

DFI Inc. and Its Subsidiaries
Consolidated Financial Statements and
Independent Auditors' Review Report

For the six months ended June 30, 2025 and 2024

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 Directions and Shareholders DFI Inc.:

Foreword

We have reviewed the accompanying consolidated balance sheet as of June 30, 2025 and 2024 of DFI Inc. and its subsidiaries (hereinafter collectively the "Group"), the consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes to the consolidated financial report (including the summary of significant accounting policies) for the six months ended June 30, 2025 and 2024. 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 certain insignificant subsidiaries of DFI Inc. have been included in the aforesaid consolidated financial statements based on the financial statements of these invested companies were not reviewed by the independent auditors for the same period. As of June 30, 2025, and 2024, the total assets of NTD (the same below) 429,707 thousand and NTD787,124 thousand respectively, representing 3.67% and 8.53% of total consolidated assets respectively; and total liabilities of NTD100,531 thousand and NTD120,821 thousand respectively, representing 1.63% and 2.72% of total consolidated liabilities respectively; and its total comprehensive income (loss) of NTD(29,618) thousand, NTD7,239 thousand, NTD292 thousand, and NTD26,058 thousand respectively for the three months ended June 30, 2025, for the three months ended June 30, 2024, for the six months ended June 30, 2025, and for the six months ended June 30, 2024, representing 16.29%, 16.54%, 7.24%, and 19.34% of absolute values consolidated comprehensive income (loss) respectively.

Except as described in the preceding paragraph, as stated in Note VI(VII) of the consolidated financial report, the Company and its subsidiaries had investments accounted for using the equity method amounting to NTD262,313 thousand as of June 30, 2025. The share of profit (loss) of associates accounted for using the equity method from April 1 to June 30, 2025 and from January 1 to June 30, 2025, was (NTD222) thousand and (NTD664) thousand, respectively, based on the financial reports of the investee companies for the same period, which were not reviewed by accountants.

Qualified Conclusion

Based on our reviews, except for possible effects from financial statements of these insignificant subsidiaries and investee companies mentioned in the paragraph titled "Basis for Qualified Conclusion" if they were reviewed by independent auditors, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2025 and 2024, and of its consolidated financial performance for the three months ended June 30, 2025, for the three months ended June 30, 2024, for the six months ended June 30, 2025, and for the six months ended June 30, 2024, and its consolidated cash flows for the six months ended June 30, 2025, and for the six months ended June 30, 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards 34 "Interim Financial Reporting", which have been endorsed by the Financial Supervisory Commission and put into effect.

KPMG Taiwan

CPA:

Assurance Document	Jin-Guan-Zheng-Shen-Zi No.
Number Approved by	: 1060005191
Securities Authority	(88) Tai-Cai-Zheng (VI) No. 18311
August 4, 2025	

Notes to Reader

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

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

DFI Inc. and Its Subsidiaries

Consolidated Balance Sheet

June 30, 2025, December 31, 2024, and June 30, 2024

Unit: In Thousands of New Taiwan Dollars

		2025.6.30		2024.12.31		2024.6.30	
Assets		Amount	%	Amount	%	Amount	%
Current assets:							
1100	Cash and cash equivalents (Note VI (I))	\$ 2,213,479	19	2,512,850	21	1,813,138	20
1110	Financial assets measured at fair value through profit or loss - current (Notes VI (II))	32,935	-	28,351	-	26,280	-
1136	Financial assets measured at amortized cost - current (Notes VI (IV) & VIII)	5,824	-	2,726	-	2,725	-
1141	Contract assets - current (Note VI (XXIII))	15,789	-	11,383	-	25,260	-
1170	Net of notes receivable and accounts receivable (Notes VI (V), (XXIII) and VIII)	1,952,844	17	2,235,646	18	1,894,790	21
1180	Accounts receivable - related parties (Notes VI (V), (XXIII) and VII)	174,164	1	156,338	1	90,495	1
1200	Other receivables (Notes VI (V) & VII)	24,500	-	18,846	-	16,853	-
130X	Inventories (Notes VI (VI))	2,168,208	19	2,079,464	17	1,668,721	18
1410	Prepayments	131,463	1	109,507	1	87,120	1
1470	Other current assets	<u>6,776</u>	<u>-</u>	<u>11,561</u>	<u>-</u>	<u>13,441</u>	<u>-</u>
	Total current assets	<u>6,725,982</u>	<u>57</u>	<u>7,166,672</u>	<u>58</u>	<u>5,638,823</u>	<u>61</u>
Non-current assets:							
1517	Financial assets at fair value through other comprehensive income - non-current (Note VI (III))	58,760	1	59,972	1	100,821	1
1535	Financial assets at amortized cost - non-current (Note VI (IV))	3,055	-	3,420	-	3,387	-
1550	Investment under the equity method (Notes VI (III) & (VII))	262,313	2	272,944	2	-	-
1600	Property, plant and equipment (Notes VI (IX) & VIII)	2,220,585	19	2,287,843	19	2,329,811	25
1755	Right-of-use assets (Notes VI (X) & VII)	241,585	2	302,176	2	274,261	3
1760	Net of investment properties (Notes VI (XI))	287,152	3	288,904	2	290,656	3
1780	Intangible assets (Notes VI (VIII), (XII) & VII)	1,775,019	15	1,816,342	15	431,381	5
1840	Deferred income tax assets	90,210	1	91,877	1	111,879	1
1990	Other non-current assets	<u>53,110</u>	<u>-</u>	<u>48,274</u>	<u>-</u>	<u>44,305</u>	<u>1</u>
	Total non-current assets	<u>4,991,789</u>	<u>43</u>	<u>5,171,752</u>	<u>42</u>	<u>3,586,501</u>	<u>39</u>
	Total assets	<u><u>\$ 11,717,771</u></u>	<u><u>100</u></u>	<u><u>12,338,424</u></u>	<u><u>100</u></u>	<u><u>9,225,324</u></u>	<u><u>100</u></u>

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chen Chi-Hong

President: Tien Chih-Yin

Accounting Supervisor: Huang Li-Min

DFI Inc. and Its Subsidiaries

Consolidated Balance Sheets (Continued)

June 30, 2025, December 31, 2024, and June 30, 2024

Unit: In Thousands of New Taiwan Dollars

		2025.6.30		2024.12.31		2024.6.30	
		Amount	%	Amount	%	Amount	%
Liabilities and equity							
Current liabilities:							
2100	Short-term borrowings (Notes VI (XIII) & VIII)	\$ 1,077,769	9	1,388,927	11	1,036,007	11
2120	Financial liabilities measured at fair value through profit or loss - current (Note VI (II))	4,205	-	9,265	-	5,366	-
2130	Contract liabilities - current (Note VI (XXIII))	114,830	1	114,118	1	145,309	2
2170	Notes and accounts payables	1,519,481	13	1,560,070	13	1,074,302	12
2180	Accounts payable - related parties (Note VII)	58,737	1	66,931	-	18,522	-
2200	Other payables (Notes VI (XXI), (XXIV) & VII)	932,423	8	571,359	5	798,135	9
2230	Current income tax liabilities	122,043	1	119,492	1	93,601	1
2250	Provisions - current (Note VI (XVIII))	31,657	-	30,437	-	35,378	-
2280	Lease liabilities - current (Note VI (XVII) & VII)	74,271	1	95,238	1	79,587	1
2322	Long-term borrowings - current portion (Notes VI (XV))	176,000	1	86,000	1	-	-
2325	Preferred share liabilities - current (Note VI (XVI))	-	-	165,559	1	-	-
2399	Other current liabilities	15,666	-	17,030	-	17,933	-
	Total current liabilities	<u>4,127,082</u>	<u>35</u>	<u>4,224,426</u>	<u>34</u>	<u>3,304,140</u>	<u>36</u>
Non-current liabilities:							
2530	Corporate bonds payable (Note VI (XIV))	947,284	8	936,074	8	-	-
2540	Long-term borrowings (Notes VI (XV) & VIII)	574,000	5	764,000	6	750,000	8
2570	Deferred income tax liabilities	378,861	4	382,375	3	211,302	2
2580	Lease liabilities - non-current (Note VI (XVII) & VII)	135,893	1	178,260	2	165,799	2
2640	Net defined benefit liabilities - non-current	14,053	-	15,159	-	18,058	-
2670	Other non-current liabilities	442	-	903	-	-	-
	Total non-current liabilities	<u>2,050,533</u>	<u>18</u>	<u>2,276,771</u>	<u>19</u>	<u>1,145,159</u>	<u>12</u>
	Total liabilities	<u>6,177,615</u>	<u>53</u>	<u>6,501,197</u>	<u>53</u>	<u>4,449,299</u>	<u>48</u>
Equity attributable to the owners of the parent company (Note VI (III), (VIII) and (XXI)):							
3110	Share capital - ordinary shares	1,144,889	10	1,144,889	9	1,144,889	12
3200	Capital surplus	898,631	8	898,131	7	629,934	7
3300	Retained earnings	1,357,173	11	1,538,288	13	1,224,538	13
3400	Other equity	(145,672)	(1)	(69,566)	(1)	(36,079)	-
	Total equity attributable to owners of parent company	<u>3,255,021</u>	<u>28</u>	<u>3,511,742</u>	<u>28</u>	<u>2,963,282</u>	<u>32</u>
36XX	Non-controlling interests (Note VI (VIII) & (XXI))	<u>2,285,135</u>	<u>19</u>	<u>2,325,485</u>	<u>19</u>	<u>1,812,743</u>	<u>20</u>
	Total equity	<u>5,540,156</u>	<u>47</u>	<u>5,837,227</u>	<u>47</u>	<u>4,776,025</u>	<u>52</u>
	Total liabilities and equity	<u>\$ 11,717,771</u>	<u>100</u>	<u>12,338,424</u>	<u>100</u>	<u>9,225,324</u>	<u>100</u>

(Please refer to notes to consolidated financial statements)

Chairman: Chen Chi-Hong

President: Tien Chih-Yin

Accounting Supervisor: Huang Li-Min

DFI Inc. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
April 1 to June 30, 2025 and 2024 and January 1 to June 30, 2025 and 2024
Unit: In Thousands of New Taiwan Dollars

		April to June 2025		April to June 2024		January to June 2025		January to June 2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Net operating revenue (Notes VI (XXIII), VII and XIV)	\$ 2,900,324	100	2,167,776	100	5,499,224	100	4,073,962	100
5000	Operating costs (Notes VI (VI), (IX), (X), (XII), (XVII), (XVIII), (XIX), (XXIV), VII & XII)	(2,141,996)	(74)	(1,579,822)	(73)	(4,001,945)	(73)	(2,960,553)	(73)
	Gross Profit	758,328	26	587,954	27	1,497,279	27	1,113,409	27
	Operating expenses (Note VI (V), (IX), (X), (XI), (XII), (XVII), (XIX), (XXIV), VII & XII):								
6100	Selling and marketing expenses	(276,060)	(9)	(235,185)	(11)	(538,764)	(9)	(459,411)	(11)
6200	General and administrative expenses	(136,008)	(5)	(117,510)	(5)	(268,681)	(5)	(233,733)	(6)
6300	Research and development expenses	(143,786)	(5)	(118,674)	(5)	(271,598)	(5)	(229,204)	(6)
6450	Expected credit impairment loss (gain on reversal)	19,882	1	3,364	-	3,525	-	3,144	-
6000	Total operating expenses	(535,972)	(18)	(468,005)	(21)	(1,075,518)	(19)	(919,204)	(23)
	Net operating income	222,356	8	119,949	6	421,761	8	194,205	4
	Non-operating income and expenses (Notes VI (VII), (XVII), (XXV) & VII)								
7100	Interest income	7,324	-	6,275	-	11,021	-	8,841	-
7010	Other income	3,823	-	10,649	1	10,431	-	20,713	1
7060	Share of loss from associates recognized using the equity method	(222)	-	-	-	(664)	-	-	-
7020	Other gain and loss	(31,424)	(1)	(12,959)	(1)	(42,320)	(1)	(13,738)	-
7050	Finance costs	(17,208)	(1)	(10,998)	(1)	(35,891)	-	(22,169)	(1)
	Total non-operating income and expenses	(37,707)	(2)	(7,033)	(1)	(57,423)	(1)	(6,353)	-
7900	Profit before tax	184,649	6	112,916	5	364,338	7	187,852	4
7950	Less: Income tax expense (Note VI (XX))	(44,864)	(1)	(31,731)	(1)	(85,840)	(2)	(51,836)	(1)
8200	Net profit for the period	139,785	5	81,185	4	278,498	5	136,016	3
	Other comprehensive income (Note VI (XX) and (XXI)):								
8310	Items that will not be reclassified to profit or loss								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(2,676)	-	(427)	-	(1,212)	-	66	-
8349	Income tax relating to items that will not be reclassified	155	-	(1,301)	-	15	-	(1,301)	-
		(2,521)	-	(1,728)	-	(1,197)	-	(1,235)	-
8360	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences on translating the financial statements of foreign operations	(165,621)	(6)	6,794	-	(116,505)	(2)	33,213	1
8399	Income tax relating to items that may be reclassified	-	-	-	-	-	-	-	-
		(165,621)	(6)	6,794	-	(116,505)	(2)	33,213	1
	Other comprehensive income (loss) for the period	(168,142)	(6)	5,066	-	(117,702)	(2)	31,978	1
8500	Total comprehensive income (loss) for the period	\$ (28,357)	(1)	86,251	4	160,796	3	167,994	4
	Net profit in current period attributable to:								
8610	Owners of the parent company	\$ 101,589	4	72,884	4	208,147	4	124,834	3
8620	Non-controlling interests	38,196	1	8,301	-	70,351	1	11,182	-
		\$ 139,785	5	81,185	4	278,498	5	136,016	3
	Total comprehensive income (loss) attributable to:								
8710	Owners of the parent company	\$ (10,861)	-	74,029	4	132,041	3	144,546	3
8720	Non-controlling interests	(17,496)	(1)	12,222	-	28,755	-	23,448	1
		\$ (28,357)	(1)	86,251	4	160,796	3	167,994	4
	Earnings per share (Unit: In New Taiwan Dollars, Note VI (XXII)):								
9750	Basic earnings per share	\$ 0.89		0.64		1.82		1.09	
9850	Diluted earnings per share	\$ 0.88		0.64		1.81		1.09	

