$ 498,073</u>                     | <u>48,248</u>                               | <u>(70,909)</u>        | <u>49,460</u>  | <u>3,876</u>                     | <u>528,748</u>    |

**DFI Inc. and its subsidiaries**  
**Loan of funds to others**  
**From January 1 to September 30, 2023**

Table 1

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 the loan of funds | Business transaction amounts | Reason for short-term financing | Allowance for bad debts recognized | Collateral |       | Financing limit for borrowing company | Total financing limits |
|-----|-------------------|---------------------|-------------------------------------|---------------|----------------------------------|----------------|---|------------------------|-----------------------------|------------------------------|---------------------------------|------------------------------------|------------|-------|---------------------------------------|------------------------|
|     |                   |                     |                                     |               |                                  |                |   |                        |                             |                              |                                 |                                    | Name       | Value |                                       |                        |
| 1   | AEWIN             | Beijing AEWIN       | Other receivables - related parties | Yes           | 249,699                          | 224,930        | 224,930                                 | -                      | 1                           | 262,040                      | Business Interaction            | -                                  | -          | -     | 248,310                               | 496,620                |
| 2   | Ace Pillar        | Tianjin ACE Pillar  | Other receivables - related parties | Yes           | 353,456                          | 353,456        | 176,728                                 | -                      | 2                           | -                            | Operating capital fund          | -                                  | -          | -     | 397,560                               | 795,120                |
| 2   | Ace Pillar        | Suzhou Super Pillar | Other receivables - related parties | Yes           | 173,212                          | 88,364         | 30,927                                  | -                      | 2                           | -                            | Operating capital fund          | -                                  | -          | -     | 397,560                               | 795,120                |
| 3   | Cyber South       | Tianjin ACE Pillar  | Other receivables - related parties | Yes           | 22,589                           | 22,589         | -                                       | -                      | 2                           | -                            | Operating capital fund          | -                                  | -          | -     | 551,291                               | 551,291                |
| 4   | Proton            | Tianjin ACE Pillar  | Other receivables - related parties | Yes           | 12,908                           | 12,908         | -                                       | -                      | 2                           | -                            | Operating capital fund          | -                                  | -          | -     | 428,696                               | 428,696                |

Note1: The limits of funds lent by AEWIN to all others and to individual object were 40% and 20%, respectively, of the net value of its most recent financial statements.

Note2: The limits of funds lent by Ace Pillar to all others and to individual object were 40% and 20%, respectively, of the net value of its most recent financial statements.

Note3: The limits of funds lent by Cyber South to all others and to individual object were 10% and 5%, respectively, of the net value of its 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.

Note4: The limits of funds lent by Proton to all others and to individual object were 10% and 5%, respectively, of the net value of its 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.

Note5: "1" for those whose nature of the loan of funds is business transaction; "2" for those who have short-term financing needs.

Note6: The transactions of the Company's loans to subsidiaries had been written off when the consolidated financial statements were prepared.

**DFI Inc. and its subsidiaries**  
**Marketable securities held at the end of the period (excluding the investments in subsidiaries, related enterprises and equity joint venture)**  
**September 30, 2023**

Table 2

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

| Holder       | Type and name of marketable securities     | Relationship with the issuer of securities | Accounts  | End of period          |                 |                    |            | Remarks |
|--------------|--|--|---|------------------------|-----------------|--------------------|------------|---------|
|              |  |  |   | Number of shares/units | Carrying amount | Shareholding ratio | Fair value |         |
| The Company  | Beneficiary certificates: Cathay No.1 REIT | -  | Financial assets at fair value through profit or loss - current                 | 1,442                  | 25,740          | -                  | 25,740     | -       |
| The Company  | Stock: APLEX Technology Inc.               | -  | Financial assets at fair value through other comprehensive income - non-current | 1,487                  | 80,883          | 4.01%              | 80,883     | -       |
| AEWIN        | Stock: AEWIN KOREA TECHNOLOGIES CO., LTD.  | Substantive related party                  | Financial assets at fair value through other comprehensive income - non-current | 10                     | 745             | 16.67%             | 745        | -       |
| 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:           | 1.71%              | -          | -       |
| Standard Co. | Stock: COMPITEK CORP PTE LTD. (CPL)        | -  | Financial assets at fair value through other comprehensive income - non-current | 36                     | 7,312           | 6.28%              | 7,312      | -       |
| STCBVI       | Bonds: Biogen Inc.                         | -  | Financial assets measured at amortized cost - non-current                       | USD 100                | 3,396           | -                  | 3,396      | -       |

Note: All of the above have been provisioned for impairment.