(Please refer to notes to consolidated financial statements)

Chairman: Chen Chi-Hong

President: Tien Chih-Yin

Accounting Supervisor: Huang Li-Min

DFI Inc. and Its Subsidiaries
Consolidated Statements of Changes in Equity
January 1 to June 30, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

	Equity attributable to owners of parent company											
	Retained earnings						Other equity items					
	Share capital - ordinary shares	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2024	\$ 1,144,889	629,767	924,057	38,040	481,074	1,443,171	(97,599)	41,808	(55,791)	3,162,036	1,820,846	4,982,882
Net profit for the period	-	-	-	-	124,834	124,834	-	-	-	124,834	11,182	136,016
Other comprehensive income (loss) for the period	-	-	-	-	-	-	19,507	205	19,712	19,712	12,266	31,978
Total comprehensive income (loss) for the period	-	-	-	-	124,834	124,834	19,507	205	19,712	144,546	23,448	167,994
Profit distribution:												
Legal reserve	-	-	36,913	-	(36,913)	-	-	-	-	-	-	-
Special reserve	-	-	-	17,750	(17,750)	-	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(343,467)	(343,467)	-	-	-	(343,467)	-	(343,467)
Cash dividends distributed by subsidiaries to												
non-controlling interests	-	-	-	-	-	-	-	-	-	-	(31,605)	(31,605)
Disposition of employee stock ownership trust inflows	-	124	-	-	-	-	-	-	-	124	-	124
Changes in ownership interests in subsidiaries	-	43	-	-	-	-	-	-	-	43	54	97
Balance as of June 30, 2024	\$ 1,144,889	629,934	960,970	55,790	207,778	1,224,538	(78,092)	42,013	(36,079)	2,963,282	1,812,743	4,776,025
Balance as of January 1, 2025	\$ 1,144,889	898,131	960,970	55,790	521,528	1,538,288	(70,975)	1,409	(69,566)	3,511,742	2,325,485	5,837,227
Net profit for the period	-	-	-	-	208,147	208,147	-	-	-	208,147	70,351	278,498
Other comprehensive income (loss) for the period	-	-	-	-	-	-	(75,546)	(560)	(76,106)	(76,106)	(41,596)	(117,702)
Total comprehensive income (loss) for the period	-	-	-	-	208,147	208,147	(75,546)	(560)	(76,106)	132,041	28,755	160,796
Profit distribution:												
Legal reserve	-	-	43,858	-	(43,858)	-	-	-	-	-	-	-
Special reserve	-	-	-	13,775	(13,775)	-	-	-	-	-	-	-
Cash dividends for ordinary shares	-	-	-	-	(389,262)	(389,262)	-	-	-	(389,262)	-	(389,262)
Cash dividends distributed by subsidiaries to												
non-controlling interests	-	-	-	-	-	-	-	-	-	-	(68,050)	(68,050)
Disposition of employee stock ownership trust inflows	-	390	-	-	-	-	-	-	-	390	-	390
Changes in ownership interests in subsidiaries	-	110	-	-	-	-	-	-	-	110	116	226
Non-controlling interests adjustments	-	-	-	-	-	-	-	-	-	-	(1,171)	(1,171)
Balance as of June 30, 2025	\$ 1,144,889	898,631	1,004,828	69,565	282,780	1,357,173	(146,521)	849	(145,672)	3,255,021	2,285,135	5,540,156

(Please refer to notes to consolidated financial statements)

Chairman: Chen Chi-Hong

President: Tien Chih-Yin

Accounting Supervisor: Huang Li-Min

DFI Inc. and Its Subsidiaries
Consolidated Statements of Cash Flows
January 1 to June 30, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

	January to June 2025	January to June 2024
Cash flows from operating activities:		
Net profit before tax for the period	\$ 364,338	187,852
Adjustment item:		
Adjustments for		
Depreciation expenses	116,139	107,288
Amortization expenses	50,230	14,601
Gain on reversal of expected credit impairment	(3,525)	(3,144)
Net loss on financial assets and liabilities measured at fair value through profit or loss	3,236	72
Interest expense	35,891	22,169
Interest income	(11,021)	(8,841)
Dividend income	(339)	(5,589)
Share of loss from associates recognized using the equity method	664	-
Loss (gain) on disposal of property, plant and equipment	7	(901)
Gain on liquidation of subsidiary	-	(4,360)
Loss (gain) on lease amendment	(3,744)	13
Total revenue, expense and loss items	187,538	121,308
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Financial assets mandatorily classified as at fair value through profit or loss	(7,625)	19,113
Contract assets	(4,406)	(24,448)
Notes and accounts receivable	286,331	(24,079)
Accounts receivable - related parties	(17,826)	(18,742)
Other receivables	(1,924)	(4,756)
Inventories	(88,744)	224,736
Prepayments	(21,956)	(6,860)
Other current assets	249	(5,489)
Other operating assets	1,117	510
Total net changes in assets related to operating activities	145,216	159,985
Net change in liabilities related to operating activities:		
Financial liabilities held for trading	(5,060)	2,001
Contract liabilities	712	29,934
Notes and accounts payables	(40,589)	121,530
Accounts payable - related parties	(8,194)	(2,369)
Other payables	(86,503)	(9,451)
Provision for liabilities	1,220	(6,386)
Other current liabilities	(1,364)	(14,229)
Net defined benefit liabilities	(1,314)	(1,271)
Other non-current liabilities	(461)	-
Total net changes in liabilities related to operating activities	(141,553)	119,759
Total net changes in assets and liabilities related to operating activities	3,663	279,744
Total adjustment items	191,201	401,052
Cash inflows from operations	555,539	588,904
Interest received	11,052	8,723
Interest paid	(25,567)	(22,214)
Income tax paid	(85,349)	(124,933)
Net cash inflows from operating activities	455,675	450,480

(Continued on the next page)

(Please refer to notes to consolidated financial statements)

Chairman: Chen Chi-Hong

President: Tien Chih-Yin

Accounting Supervisor: Huang Li-Min

DFI Inc. and Its Subsidiaries
Consolidated Statements of Cash Flows (Continued from the previous page)
January 1 to June 30, 2025 and 2024

Unit: In Thousands of New Taiwan Dollars

	January to June 2025	January to June 2024
Cash flows from investing activities:		
Purchase of financial assets at fair value through other comprehensive income	-	(14,041)
Purchase of financial assets at amortized cost	(3,489)	(16)
Proceeds from sale of financial assets at amortized cost	391	-
Purchase of property, plant and equipment	(22,865)	(12,790)
Proceeds from disposal of property, plant and equipment	12	1,181
Increase in refundable deposits	(7,260)	(981)
Purchase of intangible assets	(6,149)	(450)
Increase in other non-current assets	-	(2,121)
Dividends received	7,775	5,589
Net cash outflows from investing activities	(31,585)	(23,629)
Cash flows from financing activities:		
Increase in short-term borrowings	3,072,422	2,184,916
Decrease in short-term borrowings	(3,356,776)	(2,235,674)
Long-term borrowings	460,000	-
Repayments of long-term borrowings	(560,000)	(50,000)
Dividends on Preferred Stock Liabilities Issued by Subsidiaries	(165,754)	-
Repayment of lease principal	(47,362)	(39,571)
Cash dividends distributed by subsidiaries to non-controlling interests	(8,654)	-
Disposition of employee stock ownership trust inflows	616	221
Net cash outflows from financing activities	(605,508)	(140,108)
Effect of changes in exchange rate	(117,953)	36,110
Increase (decrease) in cash and cash equivalents for the current period	(299,371)	322,853
Cash and cash equivalents at the beginning of the period	2,512,850	1,490,285
Cash and cash equivalents at the end of the period	\$ 2,213,479	1,813,138

(Please refer to notes to consolidated financial statements)

Chairman: Chen Chi-Hong

President: Tien Chih-Yin

Accounting Supervisor: Huang Li-Min

DFI Inc. and Its Subsidiaries
Notes to Consolidated Financial Statements
For the six months ended June 30, 2025 and 2024
(The amount shall be dominated in thousands of NT\$, unless otherwise specified)

I. Company History

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

II. Date and Procedures for Approval of Financial Statements

The consolidated financial statements were approved and issued by the Board of Directors on August 4, 2025.

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

As of January 1, 2025, the Group began to apply the following newly revised International Financial Reporting Standards (IFRS), which has not had a significant impact on the consolidated financial statements.

- Amendments to IAS 21 "Lack of Exchangeability"

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

The Group assessed that the application of the following newly revised IFRSs, effective January 1, 2026, would not have a material impact on the consolidated financial statements.

- Amendments to IFRS 17 "Insurance Contracts" and IFRS 17
- Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"
- Annual Improvements to IFRSs
- Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

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

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

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

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

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

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

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

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"
- IFRS 19 "Subsidiaries without Public Accountability: Disclosures"

IV. Summary of Significant Accounting Policies

(I) Statement of Compliance

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

Besides the descriptions mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2024. For the related information, please refer to Note IV of the consolidated financial statements for the year ended December 31, 2024.

(II) Basis of Consolidation

1. Subsidiaries included in the consolidated financial statements

Name of investor company	Name of subsidiary	Nature of business	Comprehensive shareholding %			Description
			2025.6.30	2024.12.31	2024.6.30	
The Company	DFI AMERICA, LLC.	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 1
The Company	DFI Co., Ltd.	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 1
The Company	Yan Tong Technology Ltd (Yan Tong)	Investment business	100.00%	100.00%	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V. (DFI BV)	Sales of industrial computer cards	100.00%	100.00%	100.00%	Note 1
Yan Tong	Yan Ying Hao Trading (Shenzhen) Co., Ltd. (Yan Ying Hao)	Wholesale, import and export of computer motherboard, board cards, host computer, electronic parts and components	100.00%	100.00%	100.00%	Note 1
The Company	AEWIN Technologies	Design, manufacture and	51.38%	51.38%	51.38%	

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

			Comprehensive shareholding %			
Name of investor						
company	Name of subsidiary	Nature of business	2025.6.30	2024.12.31	2024.6.30	Description
	Co., Ltd. (AEWIN)	sale of industrial computer motherboards and related products				
AEWIN	Wise way international CO., LTD. (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 enterprise Limited (Bright profit)	Investment business	51.38%	51.38%	51.38%	
Bright profit	Aewin Beijing Technologies Co., Ltd. (Beijing AEWIN)	Wholesale of computer and peripheral equipment and software	51.38%	51.38%	51.38%	
Beijing AEWIN	Aewin (Shenzhen) Technologies Co., Ltd.	Wholesale of computer and peripheral equipment and software	-	-	51.38%	Note 2
The Company	Ace Pillar Co., Ltd. (Ace Pillar)	Automated control and testing, processing, sales, repair, and mechanical and electrical integration of industrial transmission systems	46.71%	46.71%	48.07%	
Ace Pillar	Cyber South Management Ltd. (Cyber South)	Holding Company	46.71%	46.71%	48.07%	
Ace Pillar/ Proton/ Cyber South	Tianjin Ace Pillar Co., Ltd. (Tianjin Ace Pillar)	Trade of transmission mechanical components	46.71%	46.71%	48.07%	
Cyber South	Proton Inc.(Proton)	Holding Company	46.71%	46.71%	48.07%	
Cyber South	Ace Tek (HK) Holding Co., Ltd (Ace Tek)	Holding Company	46.71%	46.71%	48.07%	
Ace Tek	ADVANCEDTEK ACE (TJ) INC. (ACEAD)	Electronic system integration	46.71%	46.71%	48.07%	
The Company/ Ace Pillar	Tekpak Corporation (Tekpak)	Production, manufacturing, and trading of bundling equipment	49.87%	49.87%	-	Note 3
Cyber South	Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	Processing and technical services of mechanical transmission and control products	46.71%	46.71%	48.07%	
Ace Pillar	ACE Energy Co., Ltd. (ACE Energy)	Energy technical services	46.64%	46.64%	48.00%	Note 1
ACE Energy	BlueWalker GmbH (BWA)	Trading and services of energy management products	46.64%	46.64%	48.00%	
Ace Pillar	Standard Technology Corp. (Standard Co.)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.03%	28.03%	28.84%	
Standard Co.	Standard Technology Corp. (STCBVI)	Holding Company	28.03%	28.03%	28.84%	
STCBVI	Standard International Trading (Shanghai) Co., Ltd. (Shanghai Standard)	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	28.03%	28.03%	28.84%	Note 1

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

Note 1: These are non-significant subsidiaries. Except for DFI AMERICA, LLC. and DFI BV, which were reviewed by accountants in the second quarter of 2025, and Yan Ying Hao, ACE Energy, and Shanghai Standard, which were reviewed by accountants in the second quarter of 2024, the other financial statements have not been reviewed by accountants.

Note 2: Aewin (Shenzhen) has been fully liquidated in June, 2024 and deregistration has been completed in July, 2024.

Note 3: The Company and Ace Pillar acquired 31.65% and 39% equity in Tekpak on August 12, 2024, respectively, thereby gaining control over it.

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

(III) Employee benefits

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

(IV) Income taxes

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

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

Income tax expenses recognized directly in equity or other comprehensive income are 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 regarding the future (including climate-related risks and opportunities), which will affect the adoption of accounting policies and the reported amounts of assets, liabilities, incomes, and expenses. Actual results may differ from estimates.

In preparing the consolidated financial statements, the significant judgments and the major sources of estimation uncertainty made by the management in applying the accounting policies of the Group are consistent with Note V to the consolidated financial statements for the year ended December 31, 2024.

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 statement for the year ended December 31, 2024. For the related information, please refer to the consolidated financial statements for the year ended December 31, 2024.

(I) Cash and cash equivalents

	2025.6.30	2024.12.31	2024.6.30
Cash on hand and petty cash	\$ 594	590	478
Demand deposits and check deposits	1,853,216	2,008,327	1,731,535
Time deposits with original maturity date within three months	359,669	503,933	81,125
	<u>\$ 2,213,479</u>	<u>2,512,850</u>	<u>1,813,138</u>

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

	2025.6.30	2024.12.31	2024.6.30
Financial assets mandatorily measured at fair value through profit or loss:			
Non-hedging derivative instruments:			
Forward foreign exchange contracts	\$ 1,573	2,316	1,837
Foreign exchange SWAP contracts	8,368	-	30
Redemption option of convertible bonds	1,350	3,900	-
	11,291	6,216	1,867
Non-derivative financial assets:			
Fund beneficial interest certificates	21,644	22,135	24,413
	<u>\$ 32,935</u>	<u>28,351</u>	<u>26,280</u>
	2025.6.30	2024.12.31	2024.6.30
Financial liabilities held for trading:			
Derivative financial instruments:			
Forward foreign exchange contracts	\$ 2,030	882	672
Foreign exchange SWAP contracts	2,175	8,383	4,694
	<u>\$ 4,205</u>	<u>9,265</u>	<u>5,366</u>

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

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

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

1. Forward foreign exchange contracts

2025.6.30			
Currency	Contract amount (in thousands)		Maturity period
Buy JPY/Sell USD	USD	1,168	2025.07
Buy USD/Sell RMB	USD	2,311	2025.07
Buy USD/Sell RMB	RMB	99,897	2025.07
Buy RMB/Sell USD	USD	1,000	2025.07
Buy NTD/Sell USD	USD	2,426	2025.07~2025.08
Buy USD/Sell EUR	USD	610	2025.07
Buy EUR/Sell USD	USD	2,892	2025.07
2024.12.31			
Currency	Contract amount (in thousands)		Maturity period
Buy JPY/Sell USD	USD	1,157	2025.01
Buy USD/Sell RMB	USD	1,809	2025.01
Buy USD/Sell RMB	RMB	103,475	2025.01
Buy RMB/Sell USD	USD	1,430	2025.01
Buy NTD/Sell USD	USD	980	2025.01
Buy USD/Sell EUR	USD	830	2025.01
Buy EUR/Sell USD	USD	2,403	2025.01
2024.6.30			
Currency	Contract amount (in thousands)		Maturity period
Buy JPY/Sell USD	USD	603	2024.07
Buy USD/Sell RMB	RMB	92,289	2024.07
Buy USD/Sell RMB	USD	1,428	2024.07
Buy RMB/Sell USD	USD	2,450	2024.07
Buy USD/Sell EUR	USD	1,200	2024.07
Buy EUR/Sell USD	USD	2,187	2024.07

2. Foreign exchange SWAP contracts

2025.6.30			
Currency	Contract amount (in thousands)		Maturity period
Swap in NTD/swap out USD	USD	29,350	2025.07
2024.12.31			
Currency	Contract amount (in thousands)		Maturity period
Swap in NTD/swap out USD	USD	28,600	2025.01

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

2024.6.30			
Currency	Contract amount (in thousands)		Maturity period
Swap in NTD/swap out USD	USD	32,300	2024.07
Swap in NTD/swap out RMB	RMB	20,000	2024.07

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

	2025.6.30	2024.12.31	2024.6.30
Equity instruments measured at fair value through other comprehensive income:			
Stocks of domestic over-the-counter (OTC) companies	\$ -	-	92,145
Foreign unlisted (OTC) stocks	58,760	59,972	8,676
	<u>\$ 58,760</u>	<u>59,972</u>	<u>100,821</u>

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

In December 2024, the Company increased its shareholding in APLEX Technology Inc., and assessed that it now has significant influence over the company. Therefore, the investment was reclassified to be accounted for using the equity method at NTD117,587 thousand. Additionally, unrealized valuation gains of NTD38,647 thousand from other equity—financial assets measured at fair value through other comprehensive income—were reclassified to retained earnings.

The Group did not dispose of the above-mentioned strategic investments for the six months ended June 30, 2025 and 2024, and the gain or loss accumulated during those periods were not transferred to equity.

(IV) Financial assets measured at amortized cost

	2025.6.30	2024.12.31	2024.6.30
Financial assets measured at amortized cost - current:			
Time deposits with original maturity date of three months or more	\$ 2,930	-	-
Pledged certificate of deposit	2,894	2,726	2,725
	<u>\$ 5,824</u>	<u>2,726</u>	<u>2,725</u>
	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Financial assets measured at amortized cost - non-current:			
Corporate bonds	<u>\$ 3,055</u>	<u>3,420</u>	<u>3,387</u>

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

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

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

(V) Notes and accounts receivable and other receivables			
	2025.6.30	2024.12.31	2024.6.30
Notes receivable	\$ 203,016	317,907	310,965
Accounts receivable	1,779,681	1,954,265	1,607,722
Accounts receivable - related parties	174,164	156,338	90,495
Less: Loss allowance	(29,853)	(36,526)	(23,897)
	\$ 2,127,008	2,391,984	1,985,285
Other receivables	\$ 24,363	17,152	16,563
Other receivables - related parties	137	1,694	290
	\$ 24,500	18,846	16,853

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

	2025.6.30		
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,572,283	0~0.07%	194
1-30 days overdue	146,750	0~8.36%	1,420
31-60 days overdue	12,218	0~12.56%	24
61-90 days overdue	6,232	0~37.50%	118
Overdue for more than 90 days	42,198	0~100%	28,097
	\$ 1,779,681		29,853

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

	2024.12.31		
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,757,172	0~2.81%	1,802
1-30 days overdue	126,061	0~35.55%	2,459
31-60 days overdue	24,847	0~35.71%	3,972
61-90 days overdue	19,982	0~56.59%	6,097
Overdue for more than 90 days	26,203	0~100%	22,196
	<u>\$ 1,954,265</u>		<u>36,526</u>
	2024.6.30		
	Carrying amount of accounts receivable	Expected credit loss rate	Allowance for expected credit losses for the duration of the period
Not overdue	\$ 1,421,278	0~0.95%	1,998
1-30 days overdue	150,876	0~17.52%	2,707
31-60 days overdue	7,499	0~34.76%	694
61-90 days overdue	9,495	0~56.59%	1,317
Overdue for more than 90 days	18,574	0~100%	17,181
	<u>\$ 1,607,722</u>		<u>23,897</u>

As of June 30, 2025, December 31, 2024 and June 30, 2024, notes receivable - non-related parties and accounts receivable - related parties have been assessed by the Group that there was no expected credit loss, and the analysis is as follows:

	2025.6.30	2024.12.31	2024.6.30
Not overdue	\$ 338,274	464,540	396,684
1-30 days overdue	38,669	9,702	4,718
31-60 days overdue	221	-	58
61-90 days overdue	16	-	-
Overdue for more than 90 days	-	3	-
	<u>\$ 377,180</u>	<u>474,245</u>	<u>401,460</u>

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

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

	January to June 2025	January to June 2024
Beginning balance	\$ 36,526	26,447
Reversal of impairment loss	(3,525)	(3,144)
Unrecoverable amount written off for current year	(289)	-
Estimated (reversal of) insurance claims on accounts receivable	489	(153)
Foreign exchange gains or losses	(3,348)	747
Ending balance	<u><u>\$ 29,853</u></u>	<u><u>23,897</u></u>

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

(VI) Inventories

	2025.6.30	2024.12.31	2024.6.30
Raw materials	\$ 834,368	696,111	533,134
Work in progress	263,222	219,502	146,788
Finished goods and commodities	992,868	1,022,980	917,223
Goods in transit	76,058	139,785	71,188
Outsourced processed goods	1,692	1,086	388
	<u><u>\$ 2,168,208</u></u>	<u><u>2,079,464</u></u>	<u><u>1,668,721</u></u>

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Cost of inventory sold	\$ 2,158,962	1,593,804	4,006,057	2,965,892
Loss on decline in value of inventories (recovery benefit)	(3,657)	(5,169)	(5,388)	467
Inventory scrap loss	36	-	63	65
Inventory gain	-	-	(29)	-
	<u><u>\$ 2,155,341</u></u>	<u><u>1,588,635</u></u>	<u><u>4,000,703</u></u>	<u><u>2,966,424</u></u>

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

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

(VII) Investments accounted for under the equity method

1. Acquisition of Affiliated Enterprise – APLEX Technology Inc.

The affiliated enterprises that are significant to the Company are as follows:

Name of Affiliated Enterprise	Nature of Relationship with the Company	Primary business premises/ country of incorporation	Percentage of Voting Rights	2025.6.30	2024.12.31
				Carrying amount	Percentage of Voting Rights Carrying amount
APLEX Technology Inc.	The main business is the research and development, as well as the manufacturing, of industrial computer products, serving as a strategic partner of the Company.	Taiwan	13.36%	<u>\$ 262,313</u>	13.36% <u>272,944</u>

Prior to December 24, 2024, APLEX was classified as a financial asset measured at fair value through other comprehensive income by the Group, which had a significant influence on the company on December 24, 2024. For the reclassification of investments using the equity method, please refer to Note VI(III).

For affiliated companies of significant importance to the merged company that are already listed, their fair values are as follows:

	2025.6.30	2024.12.31
APLEX	<u>\$ 195,073</u>	<u>254,810</u>

(1) Summary financial information for APLEX

	2025.6.30	2024.12.31
Current assets	\$ 476,195	567,378
Non-current assets	1,590,794	1,591,538
Current liabilities	(179,412)	(183,221)
Non-current liabilities	<u>(353,509)</u>	<u>(362,027)</u>
Net assets	<u>\$ 1,534,068</u>	<u>1,613,668</u>
Net assets attributable to non-controlling interests	<u>\$ -</u>	<u>-</u>
Net assets attributable to the owners of the investee company	<u>\$ 1,534,068</u>	<u>1,613,668</u>

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

	April to June 2025	January to June 2025
Operating revenue	<u>\$ 252,270</u>	<u>458,504</u>
Net loss for the period from continued operating units	\$ (1,660)	(4,972)
Other comprehensive income	<u>(21,254)</u>	<u>(18,949)</u>
Total comprehensive income	<u>\$ (22,914)</u>	<u>(23,921)</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ -</u>	<u>-</u>
Total comprehensive income attributable to the owners of the investee company	<u>\$ (22,914)</u>	<u>(23,921)</u>
	April to June 2025	January to June 2025
Beginning net asset book value of the consolidated company for affiliated enterprises	\$ 265,374	272,944
Total comprehensive income attributable to the consolidated company for the period	(3,061)	(3,195)
Dividends received from affiliated enterprises for this period	<u>-</u>	<u>(7,436)</u>
The Group's year-end book value of equity in affiliated enterprises	<u>\$ 262,313</u>	<u>262,313</u>

(VIII) Subsidiaries and non-controlling interests

1. Acquisition of subsidiary - Tekpak Corporation

(1) Consideration transferred for acquisition of the subsidiary

On August 12, 2024 (the acquisition date), the Company and its consolidated subsidiary, Ace Pillar, acquired 833 thousand ordinary shares of Tekpak Corporation (Tekpak) for a cash consideration of NTD 1,250,000 thousand, representing a 70.65% equity interest, thereby obtaining control over this company and has included it in the consolidated financial statements since the acquisition date. Tekpak is primarily engaged in the production, manufacturing, and trading of bundling equipment. The acquisition of Tekpak by the Group and its subsidiary Ace Pillar is aimed at supporting the company's long-term operational development and business expansion. This acquisition will enable the Group to offer a more diverse range of products and services to its customers, thereby enhancing its competitiveness.

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

(2) Identifiable net assets acquired and goodwill recognized

The fair values of the identifiable assets acquired and liabilities assumed of Tekpak Corporation on August 12, 2024 (acquisition date) and the goodwill recognized as a result of the acquisition are as follows:

Transfer consideration (cash):	\$	1,250,000
Add: Non-controlling interests (measured by the proportion of non-controlling interests in the fair value of net identifiable assets)		301,768
Less: fair value of net identifiable assets acquired:		
Cash and cash equivalents	\$	385,305
Notes and accounts receivable, net		774
Other receivables		25,084
Inventories		331,743
Prepayments and other current assets		1,844
Property, plant and equipment		2,035
Right-of-use assets		66,327
Intangible assets - trademark		185,911
Intangible assets - patents		69,054
Intangible assets - client relationship		630,208
Deferred income tax assets		3,812
Refundable deposits		1,547
Contract liabilities		(29,369)
Notes and accounts payables		(167,031)
Other payables		(21,100)
Current income tax liabilities		(24,974)
Preferred share liabilities - current		(196,797)
Other current liabilities		(382)
Lease liabilities (including current and non-current)		(66,327)
Deferred income tax liabilities		(169,135)
Other non-current liabilities		(278)
		<u>1,028,251</u>
Goodwill	\$	<u><u>523,517</u></u>

During the measurement period, the Group continuously reviewed the aforementioned matters and adjusted other receivables, deferred tax liabilities, and non-controlling interests in the first quarter of 2025 as follows:

Increase in other receivables	\$	3,911
Increase in deferred income tax liabilities		(7,900)
Decrease in non-controlling interests		<u>1,171</u>
Increase in goodwill	\$	<u><u>(2,818)</u></u>

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

Throughout the measurement period, our Group conducted a continuous review of the aforementioned matters. In the fourth quarter 2024, adjustments were made to the following intangible assets - trademark rights, patent rights, customer relationships, deferred tax liabilities, and non-controlling interests:

Intangible assets - decrease in trademark rights	\$ (21,256)
Decrease in intangible assets - patents	(8,040)
Increase in intangible assets - client relationships	56,510
Increase in deferred income tax liabilities	(5,443)
Increase in non-controlling interests	<u>(6,390)</u>
Decrease in goodwill	<u><u>\$ 15,381</u></u>

(3) Intangible assets

The trademark rights, patent rights and customer relationships are amortized on a straight-line basis over their respective projected future economic benefit period of 10 years, 6 years, and 15.39 years, respectively.

Goodwill mainly comes from Tekpak Corporation'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.

2. Disposal of subsidiary shares (without loss of control)

During July and December 2024, the Group sold a portion of its shares in Ace Pillar for NTD214,138 thousand in cash. For the changes in the shareholding ratio, please refer to Note IV (II).