**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 September 30, 2023**

Table 3

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 the general trading |               | Notes and accounts receivable (payable) |   | Remarks |
|--------------------------------------|--------------------------------------|-------------------------------|--------------------|-----------|------------------------------------|-------------------------|---|---------------|---|---|---------|
|                                      |                                      |                               | Purchase/(Sale)    | Amount    | Proportion to total purchase/sales | Credit period           | Unit price  | Credit period | Balance                                 | Proportion to total notes and accounts receivable (payable) |         |
| DFI AMERICA,LLC.                     | The Company                          | Parent company and subsidiary | Purchase           | 479,337   | 98.77%                             | 60-90 days to collect   | -   | -             | (35,534)                                | 99.94%  | Note 1  |
| The Company                          | DFI AMERICA,LLC.                     | Parent company and subsidiary | (Sales)            | (479,337) | 15.04%                             | 60-90 days to collect   | -   | -             | 35,534                                  | 6.72%   | Note 1  |
| Diamond Flower Information (NL) B.V. | The Company                          | Parent company and subsidiary | Purchase           | 406,742   | 100.00%                            | 60-90 days to collect   | -   | -             | (32,659)                                | 100.00%   | Note 1  |
| The Company                          | Diamond Flower Information (NL) B.V. | Parent company and subsidiary | (Sales)            | (406,742) | 12.76%                             | 60-90 days to collect   | -   | -             | 32,659                                  | 6.17%   | Note 1  |
| DFI Co.,Ltd.                         | The Company                          | Parent company and subsidiary | Purchase           | 232,288   | 98.43%                             | 60-90 days to collect   | -   | -             | (7,669)                                 | 83.36%  | Note 1  |
| The Company                          | DFI Co.,Ltd.                         | Parent company and subsidiary | (Sales)            | (232,288) | 7.29%                              | 60-90 days to collect   | -   | -             | 7,669                                   | 1.45%   | Note 1  |
| AEWIN                                | The Company                          | Parent company and subsidiary | Purchase           | 309,255   | 33.46%                             | Payment term of 90 days | -   | -             | (69,939)                                | 24.76%  | Note 1  |
| The Company                          | AEWIN                                | Parent company and subsidiary | (Sales)            | (309,255) | 9.70%                              | Payment term of 90 days | -   | -             | 69,939                                  | 13.22%  | Note 1  |
| Qisda                                | The Company                          | Parent company and subsidiary | (Sales)            | (171,345) | 0.30%                              | 60-90 days to collect   | -   | -             | 24,527                                  | 0.09%   | Note 1  |
| The Company                          | Qisda                                | Parent company and subsidiary | Purchase           | 171,345   | 9.67%                              | 60-90 days to collect   | -   | -             | (24,527)                                | 5.52%   | Note 1  |
| The Company                          | AEWIN                                | Parent company and subsidiary | Purchase           | 108,525   | 6.13%                              | Payment term of 60 days | -   | -             | -                                       | 0.00%   | Note 1  |
| AEWIN                                | The Company                          | Parent company and subsidiary | (Sales)            | Note 2:   | 0.00%                              | Payment term of 60 days | -   | -             | -                                       | 0.00%   | Note 1  |
| AEWIN                                | Beijing AEWIN                        | Parent company and subsidiary | (Sales)            | (159,770) | 16.54%                             | 150 days after shipment | -   | -             | 226,012                                 | 61.62%  | Note 1  |
| Beijing AEWIN                        | AEWIN                                | Parent company and subsidiary | Purchase           | 159,770   | 45.32%                             | 150 days after shipment | -   | -             | (226,012)                               | 41.38%  | Note 1  |
| AEWIN                                | AEWIN TECH                           | Parent company and subsidiary | (Sales)            | (109,403) | 11.33%                             | 120 days after shipment | -   | -             | 46,916                                  | 12.79%  | Note 1  |
| AEWIN TECH                           | AEWIN                                | Parent company and subsidiary | Purchase           | 109,403   | 100.00%                            | 120 days after shipment | -   | -             | (46,916)                                | 100.00%   | Note 1  |

Note1: The above transactions have been written off when the consolidated financial statements were prepared.