3. Subsidiaries with material non-controlling interests

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

Name of subsidiary	Primary business premises/country of incorporation	Proportion of non-controlling interests in ownership interests		
		2025.6.30	2024.12.31	2024.6.30
Ace Pillar	Taiwan	53.29%	53.29%	51.93%
AEWIN	Taiwan	48.62%	48.62%	48.62%

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

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

(1) Summarized financial information of Ace Pillar:

	2025.6.30	2024.12.31	2024.6.30	
Current assets	\$ 2,825,596	3,218,582	2,072,482	
Non-current assets	2,541,338	2,625,215	1,144,145	
Current liabilities	(1,294,015)	(1,487,172)	(847,320)	
Non-current liabilities	<u>(785,756)</u>	<u>(1,048,758)</u>	<u>(130,759)</u>	
Net assets	<u><u>\$ 3,287,163</u></u>	<u><u>3,307,867</u></u>	<u><u>2,238,548</u></u>	
Carrying amount of non-controlling interests at end of period	<u><u>\$ 1,628,636</u></u>	<u><u>1,646,576</u></u>	<u><u>1,204,383</u></u>	
	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Net operating revenue	<u>\$ 1,195,423</u>	<u>766,564</u>	<u>2,308,526</u>	<u>1,468,972</u>
Net profit for the period	\$ 57,113	4,943	118,718	3,943
Other comprehensive income	<u>(86,555)</u>	<u>6,236</u>	<u>(62,990)</u>	<u>18,288</u>
Total comprehensive income	<u><u>\$ (29,442)</u></u>	<u><u>11,179</u></u>	<u><u>55,728</u></u>	<u><u>22,231</u></u>
Net profit for the period attributable to non-controlling interests	<u><u>\$ 29,560</u></u>	<u><u>3,532</u></u>	<u><u>60,940</u></u>	<u><u>3,679</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ (18,788)</u></u>	<u><u>6,785</u></u>	<u><u>25,625</u></u>	<u><u>13,396</u></u>
		January to June 2025	January to June 2024	
Cash flows from operating activities	\$ 173,824	144,398		
Cash flows from investing activities	(17,410)	782		
Cash flows from financing activities	(430,713)	(31,989)		
Effect of changes in exchange rate	<u>(56,812)</u>	<u>22,866</u>		
Increase (decrease) in cash and cash equivalents	<u><u>\$ (331,111)</u></u>	<u><u>136,057</u></u>		

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

(2) Summarized financial information of AEWIN

	2025.6.30	2024.12.31	2024.6.30
Current assets	\$ 1,660,108	1,707,015	1,527,706
Non-current assets	947,816	987,085	997,115
Current liabilities	(717,159)	(735,740)	(855,194)
Non-current liabilities	<u>(535,775)</u>	<u>(557,280)</u>	<u>(413,649)</u>
Net assets	<u>\$ 1,354,990</u>	<u>1,401,080</u>	<u>1,255,978</u>
Ending balance of non-controlling interests at book value	<u>\$ 656,499</u>	<u>678,909</u>	<u>608,360</u>

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating revenue	<u>\$ 685,125</u>	<u>530,269</u>	<u>1,185,908</u>	<u>952,948</u>
Net profit for the period	\$ 17,760	9,810	19,355	15,433
Other comprehensive income	<u>(15,103)</u>	<u>1,374</u>	<u>(12,917)</u>	<u>5,242</u>
Total comprehensive income	<u>\$ 2,657</u>	<u>11,184</u>	<u>6,438</u>	<u>20,675</u>
Net profit for the period attributable to non-controlling interests	<u>\$ 8,636</u>	<u>4,769</u>	<u>9,411</u>	<u>7,503</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 1,292</u>	<u>5,437</u>	<u>3,130</u>	<u>10,052</u>

	January to June 2025	January to June 2024
Cash flows from operating activities	\$ 33,579	88,274
Cash flows from investing activities	(13,589)	(8,387)
Cash flows from financing activities	10,283	45,570
Effect of changes in exchange rate	<u>(23,906)</u>	<u>6,857</u>
Decrease in cash and cash equivalents	<u>\$ 6,367</u>	<u>132,314</u>

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

(IX) Property, plant and equipment

	Land	Buildings	Machinery equipment	Office equipment	Other equipment	Unfinished construction	Total
Costs:							
Balance as of January 1, 2025 \$	721,431	1,648,912	417,327	82,176	401,159	7,542	3,278,547
Addition	-	1,100	4,469	2,094	10,640	4,357	22,660
Disposal	-	-	(1,164)	(330)	(1,125)	-	(2,619)
Reclassification	-	-	-	-	12,611	(11,113)	1,498
Effect of changes in exchange rate	-	(35,393)	(58)	(2,749)	(9,710)	(786)	(48,696)
Balance as of June 30, 2025	<u>\$ 721,431</u>	<u>1,614,619</u>	<u>420,574</u>	<u>81,191</u>	<u>413,575</u>	<u>-</u>	<u>3,251,390</u>
Balance as of January 1, 2024 \$	871,226	1,671,113	404,584	72,173	353,925	-	3,373,021
Addition	-	-	1,183	2,658	7,182	764	11,787
Disposal	-	(535)	(2,218)	(696)	(3,471)	-	(6,920)
Reclassification	(149,795)	(36,263)	962	-	2,316	(764)	(183,544)
Effect of changes in exchange rate	-	11,883	14	848	3,319	-	16,064
Balance as of June 30, 2024	<u>\$ 721,431</u>	<u>1,646,198</u>	<u>404,525</u>	<u>74,983</u>	<u>363,271</u>	<u>-</u>	<u>3,210,408</u>
Accumulated depreciation and impairment loss:							
Balance as of January 1, 2025 \$	-	373,529	309,214	66,081	241,880	-	990,704
Depreciation	-	23,557	17,218	3,540	21,233	-	65,548
Disposal	-	-	(1,164)	(326)	(1,110)	-	(2,600)
Effect of changes in exchange rate	-	(13,456)	(19)	(2,498)	(6,874)	-	(22,847)
Balance as of June 30, 2025	<u>\$ -</u>	<u>383,630</u>	<u>325,249</u>	<u>66,797</u>	<u>255,129</u>	<u>-</u>	<u>1,030,805</u>
Balance as of January 1, 2024 \$	-	331,074	271,669	54,854	166,605	-	824,202
Depreciation	-	23,489	18,174	3,370	20,207	-	65,240
Disposal	-	(407)	(2,218)	(690)	(3,325)	-	(6,640)
Reclassification	-	(9,385)	-	-	-	-	(9,385)
Effect of changes in exchange rate	-	4,273	5	773	2,129	-	7,180
Balance as of June 30, 2024	<u>\$ -</u>	<u>349,044</u>	<u>287,630</u>	<u>58,307</u>	<u>185,616</u>	<u>-</u>	<u>880,597</u>
Carrying amount:							
June 30, 2025	<u>\$ 721,431</u>	<u>1,230,989</u>	<u>95,325</u>	<u>14,394</u>	<u>158,446</u>	<u>-</u>	<u>2,220,585</u>
January 1, 2025	<u>\$ 721,431</u>	<u>1,275,383</u>	<u>108,113</u>	<u>16,095</u>	<u>159,279</u>	<u>7,542</u>	<u>2,287,843</u>
June 30, 2024	<u>\$ 721,431</u>	<u>1,297,154</u>	<u>116,895</u>	<u>16,676</u>	<u>177,655</u>	<u>-</u>	<u>2,329,811</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 equipment	Total
Cost of right-of-use assets:				
Balance as of January 1, 2025	\$ 49,601	457,918	5,103	512,622
Addition	-	18,332	1,335	19,667
Decrease and lease amendment	-	(80,321)	(1,414)	(81,735)
Effect of changes in exchange rate	(1,888)	(19,371)	(66)	(21,325)
Balance as of June 30, 2025	<u>\$ 47,713</u>	<u>376,558</u>	<u>4,958</u>	<u>429,229</u>
Balance as of January 1, 2024	\$ 48,739	366,624	2,593	417,956
Addition	-	33,788	738	34,526
Decrease and lease amendment	-	(12,620)	(1,186)	(13,806)
Effect of changes in exchange rate	720	5,359	2	6,081
Balance as of June 30, 2024	<u>\$ 49,459</u>	<u>393,151</u>	<u>2,147</u>	<u>444,757</u>
Accumulated depreciation of right-of-use assets:				
Balance as of January 1, 2025	\$ 7,402	201,364	1,680	210,446
Depreciation	610	47,318	911	48,839
Decrease and lease amendment	-	(59,810)	(1,414)	(61,224)
Effect of changes in exchange rate	(348)	(10,046)	(23)	(10,417)
Balance as of June 30, 2025	<u>\$ 7,664</u>	<u>178,826</u>	<u>1,154</u>	<u>187,644</u>
Balance as of January 1, 2024	\$ 6,029	134,015	1,254	141,298
Depreciation	610	39,147	539	40,296
Decrease and lease amendment	-	(12,414)	(985)	(13,399)
Effect of changes in exchange rate	123	2,172	6	2,301
Balance as of June 30, 2024	<u>\$ 6,762</u>	<u>162,920</u>	<u>814</u>	<u>170,496</u>
Carrying amount:				
June 30, 2025	<u>\$ 40,049</u>	<u>197,732</u>	<u>3,804</u>	<u>241,585</u>
January 1, 2025	<u>\$ 42,199</u>	<u>256,554</u>	<u>3,423</u>	<u>302,176</u>
June 30, 2024	<u>\$ 42,697</u>	<u>230,231</u>	<u>1,333</u>	<u>274,261</u>

(XI) Investment property

	Land	Buildings	Total
Costs:			
Balance as of January 1, 2025 (same as the balance as of June 30, 2025)	<u>\$ 241,549</u>	<u>78,974</u>	<u>320,523</u>
Balance as of January 1, 2024	\$ 91,754	42,711	134,465
Transfer from property, plant and equipment	149,795	36,263	186,058
Balance as of June 30, 2024	<u>\$ 241,549</u>	<u>78,974</u>	<u>320,523</u>
Accumulated depreciation and impairment loss:			
Balance as of January 1, 2025	\$ -	31,619	31,619
Depreciation for the current period	-	1,752	1,752
Balance as of June 30, 2025	<u>\$ -</u>	<u>33,371</u>	<u>33,371</u>
Balance as of January 1, 2024	\$ -	18,730	18,730
Transfer from property, plant and equipment	-	9,385	9,385
Depreciation for the current period	-	1,752	1,752
Balance as of June 30, 2024	<u>\$ -</u>	<u>29,867</u>	<u>29,867</u>

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

	Land	Buildings	Total
Carrying amount:			
June 30, 2025	<u>\$ 241,549</u>	<u>45,603</u>	<u>287,152</u>
January 1, 2025	<u>\$ 241,549</u>	<u>47,355</u>	<u>288,904</u>
June 30, 2024	<u>\$ 241,549</u>	<u>49,107</u>	<u>290,656</u>
Fair value:			
June 30, 2025			<u>\$ 419,403</u>
January 1, 2025			<u>\$ 465,177</u>
June 30, 2024			<u>\$ 407,763</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

	Goodwill	Patent	Trademark	Client relationship	Computer software	Total
Costs:						
Balance as of January 1, 2025	\$ 801,429	62,024	177,478	898,153	121,718	2,060,802
Separate acquisition	-	-	-	-	6,149	6,149
Business combinations adjusted during the measurement period	2,818	-	-	-	-	2,818
Write-off for the current period	-	-	-	-	(952)	(952)
Effects of changes in exchange rate	-	-	-	-	(133)	(133)
Balance as of June 30, 2025	<u>\$ 804,247</u>	<u>62,024</u>	<u>177,478</u>	<u>898,153</u>	<u>126,782</u>	<u>2,068,684</u>
Balance as of January 1, 2024	\$ 293,293	-	12,823	211,435	119,248	636,799
Separate acquisition	-	-	-	-	450	450
Write-off for the current period	-	-	-	-	(5,246)	(5,246)
Effects of changes in exchange rate	-	-	-	-	55	55
Balance as of June 30, 2024	<u>\$ 293,293</u>	<u>-</u>	<u>12,823</u>	<u>211,435</u>	<u>114,507</u>	<u>632,058</u>
Accumulated amortization:						
Balance as of January 1, 2025	\$ -	4,280	10,436	128,224	101,520	244,460
Amortization	-	5,079	8,826	29,781	6,544	50,230
Write-off for the current period	-	-	-	-	(952)	(952)
Effects of changes in exchange rate	-	-	-	-	(73)	(73)
Balance as of June 30, 2025	<u>\$ -</u>	<u>9,359</u>	<u>19,262</u>	<u>158,005</u>	<u>107,039</u>	<u>293,665</u>
Balance as of January 1, 2024	\$ -	-	2,245	94,828	94,224	191,297
Amortization	-	-	641	7,421	6,539	14,601
Write-off for the current period	-	-	-	-	(5,246)	(5,246)
Effects of changes in exchange rate	-	-	-	-	25	25
Balance as of June 30, 2024	<u>\$ -</u>	<u>-</u>	<u>2,886</u>	<u>102,249</u>	<u>95,542</u>	<u>200,677</u>
Carrying amount:						
Balance as of June 30, 2025	<u>\$ 804,247</u>	<u>52,665</u>	<u>158,216</u>	<u>740,148</u>	<u>19,743</u>	<u>1,775,019</u>
Balance as of January 1, 2025	<u>\$ 801,429</u>	<u>57,744</u>	<u>167,042</u>	<u>769,929</u>	<u>20,198</u>	<u>1,816,342</u>
Balance as of June 30, 2024	<u>\$ 293,293</u>	<u>-</u>	<u>9,937</u>	<u>109,186</u>	<u>18,965</u>	<u>431,381</u>

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

According to International Accounting Standards 36, the goodwill acquired by a business combination shall be tested for impairment at least every year. There is no goodwill loss according to the impairment test result of the Group on December 31, 2024, please refer to Note VI (XII) of the Consolidated Financial Statements of 2024. On June 30, 2025, the Group evaluated the achievement of operating revenue and net operating income of the relevant cash-generating unit in the second quarter of 2025, and the budget assessment of future operating revenue and profit, and there was no impairment.