Note2: The sales amount of raw materials after processing and repurchase has been deducted.

**DFI Inc. and its subsidiaries**  
**Receivables from related parties reaching NTD100 million or 20% and above of paid-in capital**  
**From January 1 to September 30, 2023**

Table 4

Unit: In Thousands of New Taiwan Dollars

| Company of 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 | 226,012                                     | 0.57          | 129,842                                  | Strengthen collection |  | -                                  |
| AEWIN                  | Beijing AEWIN        | Parent company and subsidiary | 224,930                                     | -             | -  |                       | 52,917   | -                                  |
| Ace Pillar             | Tianjin ACE Pillar   | Parent company and subsidiary | 176,728                                     | -             | -  |                       |  | -                                  |

Note: The aforesaid transactions had been written off when the consolidated financial statements were prepared.

**DFI Inc. and its subsidiaries**  
**Business relationship and important transactions between the parent and the subsidiaries**  
**From January 1 to September 30, 2023**

Table 5

Unit: In Thousands of New Taiwan Dollars

| No. (Note 1) | Name of trader | Counterparty                         | Relationship with trader (Note 2) | Transaction                    |           |                         |  |
|--------------|----------------|--------------------------------------|-----------------------------------|--------------------------------|-----------|-------------------------|--|
|              |                |                                      |                                   | Account                        | Amount    | Transaction terms       | Proportion to consolidated revenue or asset (Note 7) |
| 0            | The Company    | DFI AMERICA, LLC.                    | 1                                 | (Sales)                        | (479,337) | 60-90 days to collect   | 4.17%  |
| 0            | The Company    | Diamond Flower Information (NL) B.V. | 1                                 | (Sales)                        | (406,742) | 60-90 days to collect   | 3.54%  |
| 0            | The Company    | DFI Co., Ltd.                        | 1                                 | (Sales)                        | (232,288) | 60-90 days to collect   | 2.02%  |
| 0            | The Company    | AEWIN                                | 1                                 | (Sales)                        | (309,255) | Payment term of 90 days | 2.69%  |
| 1            | AEWIN          | Beijing AEWIN                        | 3                                 | (Sales)                        | (159,770) | Note 5                  | 1.39%  |
| 1            | AEWIN          | Beijing AEWIN                        | 3                                 | Accounts receivable            | 226,012   | Note 5                  | 1.93%  |
| 1            | AEWIN          | Beijing AEWIN                        | 3                                 | Other receivables              | 224,930   | Note 5                  | 1.92%  |
| 2            | Ace Pillar     | Tianjin ACE Pillar                   | 3                                 | Other receivables - borrowings | 176,728   | One year                | 1.51%  |

Note1: The numbers should be filled in as follows:

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

Note2: The types of relationships with traders are indicated as follows:

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

Note3: The business relationship and important transactions between the parent and subsidiaries only discloses sales of goods and accounts receivable, and corresponding purchase and accounts payable are omitted here.

Note4: It is calculated by dividing the transaction amount by the consolidated operating income or total consolidated assets.

Note5: 150 days after shipment and subject to extension according to market conditions.

Note6: With respect to the business relationships and important transactions between the parent and subsidiaries, only information regarding those accounting for 1% or more of the consolidated revenue or assets are disclosed.,

**DFI Inc. and its subsidiaries**  
**Reinvestment and related information**  
**From January 1 to September 30, 2023**

Table 6

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         | Sale of industrial computer cards  | 254,683                    | 254,683          | 1,209               | 100%   | 402,217         | 10,612                                       | 10,612   | Subsidiary of the Company                       |
| The Company              | Yan Tong                             | Mauritius   | General investment business  | 107,198                    | 107,198          | 3,500               | 100%   | 92,610          | (23,475)                                     | (23,465)   | Subsidiary of the Company                       |
| The Company              | DFI Co., Ltd                         | Japan       | Sale of industrial computer cards  | 104,489                    | 104,489          | 6                   | 100%   | 144,119         | 31,905                                       | 31,905   | Subsidiary of the Company                       |
| The Company              | Diamond Flower Information (NL) B.V. | Netherlands | Sale of industrial computer cards  | 35,219                     | 35,219           | 12                  | 100%   | 140,090         | 34,089                                       | 34,089   | Subsidiary of the Company                       |
| The Company              | AEWIN                                | Taiwan      | Design, manufacturing and sale of industrial computer mainboards and related products  | 564,191                    | 564,191          | 30,376              | 51.38% | 626,782         | 8,022  | 3,263  | 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% | 1,050,738       | (14,569)                                     | (10,997)   | Subsidiary of the Company                       |
| The Company              | Brainstorm                           | USA         | Wholesale and retail of computers and peripheral devices   | 501,582                    | 501,582          | 233                 | 35.09% | 540,240         | 17,662                                       | (5,788)  | Subsidiary of the Company                       |
| AEWIN                    | Wise Way                             | Anguilla    | Investment business  | 46,129                     | 46,129           | 1,500               | 100%   | 89,985          | (52,781)                                     | (Note 1)   | Subsidiary indirectly controlled by the Company |
| AEWIN                    | Aewin Tech Inc.                      | USA         | Wholesale of computers, peripheral equipment and software  | 77,791                     | 77,791           | 2,560               | 100%   | 16,552          | (4,662)                                      | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Wise Way                 | Bright Profit                        | Hong Kong   | Investment business  | 46,129                     | 46,129           | 1,500               | 100%   | 135,856         | (52,781)                                     | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Ace Pillar               | Cyber South                          | Samoa       | Holding Company  | 107,041                    | 107,041          | 4,669               | 100%   | 551,291         | (32,545)                                     | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Ace Pillar               | Hong Kong ACE Pillar                 | Hong Kong   | Trading of transmission mechanical components  | 5,120                      | 5,120            | 1,200               | 100%   | 4,933           | (1,325)                                      | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Cyber South              | Proton                               | Samoa       | Holding Company  | 527,665                    | 527,665          | 17,744              | 100%   | 428,696         | (33,556)                                     | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Cyber South              | Ace Tek                              | Hong Kong   | Holding Company  | 4,938                      | 4,938            | 150                 | 100%   | 2,581           | 393  | (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%    | 219,372         | 13,798                                       | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Standard Co.             | Standard Technology Corp.            | BVI         | Holding Company  | 21,727                     | 21,727           | 600                 | 100%   | 111,321         | 12,330                                       | (Note 1)   | Subsidiary indirectly controlled by the Company |
| Ace Pillar               | ACE Energy                           | Taiwan      | Energy Service Company   | 166,760                    | 166,760          | 4,993               | 99.86% | 199,771         | 20,688                                       | (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%   | 163,260         | 16,306                                       | (Note 1)   | Subsidiary indirectly controlled by the Company |

Note1: The profit or loss of the investee company has been included in its investor. To avoid confusion, it will not be expressed separately here.

Note2: The subsidiaries directly and indirectly controlled by the Company in the above table have been written off when the consolidated financial statements were prepared.

Note3: It is a limited liability company and therefore owns no number of shares.

**DFI Inc. and its subsidiaries**  
**Information on Investment in Mainland China**  
**From January 1 to September 30, 2023**