(XIII) Short-term borrowings

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Unsecured bank loans	\$ 1,077,769	1,329,009	934,783
Secured bank loans	-	59,918	101,224
	<u>\$ 1,077,769</u>	<u>1,388,927</u>	<u>1,036,007</u>
Unused lines of credit	<u>\$ 6,830,620</u>	<u>6,036,237</u>	<u>5,977,033</u>
Range of interest rate	<u>0.5%~3.65%</u>	<u>0.5%~3.75%</u>	<u>1.63%~4.00%</u>

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

(XIV) Corporate bonds payable

The information regarding the issuance of unsecured convertible bonds by the consolidated subsidiaries AEWIN and Ace Pillar is as follows:

	<u>2025.6.30</u>	<u>2024.12.31</u>
Total amount of convertible bonds issued	\$ 1,000,000	1,000,000
Unamortized balance of discount on corporate bonds payable	<u>(52,716)</u>	<u>(63,926)</u>
Outstanding balance of corporate bonds payable as of the end of the period	<u>\$ 947,284</u>	<u>936,074</u>

The consolidated subsidiary, AEWIN, on July 16, 2024, pursuant to a resolution of its Board of Directors, decided to issue its second domestic unsecured convertible bonds in Taiwan to repay bank loans and strengthen operational capital. The issuance was approved by the Financial Supervisory Commission (FSC) on August 13, 2024, and the bonds were issued on September 3, 2024. The bonds have a term of three years and will mature on September 3, 2027. The total face value of the bonds is NTD500,000 thousand, with a coupon rate of 0%. The initial effective interest rate is 2.4%. The convertible corporate bonds were publicly underwritten through a competitive auction. The actual issue price per bond was 114.32% of the face value, resulting in a total raised amount of NTD566,323 thousand (after deducting issuance costs of NTD5,277 thousand).

The other issuance conditions of AEWIN's bonds are as follows:

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

1. Repayment Method

Except in cases where the bonds are converted into AEWIN's ordinary shares in accordance with the issuance regulations, or AEWIN redeems the bonds early in accordance with the issuance regulations, or AEWIN repurchases and cancels the bonds through a securities firm's business office, AEWIN shall repay the bonds in cash at their face value within ten business days following the day after the maturity date of the convertible bonds.

2. Redemption Method

- (1) From the day after three months following the issuance until forty days before the expiration of the issuance period, if the closing price of AEWIN's ordinary shares exceeds 30% of the conversion price for thirty consecutive business days, AEWIN has the option to redeem the outstanding bonds in cash at face value within the following thirty business days.
- (2) From the day after three months following the issuance until forty days before the expiration of the issuance period, if the outstanding balance of the circulating bonds falls below NTD50,000 thousand, AEWIN may redeem the outstanding bonds in cash at face value at any time thereafter.

3. Conversion Period

From the day after three months following the issuance until the maturity date, bondholders may, except during any legally required suspension of transfer periods, request at any time to convert their bonds into ordinary shares in accordance with the conversion terms. This conversion can be done through AEWIN's designated stock transfer agent.

4. Conversion Price

The conversion price per share at the time of issuance is set at NTD85.0. If any events occur involving AEWIN's ordinary shares that require an adjustment to the conversion price in accordance with the issuance terms, the conversion price will be adjusted according to the formula specified in the conversion terms. This bond does not have any reset provisions. Effective July 20, 2025, the conversion price was adjusted to NT\$83.9.

On September 26, 2024, the Board of Directors of the consolidated subsidiary Ace Pillar resolved to issue the second domestic unsecured convertible corporate bonds to repay bank loans and enhance operating funds. This proposal was approved by the Financial Supervisory Commission on October 25, 2024, and the bonds will be issued starting November 15, 2024, maturing on November 15, 2027. The issuance period is three years, with a total face value of NTD500,000 thousand, a coupon rate of 0%, and an initial effective interest rate of 2.4%. The convertible corporate bonds were publicly underwritten through a competitive auction. The actual issue price per bond was 107.06%

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

of the face value, resulting in a total raised amount of NTD530,026 thousand (after deducting issuance costs of NTD5,276 thousand).

The other issuance conditions of Ace Pillar's bonds are as follows:

1. Repayment Method

Except in cases where the bonds are converted into Ace Pillar's ordinary shares in accordance with the issuance regulations, or Ace Pillar redeems the bonds early in accordance with the issuance regulations, or Ace Pillar repurchases and cancels the bonds through a securities firm's business office, Ace Pillar shall repay the bonds in cash at their face value within ten business days following the day after the maturity date of the convertible bonds.

2. Redemption Method

(1) From the day after three months following the issuance until forty days before the expiration of the issuance period, if the closing price of Ace Pillar's ordinary shares exceeds 30% of the conversion price for thirty consecutive business days, Ace Pillar has the option to redeem the outstanding bonds in cash at face value within the following thirty business days.

(2) From the day after three months following the issuance until forty days before the expiration of the issuance period, if the outstanding balance of the circulating bonds falls below NTD50,000 thousand, Ace Pillar may redeem the outstanding bonds in cash at face value at any time thereafter.

3. Conversion Period

From the day following three months after issuance until the maturity date, except during periods when transfers are legally suspended, requests may be made at any time to Ace Pillar's designated stock transfer agent to convert into ordinary shares in accordance with the conversion terms.

4. Conversion Price

The conversion price per share at the time of issuance is set at NTD133.1. If any events occur involving Ace Pillar's ordinary shares that require an adjustment to the conversion price in accordance with the issuance terms, the conversion price will be adjusted according to the formula specified in the conversion terms. This bond does not have any reset provisions. Effective July 21, 2025, the conversion price was adjusted to NT\$132.5.

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

(XV) Long-term borrowings

	<u>2025.6.30</u>	<u>2024.12.31</u>	<u>2024.6.30</u>
Unsecured bank loans	\$ 750,000	850,000	550,000
Secured bank loans	-	-	200,000
Less: portion due within one year	(176,000)	(86,000)	-
	<u>\$ 574,000</u>	<u>764,000</u>	<u>750,000</u>
Unused lines of credit	<u>\$ 2,580,000</u>	<u>2,280,000</u>	<u>1,650,000</u>
Year of maturity	<u>2026~2027</u>	<u>2025~2027</u>	<u>2025~2026</u>
Range of interest rate	<u>1.88%~1.9%</u>	<u>1.88%~1.94%</u>	<u>1.92%~2.19%</u>

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

(XVI) Preferred share liabilities

On July 10, 2024, the Board of Directors of the consolidated subsidiary, Tekpak, resolved to issue 1,000 Class A preferred shares at an issue price of NTD 10 per share, for a total issuance amount of NTD 10 thousand. The key terms of the issuance of the Class A preferred shares are as follows:

1. In addition to the right to dividend distribution of the Class A preferred shares specified in the company's Articles of Association, Class A preferred shareholders have no rights to any surplus asset distributions, voting rights, the right to be elected as directors or supervisors, the right to receive dividends or bonuses, or any other rights or interests.
2. Class A preferred shares cannot be converted to ordinary shares.
3. The Class A preferred shares are non-transferable.
4. If there is a surplus in 2024, Tekpak should pay taxes in accordance with the law, cover any losses, and allocate 10% of the statutory surplus to the legal reserve. The remaining surplus should then be distributed to Class A preferred shareholders as dividends, based on Tekpak's profitability.
5. Tekpak is required to pay the aforementioned preferred share dividends by April 30, 2025. Upon payment, the Class A preferred shares will be unconditionally redeemed.

The fair value of the preferred share liabilities of the Group subsidiary, TEKPAK CORPORATION, based on estimated future cash flows, was NTD 165,559 thousand as of December 31, 2024. On April 29, 2025, it paid preferred share dividends of NT\$165,754 thousand, and on July 23, 2025, the preferred shares were redeemed.

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

(XVII) Lease liabilities

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

	2025.6.30	2024.12.31	2024.6.30
Current	<u>\$ 74,271</u>	<u>95,238</u>	<u>79,587</u>
Non-current	<u>\$ 135,893</u>	<u>178,260</u>	<u>165,799</u>

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

The amounts recognized in profit or loss are as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest expense on lease liabilities	<u>\$ 1,499</u>	<u>1,561</u>	<u>3,177</u>	<u>3,118</u>
Short-term leases expenses and lease expenses of low-value assets	<u>\$ 3,454</u>	<u>4,164</u>	<u>6,490</u>	<u>9,394</u>

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

	January to June 2025	January to June 2024
Total cash outflow for leases	<u>\$ 57,029</u>	<u>52,083</u>

Important lease terms:

1. Lease of land, buildings and structures

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

2. Other leases

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

(XVIII) Provisions - product warranty

	2025.6.30	2024.12.31	2024.6.30
Provision for warranty	<u>\$ 31,657</u>	<u>30,437</u>	<u>35,378</u>

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

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

(XIX) Employee benefits

1. Defined benefit plans

Since there were no significant market fluctuations, significant curtailments, settlements, or other significant one-off events after the reporting date of the prior fiscal year, the Group adopted the actuarial determined pension cost on December 31, 2024 and 2023 to measure and disclose pension costs for interim periods.

The reported expenses of the Group are detailed as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating costs	\$ 67	51	80	101
Operating expenses	25	23	9	47
	<u>\$ 92</u>	<u>74</u>	<u>89</u>	<u>148</u>

2. Defined contribution plans

The reported expenses of the Group are detailed as follows:

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating costs	\$ 3,678	3,081	7,159	6,140
Operating expenses	14,461	13,259	29,394	26,843
	<u>\$ 18,139</u>	<u>16,340</u>	<u>36,553</u>	<u>32,983</u>

(XX) Income taxes

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Current income tax expense	\$ 50,400	33,678	96,230	54,190
Deferred income tax benefits	(5,536)	(1,947)	(10,390)	(2,354)
	<u>\$ 44,864</u>	<u>31,731</u>	<u>85,840</u>	<u>51,836</u>

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Items that will not be reclassified to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	\$ (155)	1,301	(15)	1,301

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

3. Circumstances of income tax approval

The Company's profit-seeking enterprise income tax has been approved by the tax authority for the year 2023.

(XXI) Capital and other equities

Besides the descriptions mentioned below, there were no significant changes in capital and other equities in the consolidated financial statements for the six months ended June 30, 2025 and 2024. For the related information, please refer to Note VI (XXI) of the consolidated financial statements for the year ended December 31, 2024.

1. Share capital - ordinary shares

As of June 30, 2025, December 31 and June 30, 2024, the total authorized capital of the Company was NTD1,772,000 thousand, which was divided into 177,200 thousand shares at NTD10 per share. The number of issued shares were both 114,489 thousand shares. The reserved capital for issuance of stock options to employees in the authorized share capital is 20,000 thousand shares.

2. Capital surplus

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

	2025.6.30	2024.12.31	2024.6.30
Share premium	\$ 599,203	599,203	599,203
Differences between the actual price for acquisition or disposal of the subsidiaries and their carrying amount	183,410	183,410	-
Recognized changes in percentage of ownership interests in subsidiaries	90,687	90,577	6,049
Gain on asset disposal	808	808	808
Others	24,523	24,133	23,874
	<u>\$ 898,631</u>	<u>898,131</u>	<u>629,934</u>

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

3. Retained earnings and dividend policy

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

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

(1) Legal reserve

Pursuant to the provision of the Company Act, when the Company makes no loss, it may, by resolution of the Shareholders' Meeting, distribute the legal surplus reserve in the form of new shares or in cash to the extent that such legal reserve exceeds 25% of the total paid-in capital. If the aforementioned is done in cash, is authorized to be resolved by the Board of Directors and reported to the Shareholders' Meeting.

(2) Special reserve

Under the regulations issued by the Financial Supervisory Commission, when distributing the distributable earnings, for the net deductibles of other shareholders' equity incurred in the current year, the Company shall accrue the special surplus reserve in the same amount out of the amount of current after-tax net income added to the current unappropriated earnings, including items other than current after-tax net income and the unappropriated earnings in the previous period, and for the deductibles of other shareholders' equity

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

accumulated in the previous period, the Company shall not distribute the special surplus reserve in the same amount accrued out of the unappropriated earnings in the previous period. If deductibles of other shareholders' equity are reversed in future, the reversed portion may be distributed as earnings.

4. Distribution of earnings

On February 25, 2025, and March 4, 2024, the Board of Directors of the Company resolved the amount of cash dividends and distribution amounts for the years ended December 31, 2024 and 2023, respectively. On May 22, 2025, and May 31, 2024, the annual shareholders' meeting resolved the other earnings distribution proposal for the years ended December 31, 2024 and 2023, respectively. The relevant distribution amounts were as follows:

	2024		2023	
	Dividend per share (NTD)	Amount	Dividend per share (NTD)	Amount
Legal reserve		<u>\$ 43,858</u>		<u>36,913</u>
Special reserve		<u>\$ 13,775</u>		<u>17,750</u>
Dividends distributed to owners of common stock:				
Cash dividends	3.4	<u>389,262</u>	3.0	<u>343,467</u>

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

5. Other equities (net amount after tax)

	Exchange differences on translating the financial statements of foreign operations	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2025	\$ (70,975)	1,409	(69,566)
Exchange difference from conversion of net assets of foreign operating organizations	(75,546)	-	(75,546)
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	(560)	(560)
Balance as of June 30, 2025	<u>\$ (146,521)</u>	<u>849</u>	<u>(145,672)</u>
Balance as of January 1, 2024	\$ (97,599)	41,808	(55,791)
Exchange difference from conversion of net assets of foreign operating organizations	19,507	-	19,507
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	-	205	205
Balance as of June 30, 2024	<u>\$ (78,092)</u>	<u>42,013</u>	<u>(36,079)</u>

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

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

	<u>January to June 2025</u>	<u>January to June 2024</u>
Beginning balance	\$ 2,325,485	1,820,846
Shares attributable to non-controlling interests:		
Net profit for the period	70,351	11,182
Exchange differences on translating the financial statements of foreign operations	(40,959)	13,706
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(647)	(515)
Income taxes related to other comprehensive income	10	(925)
Non-controlling interests adjustments	(1,171)	-
Cash dividends distributed by subsidiaries to non-controlling interests	(68,050)	(31,605)
Changes in ownership interests in subsidiaries	116	54
Ending balance	<u>\$ 2,285,135</u>	<u>1,812,743</u>

(XXII) Earnings per share

1. Basic earnings per share

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Net profit attributable to ordinary shareholders of the Company	\$ 101,589	72,884	208,147	124,834
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489	114,489	114,489
Basic earnings per share (NTD)	\$ 0.89	0.64	1.82	1.09

2. Diluted earnings (loss) per share

	<u>April to June 2025</u>	<u>April to June 2024</u>	<u>January to June 2025</u>	<u>January to June 2024</u>
Net profit attributable to ordinary shareholders of the Company	\$ 101,589	72,884	208,147	124,834
Weighted average number of outstanding ordinary shares (in thousands of shares)	114,489	114,489	114,489	114,489
Effects of potential ordinary shares with dilution effect (in thousands of shares):				
Effects of employee stock compensation	314	162	452	353
Weighted average number of outstanding ordinary shares (after adjusting the number of dilution potential common shares) (in thousands of shares)	114,803	114,651	114,941	114,842
Diluted earnings per share (NTD)	\$ 0.88	0.64	1.81	1.09

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

(XXIII) Revenue from customer contracts

1. Breakdown of revenue

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Main products and services:				
Industrial computer board cards and systems	\$ 1,578,346	1,331,375	2,888,820	2,455,657
Industrial automation intelligence	554,030	497,425	1,052,343	964,307
Equipment and consumables	377,352	-	732,363	-
Others	390,596	338,976	825,698	653,998
	<u>\$ 2,900,324</u>	<u>2,167,776</u>	<u>5,499,224</u>	<u>4,073,962</u>

2. Balance of contracts

	2025.6.30	2024.12.31	2024.6.30
Notes and accounts receivable (including related parties)	\$ 2,156,861	2,428,510	2,009,182
Less: Loss allowance	(29,853)	(36,526)	(23,897)
	<u>\$ 2,127,008</u>	<u>2,391,984</u>	<u>1,985,285</u>
Contract assets	<u>\$ 15,789</u>	<u>11,383</u>	<u>25,260</u>
Contract liabilities	<u>\$ 114,830</u>	<u>114,118</u>	<u>145,309</u>

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

The contract assets and liabilities mainly come from the difference between the time point of satisfying the performance obligation when the Group transfers goods to a customer and the time point of the customer's payment. The beginning balances of contract liabilities as of January 1, 2025 and 2024 were recognized as income of NTD103,236 thousand and NTD84,777 thousand, respectively, for the six months ended June 30, 2025 and 2024.