Table 7

1. Information on Reinvestment in Mainland China:

In Thousands of New Taiwan Dollar/In thousands of foreign currency

| Name of 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 Tong Infotech (Dongguan) Co., Ltd    | Manufacturing and sale of computer cards, board cards, host computers, electronic parts and components       | 69,200<br>(USD 2,500 )     | (Note 1)          | -  | -   | -           | -   | 2,559   | 100%   | 2,559<br>(Note 2)                                 | 59,933                              | 33,306  |
| Yan Ying Hao Trading (Shenzhen) Co. Ltd. | Wholesale, import and export of computer cards, board cards, host computers, electronic parts and components | 13,840<br>(USD 500 )       | (Note 1)          | -  | -   | -           | -   | (27,503)  | 100%   | (27,503)<br>(Note 2)                              | 21,907                              | -   |
| Beijing AEWIN                            | Wholesale of computers, peripheral equipment and software  | 46,129<br>(USD 1,500 )     | (Note 1)          | 46,129<br>(USD 1,500 )   | -   | -           | 46,129<br>(USD 1,500 )  | (52,782)  | 100%   | (52,782)<br>(Note 3)                              | 135,850                             | -   |
| Aewin (Shenzhen)                         | Wholesale of computers, peripheral equipment and software  | 15,265<br>(RMB 3,500 )     | (Note 5)          | -  | -   | -           | -   | 1,945<br>(RMB 440 )                                 | 100%   | 1,945<br>(RMB 440 )<br>(Note 3)                   | (224)<br>(RMB (51) )                | -   |
| Tianjin ACE Pillar                       | Trading of transmission mechanical components  | 1,139,034<br>(USD 35,297 ) | (Note 1)          | 62,927<br>(USD 1,950 )   | -   | -           | 62,927<br>(USD 1,950 )  | (40,260)  | 100%   | (40,260)<br>(Note 3)                              | 506,336                             | 125,533   |
| Tianjin Jinhao                           | Manufacturing and processing of mechanical transmission products   | 7,378<br>(RMB 1,670 )      | (Note 1)          | 5,163<br>(USD 160 )  | -   | -           | 5,163<br>(USD 160 )   | (6)   | 100%   | (6)<br>(USD (0.2) )<br>(Note 3)                   | 4,169<br>(USD 129 )                 | -   |
| Quansheng Information                    | Electronic system integration  | 9,681<br>(USD 300 )        | (Note 1)          | 4,841<br>(USD 150 )  | -   | -           | 4,841<br>(USD 150 )   | 393   | 100%   | 393<br>(USD 13 )<br>(Note 3)                      | 2,553<br>(USD 79 )                  | -   |
| Suzhou Super Pillar                      | Processing and technical services of mechanical transmission and control products                            | 46,792<br>(USD 1,450 )     | (Note 1)          | -<br>(Note 4)  | -   | -           | -<br>(Note 4)   | 1,934   | 100%   | 1,934<br>(USD 64 )<br>(Note 3)                    | 110,106<br>(USD 3,412 )             | -   |
| Shanghai Standard                        | Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services         | 15,490<br>(USD 480 )       | (Note 1)          | 15,490<br>(USD 480 )   | -   | -           | 15,490<br>(USD 480 )  | 12,260  | 100%   | 12,260<br>(Note 3)                                | 107,751                             | 134,972   |

Note1: Reinvest in the companies in mainland China through companies established in third regions.

Note2: It is recognized in line with the financial report prepared by the investee on its own and not reviewed by the accountant.

Note3: It is recognized in line with the financial report prepared by the investee and reviewed by the accountant of the parent company in Taiwan.

Note4: It was reinvested and established by Cyber South.

Note5: It is a mainland China-based company reinvested by Beijing AEWIN.

2. Limit amount of investment in mainland China:

| Name of investor company | The cumulative amount of investment remitted from Taiwan to the Mainland Chinese at the end of the current period | Investment amount approved by the Investment Commission of the Ministry of Economic Affairs | Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2) |
|--------------------------|---|---|---|
| DFI                      | 0 (Note 1)  | 67,283 (Note 3 and Note 4)<br>(USD 2,085 )  | 3,387,718   |
| AEWIN                    | 46,129<br>(USD 1,500 )  | 64,540<br>(USD 2,000 )  | 744,929   |
| Ace Pillar               | 165,190<br>(USD 5,119 )   | 165,190<br>(USD 5,119 )   | 1,250,137   |
| Standard Co.             | 15,490<br>(USD 480 )  | 15,490<br>(USD 480 )  | 112,860   |

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

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

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

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

3. Material transactions with investees in mainland China:

Please refer to the statement under the "Information on Significant Transactions" for details on direct or indirect material transactions between the Group and investees in mainland China from January 1 to September 30, 2023 (which had been written off when the consolidated financial statements were prepared).