(XXIV) Compensation of employees and directors

On May 22, 2025, the Company's shareholders resolved to amend the Articles of Incorporation. Pursuant to the amended Articles, if the Company has profits in a given fiscal year, 5% to 20% of such profits shall be allocated as employee compensation, and no more than 1% for director compensation. Of the employee compensation, the distribution of compensation for entry-level employees shall not be less than 10% of the total employee compensation mentioned above. But if the Company still has an accumulated loss, a certain amount should be reserved in advance for offsetting. Under the Articles of Incorporation prior to the amendment, the Company shall set aside at least 5% to 20% of the earnings, if any, in the year as compensation to the employees and no greater than 1% as compensation to directors. But if the Company still has an

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

accumulated loss, a certain amount should be reserved in advance for offsetting. The beneficiaries of the aforesaid employees' compensation, if distributed in stock or in cash, shall include the employees of the controlled companies or affiliates of the Company who meet certain conditions.

For the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024, the estimated employee compensations of the Company were NTD9,153 thousand, NTD7,077 thousand, NTD18,689 thousand, and NTD11,989 thousand respectively; and the estimated director compensations were NTD980 thousand, NTD758 thousand, NTD2,002 thousand and NTD1,282 thousand respectively, which were estimated based on the Company's pre-tax net income before deducting the compensations of employees and directors multiplied by the Company's proposed distribution rate of compensations of employees and directors for each period, and were reported as operating costs or operating expenses for each such period. If the actually distributed amount of next year is different from the estimate, the difference will be treated as an accounting estimate change and listed in the profit and loss of next year.

The estimated employee compensation amounts for the Company in 2024 and 2023 are NTD36,219 thousand and NTD35,191 thousand, respectively. The estimated director compensation amounts are NTD3,878 thousand and NTD3,744 thousand, respectively. There is no discrepancy with the actual distribution. Relevant information can be found on the Market Observation Post System.

(XXV) Non-operating income and expenses

1. Interest income

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Interest on bank deposit \$	6,588	5,644	10,217	7,999
Interest income from financial assets measured at amortized cost	97	46	160	243
Interest on deposits	1	3	2	5
Interest on financial assets measured at fair value through profit or loss	638	570	638	570
Others	-	12	4	24
	<u>\$ 7,324</u>	<u>6,275</u>	<u>11,021</u>	<u>8,841</u>

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

2. Other income

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Rental income	\$ 852	2,209	1,704	4,418
Dividend income	339	5,589	339	5,589
Others	2,632	2,851	8,388	10,706
	<u>\$ 3,823</u>	<u>10,649</u>	<u>10,431</u>	<u>20,713</u>

3. Other gain and loss

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Gain (loss) on disposal of property, plant and equipment	\$ -	(17)	(7)	901
Gain on liquidation of subsidiary	-	-	-	4,360
Gain (Loss) on lease amendment	3,744	-	3,744	(13)
Net gains (losses) on foreign currency exchange	(134,393)	14,332	(123,139)	58,405
Loss (gain) on financial instruments at fair value through profit or loss	99,296	(27,934)	77,194	(77,946)
Other gain (loss)	(71)	660	(112)	555
	<u>(31,424)</u>	<u>(12,959)</u>	<u>(42,320)</u>	<u>(13,738)</u>

4. Finance costs

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Bank interest expenses	\$ 10,087	9,437	21,504	19,051
Interest expense on corporate bonds	5,622	-	11,210	-
Financial expenses on lease liabilities	1,499	1,561	3,177	3,118
	<u>17,208</u>	<u>10,998</u>	<u>35,891</u>	<u>22,169</u>

(XXVI) 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, 2024.

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

1. Types of financial instruments

(1) Financial assets

	2025.6.30	2024.12.31	2024.6.30
Financial assets at fair value through profit or loss - current	\$ 32,935	28,351	26,280
Financial assets at fair value through other comprehensive income - non-current	58,760	59,972	100,821
Financial assets measured at amortized cost:			
Cash and cash equivalents	2,213,479	2,512,850	1,813,138
Financial assets measured at amortized cost - current	5,824	2,726	2,725
Notes receivable, accounts receivable, and other receivables (including related parties)	2,151,508	2,410,830	2,002,138
Financial assets at amortized cost - non-current	3,055	3,420	3,387
Refundable deposits (reported in other non-current assets)	39,932	32,672	31,829
Subtotal	4,413,798	4,962,498	3,853,217
Total	<u>\$ 4,505,493</u>	<u>5,050,821</u>	<u>3,980,318</u>

(2) Financial liabilities

	2025.6.30	2024.12.31	2024.6.30
Financial liabilities measured at fair value through profit or loss - current:			
Held for trading	\$ 4,205	9,265	5,366
Preferred share liabilities - current	-	165,559	-
Subtotal	4,205	174,824	5,366
Financial liabilities measured at amortized cost:			
Notes payable, accounts payable and other payables (including related parties)	2,510,641	2,198,360	1,890,959
Short-term borrowings	1,077,769	1,388,927	1,036,007
Corporate bonds payable	947,284	936,074	-
Long-term borrowings (including the part due within one year)	750,000	850,000	750,000
Lease liabilities (including current and non-current)	210,164	273,498	245,386
Subtotal	5,495,858	5,646,859	3,922,352
Total	<u>\$ 5,500,063</u>	<u>5,821,683</u>	<u>3,927,718</u>

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

2. Liquidity risk

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
June 30, 2025					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,082,417	1,082,417	-	-	-
Corporate bonds payable	1,000,000	-	-	1,000,000	-
Long-term borrowings (floating rates)	764,278	188,337	567,883	8,058	-
Notes payable, accounts payable and other payables (including related parties; no interest)	2,510,641	2,510,641	-	-	-
Lease liabilities (including current and non-current)	217,163	77,541	53,099	77,867	8,656
Subtotal	<u>5,574,499</u>	<u>3,858,936</u>	<u>620,982</u>	<u>1,085,925</u>	<u>8,656</u>
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	713,876	713,876	-	-	-
Inflow	(713,419)	(713,419)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	861,950	861,950	-	-	-
Inflow	(868,143)	(868,143)	-	-	-
Subtotal	<u>(5,736)</u>	<u>(5,736)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,568,763</u>	<u>3,853,200</u>	<u>620,982</u>	<u>1,085,925</u>	<u>8,656</u>
December 31, 2024					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,392,050	1,392,050	-	-	-
Preferred share liabilities	165,559	165,559	-	-	-
Corporate bonds payable	1,000,000	-	-	1,000,000	-
Long-term borrowings (floating rates)	873,268	101,670	759,437	12,161	-
Notes payable, accounts payable and other payables (including related parties; no interest)	2,198,360	2,198,360	-	-	-
Lease liabilities	284,717	100,891	84,762	82,988	16,076
Subtotal	<u>5,913,954</u>	<u>3,958,530</u>	<u>844,199</u>	<u>1,095,149</u>	<u>16,076</u>

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

	Contractual cash flows	Within 1 year	1-2 years	2-5 years	5 years and above
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	745,441	745,441	-	-	-
Inflow	(746,875)	(746,875)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	936,675	936,675	-	-	-
Inflow	(928,292)	(928,292)	-	-	-
Subtotal	6,949	6,949	-	-	-
	<u>\$ 5,920,903</u>	<u>3,965,479</u>	<u>844,199</u>	<u>1,095,149</u>	<u>16,076</u>
June 30, 2024					
Non-derivative financial liabilities:					
Short-term borrowings (floating rates)	\$ 1,038,659	1,038,659	-	-	-
Long-term borrowings (floating rates)	779,047	15,005	272,200	491,842	-
Notes payable, accounts payable and other payables (including related parties; no interest)	1,890,959	1,890,959	-	-	-
Lease liabilities (including current and non-current)	255,420	84,666	88,884	58,374	23,496
Subtotal	3,964,085	3,029,289	361,084	550,216	23,496
Derivative financial instruments:					
Forward foreign exchange contracts - gross delivery					
Outflow	666,487	666,487	-	-	-
Inflow	(667,652)	(667,652)	-	-	-
Foreign exchange SWAP contracts - gross delivery					
Outflow	1,134,839	1,134,839	-	-	-
Inflow	(1,130,175)	(1,130,175)	-	-	-
Subtotal	3,499	3,499	-	-	-
	<u>\$ 3,967,584</u>	<u>3,032,788</u>	<u>361,084</u>	<u>550,216</u>	<u>23,496</u>

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

3. Exchange rate risk

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

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

2025.6.30						
		Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD (Note 1)	\$	63,335	29.3000	1,855,724	1%	18,557
USD (Note 2)		3,384	7.1654	99,165	1%	992
JPY		15,619	0.2033	3,175	1%	32
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD (Note 1)		28,004	29.3000	820,505	1%	8,205
USD (Note 2)		17,905	7.1654	524,613	1%	5,246
JPY		11,765	0.2033	2,392	1%	24
2024.12.31						
		Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD (Note 1)	\$	56,665	32.7850	1,857,766	1%	18,578
USD (Note 2)		2,931	7.2993	96,084	1%	961
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD (Note 1)		21,191	32.7850	694,734	1%	6,947
USD (Note 2)		16,397	7.2993	537,576	1%	5,376
JPY		11,705	0.2099	2,457	1%	25
2024.6.30						
		Foreign currency	Exchange rate	NTD	Exchange rate fluctuation	Profit and loss influence (before tax)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD (Note 1)	\$	52,614	32.4500	1,707,335	1%	17,073
USD (Note 2)		3,133	7.2664	101,661	1%	1,017
RMB		20,044	4.4658	89,512	1%	895
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD (Note 1)		17,223	32.4500	558,882	1%	5,589
USD (Note 2)		15,369	7.2664	498,717	1%	4,987
JPY		8,925	0.2017	1,800	1%	18

Note 1: Exchange rate between USD and NTD.

Note 2: Exchange rate between USD and RMB.

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

Due to the wide variety of functional currencies of the Group, the exchange gain or loss of monetary items are disclosed through consolidation. Please refer to Note VI (XXV) for details of foreign currency exchange (loss) gain (including realized and unrealized) for the three months ended June 30, 2025 and 2024, and for the six months ended June 30, 2025 and 2024.

4. Fair value

(1) Financial instruments not measured at fair value

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

(2) Financial instruments measured at fair value

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

A. Level 1: Open quotation of the same asset or liability in the active market (without adjustment).

B. Level 2: The input parameter of the asset or liability is directly observable (namely price) or indirectly observable (namely, inferred from price), except for the open quotations included in level 1.

C. Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

2025.6.30				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments				
- Forward foreign exchange contracts	\$ -	1,573	-	1,573
Derivative financial instruments				
- Foreign exchange swaps contracts	-	8,368	-	8,368
Fund beneficial interest certificates	21,644	-	-	21,644
Redemption option of convertible bonds	-	-	1,350	1,350
	<u>\$ 21,644</u>	<u>9,941</u>	<u>1,350</u>	<u>32,935</u>
Financial assets measured at fair value through other comprehensive income:				
Foreign unlisted stocks	\$ -	-	58,760	58,760
	<u>\$ -</u>	<u>-</u>	<u>58,760</u>	<u>58,760</u>

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

2025.6.30				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value through profit or loss:				
Derivative financial instruments				
- Forward foreign exchange contracts	\$ -	2,030	-	2,030
Derivative financial instruments				
- Foreign exchange swaps contracts	-	2,175	-	2,175
	<u>\$ -</u>	<u>4,205</u>	<u>-</u>	<u>4,205</u>
2024.12.31				
Fair value				
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss:				
Derivative financial instruments				
- Forward foreign exchange contracts	\$ -	2,316	-	2,316
Fund beneficial interest certificates	22,135	-	-	22,135
Redemption option of convertible bonds	-	-	3,900	3,900
	<u>\$ 22,135</u>	<u>2,316</u>	<u>3,900</u>	<u>28,351</u>
Financial assets measured at fair value through other comprehensive income:				
Foreign unlisted stocks	\$ -	-	59,972	59,972
	<u>\$ -</u>	<u>-</u>	<u>59,972</u>	<u>59,972</u>
Financial liabilities measured at fair value through profit or loss:				
Derivative financial instruments				
- Forward foreign exchange contracts	\$ -	882	-	882
Derivative financial instruments				
- Foreign exchange swaps contracts	-	8,383	-	8,383
Preferred share liabilities	-	-	165,559	165,559
	<u>\$ -</u>	<u>9,265</u>	<u>165,559</u>	<u>174,824</u>

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

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

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

A. Non-derivative financial instruments

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

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.

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

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.

For financial instruments held by the Group, such as unlisted stocks with no active market, the fair value is primarily estimated using the market approach, based on factors such as the net worth, operational status, and the total market value of the individual assets and liabilities of the evaluated company. In addition, the main unobservable input is the liquidity discount. However, since potential fluctuations in the liquidity discount would not have a significant financial impact, its quantitative information will not be disclosed. The fair value of financial liabilities measured at fair value through profit or loss (preferred share liabilities) is determined based on a discounted cash flow analysis.

B. Derivative financial instruments

They are valued with the valuation model generally accepted by market participants. Forward foreign exchange contracts and foreign exchange swap contracts are usually valued in line with the current forward exchange rate. The redemption rights of convertible bonds are evaluated using an appropriate option pricing model.

(4) Transfer between fair value levels

There were no transfers of fair value levels of any financial asset and financial liability for the six months ended June 30, 2025 and 2024.

(5) Detailed statement on changes in level 3

Financial assets measured at fair value through profit or loss:

	January to June 2025
Beginning balance	\$ 3,900
Recognized in profit and loss in current period	(2,550)
Ending balance	<u>\$ 1,350</u>

Financial assets measured at fair value through other comprehensive income:

	January to June 2025	January to June 2024
Beginning balance	\$ 59,972	9,400
Changes recognized in other comprehensive incomes in current period	(1,212)	(724)
Ending balance	<u>\$ 58,760</u>	<u>8,676</u>

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

Financial liabilities measured at fair value through profit or loss:

	January to June 2025
Beginning balance	\$ 165,559
Payments made during the current period	(165,754)
Recognized in profit and loss in current period	<u>195</u>
Ending balance	<u><u>\$ -</u></u>

(XXVII) 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, 2024.

(XXVIII) 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, 2024.

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

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

		Non-cash change			
	2025.1.1	Cash flows	Increase or decrease in lease liabilities	Exchange rate changes and others	2025.6.30
Short-term borrowings	\$ 1,388,927	(284,354)	-	(26,804)	1,077,769
Long-term borrowings (including the part due within one year)	850,000	(100,000)	-	-	750,000
Preferred share liabilities	165,559	(165,754)	-	195	-
Corporate bonds payable	936,074	-	-	11,210	947,284
Lease liabilities	<u>273,498</u>	<u>(47,362)</u>	<u>(4,588)</u>	<u>(11,384)</u>	<u>210,164</u>
Total liabilities from financing activities	<u>\$ 3,614,058</u>	<u>(597,470)</u>	<u>(4,588)</u>	<u>(26,783)</u>	<u>2,985,217</u>

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

VII. Related Party Transactions

(I) Parent company and ultimate controller

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

(II) Names and relationships of related parties

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

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent company of the Company
APLEX Technology Inc.	Associate of the Company (Note 1)
Other related parties:	
Partner Tech Corp.	Subsidiaries directly or indirectly held by Qisda
Partner Tech Asia Pacific	Subsidiaries directly or indirectly held by Qisda
Alpha Networks Inc.	Subsidiaries directly or indirectly held by Qisda
BenQ Materials Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ Asia Pacific Corp.	Subsidiaries directly or indirectly held by Qisda
BenQ Healthcare Corporation	Subsidiaries directly or indirectly held by Qisda
Metaguru Corporation	Subsidiaries directly or indirectly held by Qisda
Qisda Vietnam Co., Ltd.,	Subsidiaries directly or indirectly held by Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Expert Alliance Systems & Consultancy (HK) Company Limited	Subsidiaries directly or indirectly held by Qisda
Corex (Pty) Ltd.,	Subsidiaries directly or indirectly held by Qisda
Simula Technology Inc.	Subsidiaries directly or indirectly held by Qisda
Golden Spirit Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Data Image Corporation	Subsidiaries directly or indirectly held by Qisda
Action Star Technology Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Metaage Corporation	Subsidiaries directly or indirectly held by Qisda
Lily Medical Corp.	Subsidiaries directly or indirectly held by Qisda
AdvancedTEK International Corp.	Subsidiaries directly or indirectly held by Qisda
Global Intelligence Network Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Concord Medical Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Qisda (Suzhou) Co. Ltd.	Subsidiaries directly or indirectly held by Qisda
Suzhou BenQ Hospital Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Subsidiaries directly or indirectly held by Qisda
Qisda (Suzhou) Co. Ltd.	Subsidiaries directly or indirectly held by Qisda
Cenefom Corp.	Subsidiaries directly or indirectly held by Qisda
Brainstorm Corporation	Subsidiaries directly or indirectly held by Qisda
Darby2 Venture, Inc.	Subsidiaries directly or indirectly held by Qisda
Darby Venture, Inc.	Subsidiaries directly or indirectly held by Qisda

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

Name of related party	Relationship with the Group
AUO Corporation (AUO)	Corporate Director of Qisda Corporation
AUO (Xiamen) Co., Ltd.	Subsidiaries directly or indirectly held by AUO
AUO Digitech Taiwan Inc.	Subsidiaries directly or indirectly held by AUO
AUO Crystal Corp.	Subsidiaries directly or indirectly held by AUO
Darwin Precisions Corporation	Subsidiaries directly or indirectly held by AUO
AUO Display Plus Corp.	Subsidiaries directly or indirectly held by AUO
Visco Vision Inc.	Associates of Qisda
Darfon Electronics Corporation (Darfon)	Associates of Qisda
TD HiTech Energy Inc.	Subsidiaries directly or indirectly held by Darfon
Darfon Energy Technology Corporation	Subsidiaries directly or indirectly held by Darfon
BenQ Foundation	Substantial related party of Qisda
Aewin Korea Technologies Co., Ltd.	Substantive related party of AEWIN

Note 1: Starting from December 24, 2024, became an associate of the Company.

(III) Material transactions with related party

1. Net operating revenue

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Parent company	\$ 49,772	28,074	77,694	58,720
Associate	10,709	-	11,668	-
Other related parties	52,996	46,924	153,209	100,758
	<u>\$ 113,477</u>	<u>74,998</u>	<u>242,571</u>	<u>159,478</u>

Sales of the Group to related parties involve customary products made to order based on the customer demand, so the price is determined by both parties through negotiation. The credit term for related parties is 60 to 90 days after shipment for receipt of payment, and 30 to 120 days for non-related parties.

2. Purchases

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

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Parent company	\$ 83,056	28,140	161,183	50,949
Associate	15	-	780	-
Other related parties	4,278	1,258	8,951	4,401
	<u>\$ 87,349</u>	<u>29,398</u>	<u>170,914</u>	<u>55,350</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 to 90 days after shipment, and for non-related parties is 30 to 120 days after monthly settlement.

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

3. Leases

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

The Group has recognized interest expenses of NTD236 thousand and NTD278 thousand for the three months ended June 30, 2025 and 2024, respectively; NTD482 thousand and NTD566 thousand for the six months ended June 30, 2025 and 2024, respectively. As of June 30, 2025, December 31 and June 30, 2024, the balances of related lease liabilities were NTD80,145 thousand, NTD87,338 thousand, and NTD94,489 thousand, respectively.

4. Property transaction

Category of related party	Item	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Other related parties	Property, plant and equipment	\$ -	-	112	-
Other related parties	Computer software	111	-	111	-

5. Operating costs, expenses, and other income

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

Item	Category of related party	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Operating costs	Parent company	\$ 6,612	5,321	10,799	9,298
	Other related parties	393	315	807	548
Operating expenses	Parent company	1,837	1,186	3,092	2,087
	Other related parties	11,194	2,869	20,354	6,013
Other income	Parent company	-	251	-	877
	Other related parties	111	1,357	215	2,714

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

6. Receivables from related parties

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

Item	Category of related party	2025.6.30	2024.12.31	2024.6.30
Accounts receivable - related parties	Parent company			
		\$ 70,657	73,181	47,123
	Associate	10,196	1,444	-
	Other related parties	93,311	81,713	43,372
		<u>174,164</u>	<u>156,338</u>	<u>90,495</u>
Other receivables	Parent company	35	1,128	265
	Other related parties	102	566	25
		<u>137</u>	<u>1,694</u>	<u>290</u>
		<u>\$ 174,301</u>	<u>158,032</u>	<u>90,785</u>

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

7. Payables to related parties

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

Item	Category of related party	2025.6.30	2024.12.31	2024.6.30
Accounts payable - related parties	Parent company	\$ 54,440	59,891	16,948
	Other related parties	4,297	7,040	1,574
		<u>58,737</u>	<u>66,931</u>	<u>18,522</u>
Other payables	Parent company	9,578	5,958	12,049
	Other related parties	3,470	3,265	3,562
		<u>13,048</u>	<u>9,223</u>	<u>15,611</u>
Other payables- dividends payable	Parent company			
		175,474	-	154,830
	Other related parties	38,994	-	34,407
		<u>214,468</u>	<u>-</u>	<u>189,237</u>
Lease liabilities - current	Parent company	14,513	14,428	14,344
Lease liabilities - non-current	Parent company	65,632	72,910	80,145
		<u>80,145</u>	<u>87,338</u>	<u>94,489</u>
		<u>\$ 366,398</u>	<u>163,492</u>	<u>317,859</u>

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

(IV) Compensation of main managerial officers

	April to June 2025	April to June 2024	January to June 2025	January to June 2024
Short-term employee benefits	\$ 10,153	9,022	20,253	17,121

VIII. Pledged Assets

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

Asset name	Subject matter of pledge guarantee	2025.6.30	2024.12.31	2024.6.30
Pledged certificate of deposit	Performance bond for release before tax to customs house	\$ 2,894	2,726	2,725
Notes receivable	Bank loan guarantee	-	59,918	101,224
Property, plant and equipment	Bank loan guarantee	435,404	439,077	442,749
Property, plant and equipment	Performance guarantee for purchases	15,185	19,456	22,106
		<u>\$ 453,483</u>	<u>521,177</u>	<u>568,804</u>

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

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

X. Significant Disaster Losses: None.

XI. Significant Events after the Balance Sheet Date: None.

XII. Others

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

By nature	By function	April to June 2025			April to June 2024		
		Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses							
Salary expense		82,655	293,987	376,642	62,225	265,038	327,263
Labor and health insurance expenses		7,972	24,568	32,540	6,402	24,111	30,513
Pension expense		3,745	14,486	18,231	3,132	13,282	16,414
Other employee benefit expenses		4,930	12,865	17,795	4,080	12,344	16,424
Depreciation expenses		23,628	33,674	57,302	23,059	31,217	54,276
Amortization expenses		861	24,364	25,225	1,008	6,177	7,185

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

By nature	By function	January to June 2025			January to June 2024		
		Attributable to operating cost	Attributable to operating expenses	Total	Attributable to operating cost	Attributable to operating expenses	Total
Employee benefits expenses							
Salary expense		159,445	570,714	730,159	120,686	516,172	636,858
Labor and health insurance expenses		16,389	52,680	69,069	13,125	50,134	63,259
Pension expense		7,239	29,403	36,642	6,241	26,890	33,131
Other employee benefit expenses		9,445	25,960	35,405	7,261	23,828	31,089
Depreciation expenses		47,867	68,272	116,139	46,051	61,237	107,288
Amortization expenses		1,717	48,513	50,230	2,036	12,565	14,601

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

XIII. Supplementary Disclosures

(I) Information on Significant Transactions:

1. Loan of funds to others: please refer to Table 1.
2. Endorsement and guarantee for others: None.
3. Significant securities held at the end of the period (excluding investments in subsidiaries, related enterprises, and equity joint ventures): None.
4. 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 2.
5. Receivables from related parties reached NTD 100 million or 20% and above of paid-in capital: please refer to Table 3.
6. Business relationship and major transactions between the parent company and the subsidiaries: please refer to Table 4.

(II) Reinvestment and Related Information: please refer to Table 5.

(III) Investment Information in Mainland China: please refer to Table 6.

XIV. Segment Information

Starting from April 2025, the Group, based on the industry characteristics of its subsidiaries and the needs for synergy development, adjusted the organizational structure of its departments. The basis for the post-adjustment departmental segmentation differs from that adopted in the most recent consolidated financial statements. The purpose of this adjustment is to strengthen the integration of Group resources, enhance operational efficiency, and redefine the reportable segments to be disclosed. The structure and business overview of each reportable segment after the adjustment are as follows:

1. Board Cards & Systems Division: Engaged in the research and development, manufacturing and sales of boards and motherboards for industrial computers.

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

2. Industrial Automation Control Division: Engaged in testing, processing, trading, repairing and electromechanical integration of automation control and industrial transmission systems, semiconductor optoelectronic and consumables; and trading and servicing of energy management products.
3. Equipment and Consumables Division: Engaged in the production, manufacturing, and trading of bundling equipment.

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

	April to June 2025				
	Board cards and system segment	Industrial automation intelligence segment	Equipment and consumables	Adjustment and elimination	Total
Revenue from external clients	\$ 1,704,901	818,071	377,352	-	2,900,324
Inter-departmental income	2,025	254	-	(2,279)	-
Total income	<u>\$ 1,706,926</u>	<u>818,325</u>	<u>377,352</u>	<u>(2,279)</u>	<u>2,900,324</u>
Reportable department profit or loss	<u>\$ 134,674</u>	<u>11,550</u>	<u>75,194</u>	<u>938</u>	<u>222,356</u>
	April to June 2024				
	Board cards and system segment	Industrial automation intelligence segment	Adjustment and elimination	Total	
Revenue from external clients	\$ 1,401,212	766,564	-	2,167,776	
Inter-departmental income	2,312	-	(2,312)	-	
Total income	<u>\$ 1,403,524</u>	<u>766,564</u>	<u>(2,312)</u>	<u>2,167,776</u>	
Reportable department profit or loss	<u>\$ 108,297</u>	<u>10,952</u>	<u>700</u>	<u>119,949</u>	
	January to June 2025				
	Board cards and system segment	Industrial automation intelligence segment	Equipment and consumables	Adjustment and elimination	Total
Revenue from external clients	\$ 3,190,758	1,576,103	732,363	-	5,499,224
Inter-departmental income	3,133	333	241	(3,707)	-
Total income	<u>\$ 3,193,891</u>	<u>1,576,436</u>	<u>732,604</u>	<u>(3,707)</u>	<u>5,499,224</u>
Reportable department profit or loss	<u>\$ 250,828</u>	<u>21,749</u>	<u>147,316</u>	<u>1,868</u>	<u>421,761</u>
	January to June 2024				
	Board cards and system segment	Industrial automation intelligence segment	Adjustment and elimination	Total	
Revenue from external clients	\$ 2,604,990	1,468,972	-	4,073,962	
Inter-departmental income	3,658	-	(3,658)	-	
Total income	<u>\$ 2,608,648</u>	<u>1,468,972</u>	<u>(3,658)</u>	<u>4,073,962</u>	
Reportable department profit or loss	<u>\$ 186,092</u>	<u>6,713</u>	<u>1,400</u>	<u>194,205</u>	

DFI Inc. and Its Subsidiaries
Loan of funds to others
From January 1 to June 30, 2025

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 financing	Business transaction amounts	Reason for short-term financing	Allowance for bad debts recognized	Collateral		Financing limits for each borrowing company	Total financing limits
													Name	Value		
1	AEWIN	Beijing AEWIN	Other receivables - related parties	Yes	234,806	194,192	194,192	-	1	283,640	Business transaction	-	-	-	271,004	542,008
1	AEWIN	Beijing AEWIN	Other receivables - related parties	Yes	21,251	18,752	-	3%	2	-	Operating capital turnover	-	-	-	271,004	542,008
2	Ace Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	91,574	81,782	-	2%	2	-	Operating capital turnover	-	-	-	406,574	813,148
3	Cyber South	Tianjin ACE Pillar	Other receivables - related parties	Yes	23,244	20,510	20,510	-	2	-	Operating capital turnover	-	-	-	472,166	472,166
4	Proton	Tianjin ACE Pillar	Other receivables - related parties	Yes	13,282	11,720	11,720	-	2	-	Operating capital turnover	-	-	-	350,258	350,258
5	Suzhou Super Pillar	Tianjin ACE Pillar	Other receivables - related parties	Yes	74,878	40,891	40,891	3%	2	-	Operating capital turnover	-	-	-	110,962	110,962

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

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

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

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

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

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

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

DFI Inc. and Its Subsidiaries
The amount of purchases or sales with related parties reached NT\$100 million or 20% and above of the paid-in capital
From January 1 to June 30, 2025

Table 2

Unit: In Thousands of New Taiwan Dollars

Purchaser/Seller	Name of counterparty	Relationship	Transaction status				Situation and reason for difference between the trading terms and those of the general trading		Notes and accounts receivable (payable)		Remarks
			Purchase (Sales)	Amount	Proportion to total purchase (sales)	Credit period	Unit price	Credit period	Balance	Proportion to total notes and accounts receivable (payable)	
Diamond Flower Information (NL) B.V.	The Company	Parent company and subsidiary	Purchases	301,478	100.00%	60-90 days to collect			(42,810)	100.00%	Note 1
The Company	Diamond Flower Information (NL) B.V.	Parent company and subsidiary	(Sales)	(301,478)	15.33%	60-90 days to collect			42,810	7.07%	Note 1
DFI AMERICA, LLC.	The Company	Parent company and subsidiary	Purchases	291,936	98.34%	60-90 days to collect			(74,953)	99.94%	Note 1
The Company	DFI AMERICA, LLC.	Parent company and subsidiary	(Sales)	(291,936)	14.85%	60-90 days to collect			74,953	12.38%	Note 1
DFI Co., Ltd.	The Company	Parent company and subsidiary	Purchases	131,807	100.00%	60-90 days to collect			(11,182)	92.37%	Note 1
The Company	DFI Co., Ltd.	Parent company and subsidiary	(Sales)	(131,807)	6.70%	60-90 days to collect			11,182	1.85%	Note 1
The Company	Qisda Corp.	Parent company and subsidiary	Purchases	120,730	8.26%	60-90 days to collect			(42,587)	6.65%	Note 1
Qisda Corp.	The Company	Parent company and subsidiary	(Sales)	(120,730)	0.31%	60-90 days to collect			42,587	0.17%	Note 1
Aewin Tech Inc.	AEWIN	Parent company and subsidiary	Purchases	188,794	100.00%	120 days after shipment	Comparable to general customers	Shipments are converted to accounts receivable in 120 days, with extensions granted as deemed appropriate based on market conditions	(79,580)	100.00%	Note 1
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	(Sales)	(188,794)	20.83%	120 days after shipment	Comparable to general customers	Shipments are converted to accounts receivable in 120 days, with extensions granted as deemed appropriate based on market conditions	79,580	15.08%	Note 1
Beijing AEWIN	AEWIN	Parent company and subsidiary	Purchases	100,976	25.30%	150 days after shipment	Comparable to general customers	Shipments are converted to accounts receivable in 120 days, with extensions granted as deemed appropriate based on market conditions	(243,124)	44.34%	Note 1
AEWIN	Beijing AEWIN	Parent company and subsidiary	(Sales)	(100,976)	11.14%	150 days after shipment	Comparable to general customers	Shipments are converted to accounts receivable in 120 days, with extensions granted as deemed appropriate based on market conditions	243,124	46.07%	Note 1

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

DFI Inc. and Its Subsidiaries
Receivables from related parties reached NT\$100 million or 20% and above of paid-in capital
June 30, 2025

Table 3

Unit: In Thousands of New Taiwan Dollars

Company with receivables	Name of counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Overdue receivables from related parties		Recovery amount of receivables from related parties after the balance sheet date	Allowance for bad debts recognized
					Amount	Treatment		
AEWIN	Beijing AEWIN	Parent company and subsidiary	243,124	0.84	156,701	Strengthen collection	46,229	-
AEWIN	Beijing AEWIN	Parent company and subsidiary	194,192	-	-	-	-	-
AEWIN	Aewin Tech Inc.	Parent company and subsidiary	79,580	3.68	-	-	-	-

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 company and the subsidiaries for the period
From January 1 to June 30, 2025

Table 4

Unit: In Thousands of New Taiwan Dollars

No. (Note 1)	Name of trader	Counterparty	Relationship with trader (Note 2)	Transaction situation			
				Account	Amount	Transaction terms	Proportion to consolidated revenue or asset (Note 7)
0	The Company	DFI AMERICA, LLC.	1	(Sales)	291,936	60-90 days to collect	5.31%
0	The Company	Diamond Flower Information (NL) B.V.	1	(Sales)	301,478	60-90 days to collect	5.48%
0	The Company	DFI Co., Ltd.	1	(Sales)	131,807	60-90 days to collect	2.40%
0	The Company	Yan Ying Hao Trading (Shenzhen) Co., Ltd.	1	(Sales)	69,026	60-90 days to collect	1.26%
0	The Company	Qisda Corp.	2	(Sales)	66,092	60-90 days to collect	1.20%
1	AEWIN	Beijing AEWIN	3	(Sales)	100,976	(Note 5)	1.84%
1	AEWIN	Beijing AEWIN	3	Accounts receivable	243,124	(Note 5)	2.07%
1	AEWIN	Beijing AEWIN	3	Other receivables	194,192	-	1.66%
1	AEWIN	Aewin Tech Inc.	3	(Sales)	188,794	(Note 6)	3.43%

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

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

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

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

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

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

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

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

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

DFI Inc. and its subsidiaries
Reinvestment and Related Information
From January 1 to June 30, 2025

Table 5

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

	Name of investee	Location	Primary business	Original investment amount		Ending shareholding			Profit (loss) of the investee for the period	Investment profit (loss) recognized for the period	Remarks (Note 2)
				End of current period	End of last year	Number of shares	Ratio	Carrying amount			
The Company	DFI AMERICA, LLC.	USA	Sales of industrial computer cards	254,683	254,683	1,209	100%	441,799	14,916	14,916	Subsidiary of the Company
The Company	Yan Tong	Mauritius	General investment business	28,394	28,394	1,100	100%	28,673	(1,545)	(1,583)	Subsidiary of the Company
The Company	DFI Co., Ltd.	Japan	Sales of industrial computer cards	104,489	104,489	6	100%	163,403	1,751	1,751	Subsidiary of the Company
The Company	Diamond Flower Information (NL) B.V.	Netherlands	Sales of industrial computer cards	35,219	35,219	12	100%	177,415	229	229	Subsidiary of the Company
The Company	AEWIN	Taiwan	Design, manufacturing and sale of industrial computer motherboards and related products	564,191	564,191	30,376	51.38%	698,492	19,355	9,944	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	1,270,850	1,270,850	52,436	46.71%	1,034,060	53,532	22,606	Subsidiary of the Company
The Company	Tekpak	Taiwan	Production, manufacturing, and sales of bundling equipment	560,000	560,000	373	31.65%	623,752	139,342	35,172	Subsidiary of the Company
The Company	APLEX	Taiwan	Sales of Displays and Mainframes for Industrial Computers	234,297	234,297	4,957	13.36%	262,313	18,233	(664)	Associate of the Company
AEWIN	Wise Way	Anguilla	Investment business	90,940	46,129	3,000	100%	93,374	(24,892)	(Note 1)	Subsidiary indirectly controlled by the Company
AEWIN	Aewin Tech Inc.	USA	Wholesale of computer and peripheral equipment and software	77,791	77,791	2,560	100%	28,802	3,046	(Note 1)	Subsidiary indirectly controlled by the Company
Wise Way	Bright Profit	Hong Kong	Investment business	90,940	46,129	3,000	100%	123,517	(24,892)	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Cyber South	Samoa	Holding Company	107,041	107,041	4,669	100%	472,166	(660)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Proton	Samoa	Holding Company	527,665	527,665	17,744	100%	350,258	(3,789)	(Note 1)	Subsidiary indirectly controlled by the Company
Cyber South	Ace Tek	Hong Kong	Holding Company	4,938	4,938	150	100%	2,822	(15)	(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%	210,865	9,021	(Note 1)	Subsidiary indirectly controlled by the Company
Standard Co.	Standard Technology Corp.	BVI	Holding Company	21,727	21,727	600	100%	76,178	2,638	(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%	203,970	11,513	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	ACE Energy	Taiwan	Energy technical services	166,760	166,760	4,993	99.86%	238,321	13,592	(Note 1)	Subsidiary indirectly controlled by the Company
Ace Pillar	Tekpak	Taiwan	Production, manufacturing, and sales of bundling equipment	690,000	690,000	460	39%	768,559	139,342	(Note 1)	Subsidiary indirectly controlled by the Company

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

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

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

DFI Inc. and Its Subsidiaries
Investment Information in Mainland China
From January 1 to June 30, 2025

Table 6

1. Information on reinvestment in Mainland China:

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

Investee in mainland China	Primary business	Paid-in capital	Investment method	Accumulated amount of investment remitted out of Taiwan at the beginning of the period	Remitted or repatriated amount of investment for the period		Accumulated investment amount remitted from Taiwan at the end of current period	Current profit (loss) of the investee in the period	Shareholding ratio of direct or indirect investment of the Company	Investment profit (loss) recognized in the period	Ending carrying value of investment	Repatriated investment income as of the end of the period
					Remitted	Repatriated						
Yan Ying Hao Trading (Shenzhen) Co. Ltd.	Wholesale, import and export of computer motherboard, board cards, host computer, electronic parts and components	15,393	(Note 1)	-	-	-	-	(528)	100%	(528)	26,185	-
Beijing AEWIN	Business of wholesaling computers and their peripheral equipment and software	(USD 500) 90,940	(Note 1)	(USD -) 46,129	44,811	-	90,940	(24,897)	100%	(24,897)	123,507	-
Tianjin ACE Pillar	Trade of transmission mechanical components	(USD 3,000) 1,034,202	(Note 1)	(USD 1,500) 57,135	(USD 1,500) -	-	(USD 3,000) 57,135	(3,544)	100%	(Note 3) (3,544)	414,790	125,533
Quansheng Information	Electronic system integration	(USD 35,297) 8,790	(Note 1)	(USD 1,950) 4,395	-	-	(USD 1,950) 4,395	(15)	100%	(Note 3) (15)	2,796	-
Suzhou Super Pillar	Processing and technical services of mechanical transmission and control products	(USD 300) 42,485	(Note 1)	(USD 150) -	-	-	(USD 150) -	(15) 3,204	100%	(Note 3) (0.45) 3,204	(USD 95) 110,962	-
		(USD 1,450) 14,064		(Note 4) 14,064	-	-	(Note 4) 14,064	2,558		(USD 100) (Note 3) 2,558	(USD 3,787) 72,727	181,459
Shanghai Standard	Trading of semiconductor optoelectronic equipment and consumables and equipment maintenance services	(USD 480)	(Note 1)	(USD 480)			(USD 480)					

Note 1: Reinvest in the companies in Mainland China through companies established in third regions.

Note 2: It is a limited liability company, so there is no number of shares data.

Note 3: It is recognized in line with the financial report prepared by the investee and reviewed by the CPA of the parent company in Taiwan.

Note 4: It was reinvested and established by Cyber South.

2. Limit of investment in mainland China:

Name of investor company	The cumulative amount of investment remitted from Taiwan to the Mainland China at the end of the current period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs	Upper Limit on Investment in mainland China regulated by the Investment Commission of the Ministry of Economic Affairs (Note 2)
DFI	0 (Note 1)	15,393 (USD 500)	3,324,094
AEWIN	90,940 (USD 3,000)	90,940 (USD 3,000)	813,013
Ace Pillar	149,987 (USD 5,119)	149,987 (USD 5,119)	1,730,382
Standard Co.	14,064 (USD 480)	14,064 (USD 480)	110,093

Note 1: It refers to the amount actually remitted by the Company and approved by the Investment Commission, excluding the amount remitted by subsidiaries and approved by the Investment Commission.

Note 2: According to the Review Principles for Investment or Technical Cooperation in Mainland China, the accumulated amount of investment in Mainland China shall not exceed 60% of the net value or consolidated net value, whichever the higher.

3. Material transactions with investees in Mainland China:

Please refer to the statement under the “Information on Significant Transactions” for the direct or indirect material transactions between the Group and the investees in mainland China from January 1 to June 30, 2025 (these transactions had been written off when the consolidated financial statements were prepared).